REDtone INTERNATIONAL BERHAD

(Company No. 596364-U)

Annual Report 2016

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING	2
CORPORATE INFORMATION	8
CORPORATE STRUCTURE	9
BOARD OF DIRECTORS' PROFILE	10
KEY SENIOR MANAGEMENT'S PROFILE	15
CHAIRMAN AND MANAGING DIRECTOR'S LETTER TO SHAREHOLDERS	17
MANAGEMENT DISCUSSION AND ANALYSIS	19
STATEMENT ON CORPORATE GOVERNANCE	21
ADDITIONAL COMPLIANCE INFORMATION	32
AUDIT COMMITTEE REPORT	33
NOMINATION COMMITTEE REPORT	35
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL	37
STATEMENT OF DIRECTORS' INTERESTS	40
DIRECTORS' RESPONSIBILITY STATEMENT	41
FINANCIAL STATEMENTS	42
LIST OF PROPERTIES	163
ANALYSIS OF SHAREHOLDINGS	165
PROXY FORM	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Fourteenth Annual General Meeting** of the Company will be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on **Wednesday, 12 October 2016** at **10.00 a.m.** for the following purposes:

AGENDA

1.	To receive the Audited Financial Statements for the financial period ended 30 April 2016 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 Directors' fees amounting to RM807,400 in respect of the financial period ended 30 April 2016.	*Resolution 1*
3.	To re-elect the following Directors who retire pursuant to **Article 85** of the Company's Articles of Association:	
	(i) Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee	*Resolution 2*
	(ii) Jagdish Singh Dhaliwal	*Resolution 3*
	(iii) Lau Bik Soon	*Resolution 4*
4.	To re-elect Ho Meng who retires pursuant to **Article 92** of the Company's Articles of Association.	*Resolution 5*
5.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.	*Resolution 6*

AS SPECIAL BUSINESS:

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

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

"THAT, Mathew Thomas A/L Vargis Mathews who has served the Board as an 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."

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

8. **Ordinary Resolution** *Resolution 9*
Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT, subject to the provisions of the Bursa Malaysia Securities Berhad's ACE Market Listing Requirements, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of the Circular to Shareholders dated 26 August 2016 ("Proposed Mandate") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such ordinary resolution for the Proposed Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Companies Act, 1965); or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution."

9. **Ordinary Resolution** *Resolution 10*
Proposed Renewal of Authority for the Company to purchase its own shares ("Proposed Share Buy-Back")

"THAT, subject always to the Companies Act, 1965 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Exchange") and the requirements of any other relevant authority, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares of RM0.10 each in the Company ("REDtone Shares") through the Exchange and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the total issued and paid-up share capital of the Company;

Notice of Annual General Meeting

2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits or share premium reserve of the Company or both;

3. the authority shall commence immediately upon passing of this ordinary resolution until:-

   (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such ordinary resolution was passed, at which time it will lapse unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions; or

   (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or

   (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

   whichever occurs first;

AND THAT upon completion of the purchase(s) of the REDtone Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any REDtone Shares so purchased by the Company in the following manner:-

(a) cancel all the REDtone Shares so purchased; or

(b) retain all the REDtone Shares as treasury shares for future resale or for distribution as dividends to the shareholders of the Company; or

(c) retain part thereof as treasury shares and subsequently cancelling the balance; or

(d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force."

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

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: 26 August 2016

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 Lot 06-03, Level 6, East Wing, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan 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 Fourteenth 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 5 October 2016. 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.

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 7 – 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 29 years of working experience in the audit and accounting practices and is currently the Managing Partner of Mathew & Partners, Chartered Accountants.

Notice of Annual General Meeting

(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 8 – Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965 ("the Act")

The Ordinary Resolution 8 is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act.

The Ordinary Resolution 8, if passed, will give the Directors of the Company, from the date of the Fourteenth Annual General Meeting ("AGM"), 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 purposes 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 9 – Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

For further information on Proposed Ordinary Resolution 9, please refer to Part A of the Circular/Statement to Shareholders dated 26 August 2016 accompanying the Company's Annual Report 2016.

(d) Ordinary Resolution 10 – Proposed Share Buy-Back

The Ordinary Resolution 10, 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 Part B of the Circular/Statement to Shareholders dated 26 August 2016 accompanying the Company's Annual Report 2016, for information pertaining to Ordinary Resolution 10.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

Individuals standing for election as Directors

There were no individuals standing for election as Directors (other than those Directors who are standing for re-election as Directors) at the Fourteenth 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)

Ho Meng
(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)

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)

Ho Meng
(Member/Executive Director)
(Appointed on 24 June 2016)

Dato' Mohd Zaini Bin Hassan
(Member/Independent Non-Executive Director)
(Appointed on 24 June 2016)

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

Berjaya Registration Services Sdn Bhd
Lot 06-03, Level 6, East Wing, Berjaya Times Square
No 1, Jalan Imbi, 55100 Kuala Lumpur
Telephone no.: 03-2145 0533
Facsimile no.: 03-2145 9702

PRINCIPAL BANKERS

Standard Chartered Bank (M) Berhad

AUDITORS

Ernst & Young (AF0039)
Chartered Accountants

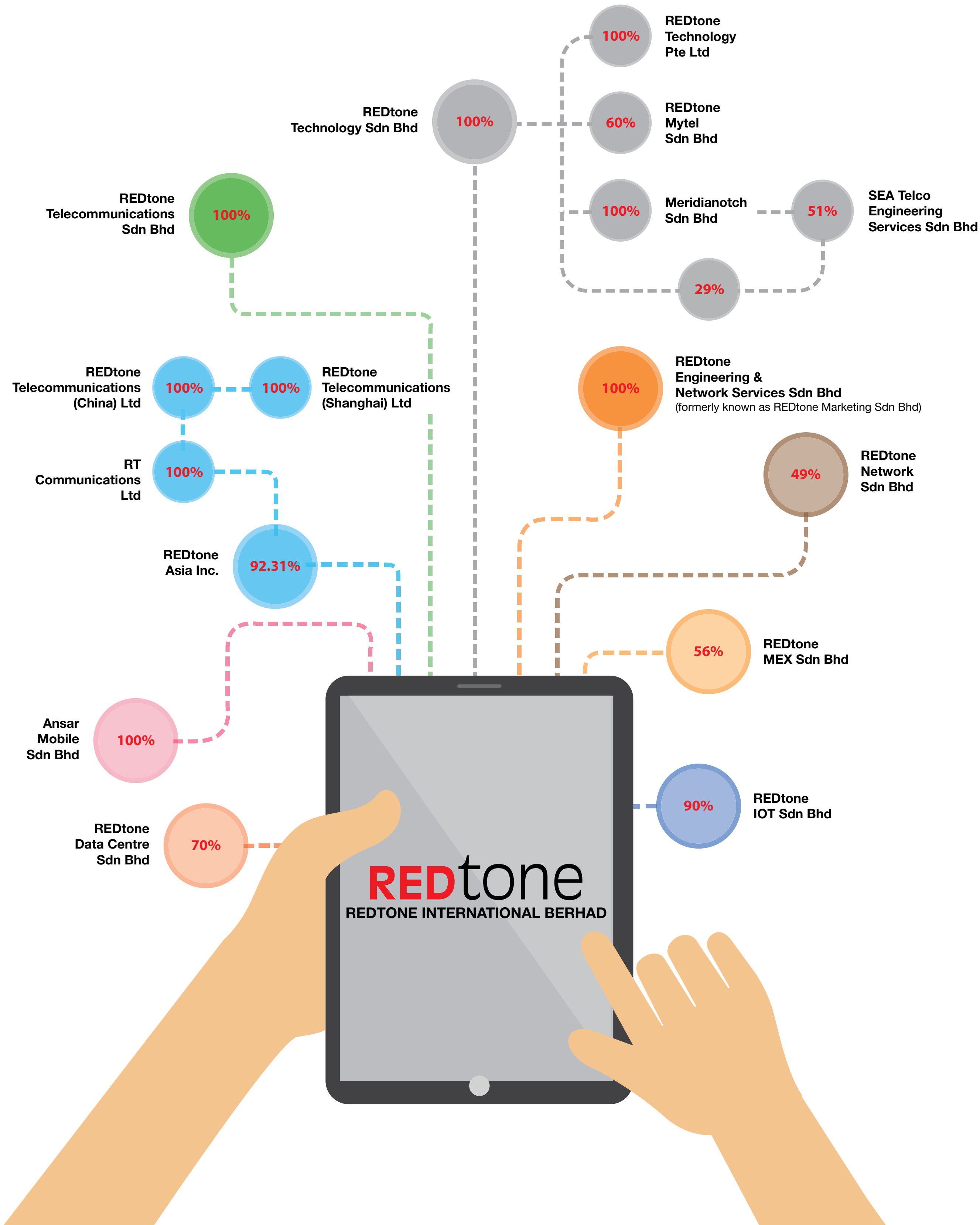
STOCK EXCHANGE LISTING

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
as at 26 August 2016



BOARD OF DIRECTORS' PROFILE

DATUK SERI SYED ALI BIN TAN SRI SYED ABBAS AL HABSHEE

Chairman/Non-Independent Non-Executive Director
Nationality/Age: Malaysian/54
Gender: Male

Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee 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 all five Board Meetings held during the financial period ended 30 April 2016.

DATO' WEI CHUAN BENG

Managing Director
Nationality/Age: Malaysian/50
Gender: Male

Dato' Wei Chuan Beng was appointed to the Board of Directors of the Company on 15 November 2013. 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.

Throughout his working life, Dato' Wei has been involved in IT and ICT. An industry veteran of 27 years, he is the Group Managing Director of REDtone and REDtone Asia Inc., a company listed on the US OTC Bulletin Board.

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.

Dato' Wei is the driving force behind the REDtone Group where he is one of the founding members. Under his guidance and spirit of innovation, the Group which started off with REDtone Telecommunications Sdn Bhd in 1996, is today an integrated telecommunications solutions provider catering to niche market segments. He continues to play an instrumental role in shaping the Group's strategic directions and policies to grow the business locally and internationally.

One area that Dato' Wei is particularly focused on and passionate about at this point in time is the development of digital business. He believes that the way forward for businesses is to go digital and within 10 years, all businesses will be "digitalised". Traditional businesses especially must have a concrete plan to digitalise or face falling behind. He is involving himself in the education of other business leaders on the opportunities and threats arising from the digitalisation of businesses and what's in store for the digital future.

Dato' Wei is a master trainer for professional selling skills in REDtone Academy, and a regular speaker at industry conferences and institutions of higher learning. He is adjunct professor at University Tun Hussien Onn Malaysia.

Aside from making a career out of ICT, he has also played leadership and advisory roles within influencer and strategic thought organizations such as PIKOM (Association of the Computer and Multimedia Industry of Malaysia) and the National IT Council. He keeps abreast of developments and makes it a point to attend all the major conferences and trade shows in Malaysia and outside of the country.

He was conferred DSPN with the title Dato' as a recognition of his contributions to the industry in 2011.

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

He attended four out of the five Board Meetings held during the financial period ended 30 April 2016.

Board of Directors' Profile

LAU BIK SOON

Group Chief Executive Officer
Nationality/Age: Malaysian/45
Gender: Male

Mr. Lau Bik Soon 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. Mr. Lau has a First Class Honours Degree in Electrical Engineering from University Technology Malaysia.

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.

His extensive experience in the ICT and telecommunications industry spans over 21 years during which he held key positions with international organizations 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 five Board Meetings held during the financial period ended 30 April 2016.

DATO' ISMAIL BIN OSMAN

Senior Executive Director
Nationality/Age: Malaysian/66
Gender: Male

Dato' Ismail bin Osman 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 DiGi.Com Berhad, Cosway Corporation Berhad, Berjaya Group Berhad, MOLACCESS Bhd and Asiaspace Sdn. Bhd.

He is currently the Chairman of Malaysian Technical Standard Forum Bhd (MTSFB), 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 all five Board Meetings held during the financial period ended 30 April 2016.

Board of Directors' Profile

HO MENG

Executive Director
Nationality/Age: Malaysian/56
Gender: Male

Mr. Ho Meng, was appointed to the Board of Directors of the Company on 30 November 2015. He qualified as a chartered accountant from the Malaysian Institute of Certified Public Accountants (MICPA). He is a member of the MICPA, the Malaysian Institute of Accountants and a fellow member of the CPA Australia.

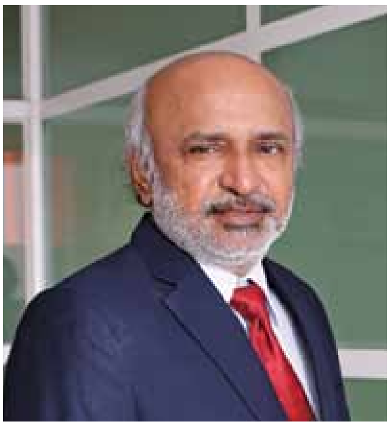
He has extensive working experience in various financial and senior management positions with a number of private and public listed companies including several years in external and internal auditing since he began his professional career with a public accounting firm in 1979.

He was appointed as an Executive Director of 7-Eleven Malaysia Holdings Berhad since August 2013 and was redesignated as a Non-Independent Non-Executive Director on 29 April 2016. He was also the Deputy Chief Executive Officer of 7-Eleven Malaysia Sdn Bhd until 29 April 2016, having served as an Executive Director and then the Managing Director since joining in 2011.

Prior to his appointment at 7-Eleven Malaysia Sdn Bhd, he was the Chief Executive Officer of U Television Sdn Bhd between 2005 and 2010 and has remained as a director as of to-date. He was with DiGi Telecommunications Sdn Bhd for almost 10 years after joining in 1995 when its mobile telecommunications service was launched and was the Chief Financial Officer when he left in 2005.

Mr. Ho Meng is a member of the Remuneration Committee of the Company.

He attended all two Board Meetings held during the financial period ended 30 April 2016 following his appointment to the Board on 30 November 2015.



MATHEW THOMAS A/L VARGIS MATHEWS

Senior Independent Non-Executive Director
Nationality/Age: Malaysian/60
Gender: Male

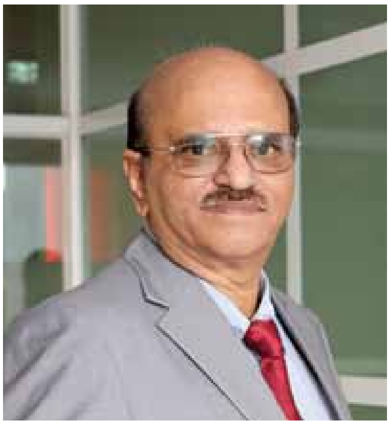
Mr. Mathew Thomas A/L Vargis Mathews was appointed to the Board of Directors of the Company on 15 November 2003. He obtained his Chartered Association of Certified Accountants (UK) qualification from London in 1985. He is currently a Fellow of the Chartered Association of Certified Accountants, UK.

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 five Board Meetings held during the financial period ended 30 April 2016.

Board of Directors' Profile



JAGDISH SINGH DHALIWAL

Independent Non-Executive Director
Nationality/Age: Malaysian/64
Gender: Male

Mr. Jagdish Singh Dhaliwal 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.

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 five Board Meetings held during the financial period ended 30 April 2016.

DATO' MOHD ZAINI BIN HASSAN

Independent Non-Executive Director
Nationality/Age: Malaysian/52
Gender: Male

Dato' Mohd. Zaini Hassan 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. Earlier he had completed his Bachelor of Mass Communication (Journalism) from Universiti Teknologi MARA (UiTM) in 1988.

He began his career with Utusan Melayu (Malaysia) Berhad in 1989, and established his good track record and leadership in Malaysian media fraternity. Currently he is holding a position as an Assistant Editor-in-Chief with Utusan Melayu (Malaysia) Berhad.

He is also actively involved in the NGO works as the President of Universiti Teknologi Mara (UiTM) Alumni Association (PAUiTM) which consists of 640,000 members. In addition, he has been appointed to the Board of Trustees for an education fund foundation known as Tabung Pendidikan 1 Billion (TP1B). He was appointed to the Board of Directors of UiTM in June 2016.

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

He attended all five Board Meetings held during the financial period ended 30 April 2016.

Board of Directors' Profile

AVINDERJIT SINGH A/L HARJIT SINGH

Independent Non-Executive Director
Nationality/Age: Malaysian/45
Gender: Male

Mr. Avinderjit Singh A/L Harjit Singh 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. Currently sits on the board of a public company Knusford Berhad and several private limited companies, including Transwater Capital Ventures Sdn Bhd, Lido Waterfront Boulevard Sdn Bhd, MSC Cyberport Sdn Bhd and Berjaya Waterfront Sdn Bhd.

He attended three out of the five Board Meetings held during the financial period ended 30 April 2016.

LOH PAIK YOONG

Non-Independent Non-Executive Director
Nationality/Age: Malaysian/52
Gender: Female

Ms Loh Paik Yoong 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 five Board Meetings held during the financial period ended 30 April 2016.

Note:
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 5 years other than traffic offences.

KEY SENIOR MANAGEMENT'S PROFILE

YEE KAR FONG
Chief Executive Officer – REDtone MEX Sdn Bhd
Nationality/Age: Malaysian/64
Gender: Male

Mr Yee Kar Fong was appointed on 1 May 2013. He graduated with Masters of Science (Physics) from University of Malaya.

Mr Yee worked in many corporations in IT and management roles. From 2007, he assisted founders of HELP University acquire a college, rebuilt HELP's education system, and in 2011, started consulting on teleradiology projects in China. Mr Yee was GM of Group IT with Berjaya from 1991 to 2001, started Tradenex.com, FMM's e-commerce subsidiary, in 2001, and later founded a healthcare software company that was acquired by ASX listed IBA Health, now ISOFT healthcare division of CSC, in 2006. Prior to that, Mr Yee was a senior consultant with Hewlett Packard's Asia Pacific Centre of Excellence based in Singapore and Hong Kong and in other capacities, in Arthur Andersen, CSA Malaysia and Formis, consultant to a number of corporations in Malaysia and Asia Pacific.

YAU CHEE KEONG, ANDY
Chief Executive – REDtone Data Centre Sdn Bhd
Nationality/Age: Malaysian/58
Gender: Male

Mr Andy was appointed on 1 April 2011. He holds an Australian university Degree in Economics and a post-graduate qualification in Computer Science. He is a Certified Data Center Professional (CDCP) and a Certified Data Centre Specialist (CDCS), and also holds a certification in Information Technology Service Management (ITIL) Foundation. He has attended the International Association of Outsourcing Professionals (IAOP)'s Certified Outsourcing Professional (COP) Master Class.

Mr Andy has more than 34 years working experience in the ICT arena. He spent his last 22 years of his career in general management and program management in information technology outsourcing services, data centre services, business continuity services, cloud services, and consulting. His other working experience spans from computer hardware and application system implementation, sales and business management, and operation management for a large system integration business, providing IT solutions and services to a wide spectrum of industries including banking and finance, manufacturing, trading, transportation, oil and gas, healthcare, telecommunications and e-commerce industries.

DR. MAZLAN BIN ABBAS
Chief Executive Officer – REDtone IOT Sdn Bhd
Nationality/Age: Malaysian/55
Gender: Male

Dr. Mazlan was appointed on 7 October 2014. He holds a PhD in Telecommunications.

Dr. Mazlan is ranked No. 20th Thought Leader in IOT by 2014 Onalytics Report – "The Internet of Things - Top 100 Thought Leaders" and ranked Top 100 in Smart Cities Top Experts by Agilience Authority Index May 2016. He has 30 years of experience and accomplishments in a senior management capacity primarily accountable for R&D, Product Development Innovation & Solutions, Technology Management, Network Operations and Academia.

Before joining REDtone Group, he spent 8 years in MIMOS Berhad as the Senior Director Wireless Communications Cluster where he is responsible to lead, strategize and manage the Applied R&D activities in Wireless Communications technology.

He also spent 13 years in Celcom (mobile operator), handling many senior management positions (including R&D, Billing Operations, Technology & Technical Management, Network Administration & Management, Mobile Data, Integrated Business Solutions and Mobility Solutions). Prior to Celcom, he spent 10 years as an academician at Universiti Teknologi Malaysia.

Dr. Mazlan is a frequent speaker in many major and established IT and telco conferences locally and globally. He has served as MOSTI's Innofund, Technofund and Science Fund (ICT Cluster) Technical & Commercial Evaluation Committee and sits in Industry Advisory Panel (IAP) for several local universities.

Key Senior Management's Profile

LAU HOCK CHYE
Chief Financial Officer
Nationality/Age: Malaysian/49
Gender: Male

Mr Lau Hock Chye was appointed on 6 June 2016. He is a Chartered Secretary with the Institute of Chartered Secretaries & Administrators (ICSA) and a member of the Association of International Accountants, United Kingdom.

He has more than 20 years of working experience in the telecommunications industry with extensive hands-on experience in management, business leadership and working with the board of directors, bankers and financial and legal advisers.

He was the Chief Financial Officer with U Mobile Sdn Bhd for 4 years from 2009 before joining Maxis Communications Berhad in 2013 as the Head of Planning and Strategy for 2½ years. Prior to that he was with Digi Telecommunications Sdn Bhd for almost 13 years. He was leading the business planning team and he was the Head of Regional Management when he left in 2009.

CHAIRMAN AND MANAGING DIRECTOR'S LETTER TO SHAREHOLDERS

Dear Shareholders,

The ability to continuously adapt to an ever changing market environment has been key to our growth since 1996 and our evolvement into a leading digital infrastructure and service provider today. Leveraging on our research and development expertise and combined with foresight and experience, we have remained relevant to customers.

Our ongoing efforts to build on the strengths of our products and to develop innovative solutions that address current and future needs of the market are vital to help us sharpen our competitive edge and ensure REDtone stays ahead of the competition.

Hence, our focus on these areas in 2016. 2016 is also the 1st year that we are presenting the Group's report for the 11 months ended 30 April 2016 as a subsidiary of Berjaya Corporation Berhad.

In an environment where the market continued to stay competitive amidst a sharp depreciation of the Malaysian Ringgit and a decline in our China operations amongst others, the year 2016 was a challenging one.

Financial Performance

For the 11 months financial period ended 30 April 2016, the Group generated a revenue of RM147.7 million. Telecommunications services through data and voice services for enterprises was the top contributor at 53.7% followed by managed telecommunications network services (MTNS) at 45.6%.

The Group recorded a loss before tax of RM41.3 million mainly due to higher project costs arising from an extended delay of a major project that was beyond the Group's control, and high impairment of trade receivables coupled with impairment of goodwill and property, plant and equipment from the China operations. The weaker Malaysian Ringgit had also adversely affected our profit.

Due to a change in the Group's financial year end to coincide with that of its holding company, there is no preceding year's performance for the 11 months financial period ended 30 April 2015 available for comparison.

Business Review

For the period under review, the Group's main revenue generator were MTNS and telecommunications services. Leading MTNS' business was telco engineering services. Although the Group just started offering telco engineering services only in 2014, the uptake has been very encouraging. We are now the largest such provider in Sabah and Sarawak with a highly capable team of engineers comprising some of the best in the country. In addition, the Group's focus on growing the other areas of MTNS such as building, maintaining and operating RAN infrastructure and big scale WiFi hotspots has also yielded positive results and further strengthened REDtone's increasingly growing reputation in the MTNS space.

Meanwhile, voice services which are part of telecommunications services continued to come under pressure from the increasing use of Over The Top (OTT) applications on mobile devices. However, we saw encouraging growth in the corporate data services segment.

In industry digital services which is our 3rd area of business, there was a healthy increase in revenue from our two data centres. We have also recently ventured into cloud services as part of the overall plan to enhance our industry digital solutions offerings.

Our China operations did not fare well. Voice business declined significantly also due to widespread use of OTT applications on mobile devices while the motor inspection business did not take off. The China operations are now classified as discontinued operations.

Chairman and Managing Director's Letter to Shareholders

Future Outlook

Given the less-than-encouraging global outlook and the prevailing weak Malaysian Ringgit, we expect conditions to remain challenging for the upcoming financial year. However, on the brighter side, we do anticipate some growth in MTNS as significant projects are expected to be completed and billed in the upcoming FY 2017. The Group which is also in the process of bidding for projects worth over RM1 billion, is optimistic that we will be awarded some of the projects.

We are also confident that the foundations we have laid and the growth strategy we have in place will help to support our progress as we focus on returning to profitability.

Corporate Social Responsibility

REDtone continued to be the title sponsor for the REDtone 9th Kuala Lumpur International Junior Open Squash Championships 2015. It was the 4th consecutive year that we have supported this major event. Through the sponsorship, we aim to assist the Squash Racquets Association of Federal Territory (SRAFT) in nurturing our young talents to hopefully shine in the international squash arena one day.

We also extended a helping hand to victims of the floods which hit our country every year. This time, the Group contributed RM250,000 to the Sarawak Flood Disaster Fund that was established by Sarawak Department of National Unity and National Integration when many parts of the state were submerged following a rare major flood between December 2015 and January 2016.

Appreciation

We would like to take this opportunity to thank the Board of Directors for their stewardship of the Group and our employees for their continued dedication and hard work. Our gratitude also goes to our business partners, customers, suppliers and all other stakeholders for their continued support.

And finally, our heartfelt thanks also go to our valued shareholders for their trust in REDtone.

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

Dato' Wei Chuan Beng
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

REDtone is a leading digital infrastructure and services provider in Malaysia. Incorporated in 1996 and listed on Bursa Malaysia in 2004, REDtone has evolved and adapted continuously to change and competition and today we offer our customers a comprehensive range of services in business areas, namely telecommunications services, managed telecommunications network services ("MTNS") and industry digital solutions ("IDS").

Telecommunications Services:

REDtone offers data and voice services to government, enterprises and SMEs. REDtone is the only service provider in the industry to provide infrastructure integration expertise. Its access to a unique suite of last mile technologies also enables it to offer broadband-on-demand LTE (4G) which includes the MVNO services to be launched soon.

Managed Telecommunications Network Services:

Build, maintain and operate large scale WiFi hotspots, radio access network (RAN) infrastructure and fiber optic infrastructure.

Industry Digital Solutions:

Data centre services, cloud services and applications, Internet of Things (IOT), healthcare solutions and managed security services.

REVENUE

The Group's revenue for the 11 months financial period ended 30 April 2016 ("FY2016") was RM147.7m. If annualised, the Group's revenue would have been RM161.1m which would represent a 6.8% growth compared to the previous financial year's revenue of RM150.8m.

Revenue was driven mainly by MTNS and telecommunications services through data and voice services for enterprises. There is a shift of revenue from telecommunications services to MTNS. Voice services revenue continues to decline due to competition from over the top ("OTT") applications for voice over mobile data while corporate data services shows encouraging growth. We continue to make sizeable inroads in MTNS as we continue to focus resources in the area, especially in projects related to build, operate and maintain RAN infrastructure, large scale WiFi hotspots and fiber optic infrastructure. In IDS, we see healthy growth in our data centre revenue.

Our China revenue, now classified as discontinued operations contributed 13% of total revenue.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit was RM33.8m or 22% of total revenue in FY2016 compared to RM62.8m or 42% of total revenue in the previous year. The contraction in gross profit was mainly due to the lower gross profit margin recorded by MTNS in the current financial period. This is mainly attributed to higher project cost due to the delay of a major project coupled with the weakened Malaysian Ringgit.

GENERAL AND ADMINISTRATIVE EXPENSES

General and Administrative expenses for FY2016 decreased by RM1.7m or 4% compared to financial year ended 31 May 2015 ("FY2015"). If annualised, it would have increased by 4%.

Management Discussion and Analysis

SELLING, MARKETING AND DISTRIBUTION EXPENSES

Selling, marketing and distribution expenses in FY2016 was RM2.8m or 15% lower than FY2015. If annualised, it would be lower by 7%.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally has been financing its operations through a combination of internally generated funds as well as short term borrowings. As at 30 April 2016, the Group's cash and cash equivalent balances was RM4.7m.

LOSS FROM OPERATIONS & LOSS BEFORE TAX

Loss from operations and loss before tax of RM32.9m and RM41.3m respectively for FY2016 were mainly due to the following reasons:

1. Impairment of trade debtors.
2. Impairment of property, plant and equipment in our China subsidiary, Feng Cheng Motor Vehicle Inspection Company Ltd.
3. Impairment of goodwill related to consolidation of our China subsidiaries.

PROSPECTS

Given the current macro-economic outlook and the prevailing weak Malaysian Ringgit, the Board of Directors is of the view that the operating environment for the next financial year will continue to be challenging for the Group. However, notwithstanding the macro-economic outlook, the Board of Directors do foresee moderate growth in MTNS given the unbilled projects in hand. We expect further decline in voice services in both Malaysia and China, while data services revenue is expected to increase.

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.

There is a limit of authority adopted by the Group which spells out the limit of authority of the Management.

2. Clear Roles and Responsibilities

During the financial period ended 30 April 2016, 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

Statement on Corporate Governance

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

2. Clear Roles and Responsibilities (Cont'd)

- Board appointments, their fees and remuneration
- Dividend Policy
- Reviewing the adequacy and integrity of the Group's internal control systems
- Implementing effective public communications and investor relations policies

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 standards 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 continues to invest in young talents by its yearly sponsorship of the KL International Junior Open Squash Championships and had also donated RM250,000 towards the Sarawak Flood Disaster Fund for the flood victims in Sarawak in March 2016.

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 or at 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.

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

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.

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 and Non-Executive Directors.

A summary of the activities of the Nomination Committee in discharging its duties during the financial period ended 30 April 2016 are set out in the Nomination Committee Statement on pages 35 to 36 of this Annual Report.

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 Committee 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.

Statement on Corporate Governance

B. STRENGTHEN COMPOSITION (CONT'D)

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 of three (3) Independent Non-Executive Directors and two (2) Executive Directors. The Remuneration Committee met two (2) times during the financial period under review and the attendance record is as follows:

NAME OF COMMITTEE MEMBERS	Designation	Attendance
Mr Jagdish Singh Dhaliwal *(Independent Non-Executive Director)*	Chairman	2/2
Dato' Wei Chuan Beng *(Managing Director)*	Member	2/2
Mr Mathew Thomas A/L Vargis Mathews *(Senior Independent Non-Executive Director)*	Member	2/2
Mr Ho Meng *(Executive Director)* *(appointed on 24 June 2016)*	Member	N/A
Dato' Mohd Zaini Bin Hassan *(Independent Non-Executive Director)* *(appointed on 24 June 2016)*	Member	N/A

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 with regards to 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 at the Annual General Meeting ("AGM").

As per the recent amendments to the ACE Market Listing Requirements, the Company is required to disclose the remuneration of the Directors of the Company (including the remuneration for services rendered to the listed corporation as a group) for the financial year, stating the amount received from the listed corporation and the amount received on a group basis respectively.

<u>Received from the Company</u>

	Fees (RM'000)	Salaries (RM'000)	Other Emoluments (RM'000)	Total (RM'000)
Executive	–	–	–	–
Non-Executive	807	–	65	872

B. STRENGTHEN COMPOSITION (CONT'D)

3. Remuneration Policies and Procedures (Cont'd)

Received on Group Basis

	Fees (RM'000)	Salaries (RM'000)	Other Emoluments (RM'000)	Total (RM'000)
Executive	–	1,084	532	1,616
Non-Executive	807	–	65	872

The number of directors whose remuneration/fees fell within the respective bands are as follows:

Received from the Company

Range of Remuneration/Fees (RM)	Number of Executive Directors	Number of Non-Executive Directors
50,000 and below	–	4
50,001 to 100,000	–	2
100,001 to 150,000	–	–
150,001 to 200,000	–	–
200,001 to 250,000	–	–
250,001 to 300,000	–	–
300,001 and above	–	1

Received On Group Basis

Range of Remuneration/Fees (RM)	Number of Executive Directors	Number of Non-Executive Directors
50,000 and below	1	4
50,001 to 100,000	–	2
100,001 to 150,000	–	–
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.

Statement on Corporate Governance

C. REINFORCE INDEPENDENCE (CONT'D)

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 on 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 and Non-Executive Director of the Company.

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 four (4) Executive Directors, two (2) 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.

The Company does not set any specific target for boardroom diversity but will actively work towards achieving the appropriate boardroom diversity.

C. REINFORCE INDEPENDENCE (CONT'D)

4. Board Composition and Balance (Cont'd)

Currently, the Board has one (1) female Director namely, Ms Loh Paik Yoong. The Board is comfortable 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.

Before recommending the appointment of a new director to the Board for consideration, the Nomination Committee would assess the candidate's profile, skills, knowledge, expertise, experience, time commitment, character, professionalism and integrity.

During the financial period under review, the Nomination Committee had assessed the profile of Mr Ho Meng based on the above-mentioned criteria. In view of his vast experience in the mobile telecommunications industry and strong financial and senior management experience, the Nomination Committee agreed to recommend the appointment of Mr Ho Meng as Executive Director to the Board for approval.

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 period ended 30 April 2016, the Board met five (5) times, deliberating upon and considering a variety of matters including the Group's financial results, major investments, 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 period under review are summarised below:

NAME OF DIRECTORS	Attendance
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee	5/5
Dato' Wei Chuan Beng	4/5
Mr Mathew Thomas A/L Vargis Mathews	5/5
Mr Lau Bik Soon	5/5
Dato' Ismail Bin Osman	5/5
Mr Jagdish Singh Dhaliwal	5/5
Dato' Mohd Zaini Bin Hassan	5/5
Avinderjit Singh A/L Harjit Singh	3/5
Datuk Lye Ek Seang (resigned on 25 March 2016)	4/5
Ms Loh Paik Yoong	5/5
Mr Ho Meng (appointed on 30 November 2015)	2/2

Statement on Corporate Governance

D. FOSTER COMMITMENT (CONT'D)

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:

Director	Title of Programmes/Seminars/Courses/Forum
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee	• Bursa Malaysia CG Breakfast Series with Directors: How to Maximize Internal Audit
Dato' Wei Chuan Beng	• TM Forum's Digital Leadership Summit – Smart Health • Moderator Leadership & Forum Fundamental Training
Mr Mathew Thomas A/L Vargis Mathews	• Bursa Malaysia CG Breakfast Series with Directors: Future of Auditor Reporting - The Game Changer for Boardroom • National Tax Conference 2015 • Budget Seminar 2015
Mr Lau Bik Soon	• Information on Telomere Diagnostics • Value Add Through Private Equity Involvement • Mastering Change for Organizational Excellence II • CEO Grooming for Influence • Economic Outlook and Trends for 2015 & Beyond • Scenario Planning
Dato' Ismail Bin Osman	• Bursa Malaysia CG Breakfast Series with Directors: How to Maximize Internal Audit
Mr Jagdish Singh Dhaliwal	• Setting the Right Tone – Audit Committee Conference 2016 • Bursa Malaysia CG Breakfast Series: Improving Board Risk Oversight Effectiveness
Avinderjit Singh A/L Harjit Singh	• Family Business Management: Transgenerational Entrepreneurship
Ms Loh Paik Yoong	• Bursa Malaysia CG Breakfast Series with Directors: The Board's Response in Light of Rising Shareholder Engagements • M&A Clients & Markets Event • MIA International Accountants Conference 2015 • Malaysia Tax Summit 2015
Mr Ho Meng	• Bursa Malaysia: Advocacy Session on Management Discussion & Analysis for CEO and CFO • Bursa Malaysia CG Breakfast Series with Directors: The Board's Response in Light of Rising Shareholder Engagements • Bursa Malaysia Risk Management and Internal Control workshop: Is our line of defence adequate and effective • Bursa Malaysia CG Breakfast Series with Directors: How to Maximize Internal Audit • Bursa Malaysia CG Breakfast Series with Directors: Future of Auditor Reporting - The Game Changer for Boardroom • Bursa Malaysia: Sustainability Symposium • Bursa Malaysia: Fraud Risk Management Workshop • Sustainability Reporting Briefing • KPMG training focusing on Sustainability Reporting, Corporate Governance, Cyber Security and Bursa's Listing Rules

D. FOSTER COMMITMENT (CONT'D)

2. Directors' Training (Cont'd)

Although Dato' Mohd Zaini Bin Hassan has not been able to attend a structured training programme during the financial period under review due to work commitments, he continued to gain updates through the briefings by the Company Secretary, Internal and External Auditors during the quarterly meetings, communications with other Directors as well as the daily work exposure.

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, Management Discussion and Analysis Statement 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 51 of this Annual Report.

2. Suitability and Independence of External Auditors

The Group maintains 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's 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 Audit Committee recommended the re-appointment of Messrs Ernst & Young ("EY") as External Auditors for the financial year ending 30 April 2017 after assessing the performance and independence of EY. Subsequently, the Board at its meeting held on 9 August 2016 approved the recommendation by the Audit Committee to seek the shareholders' approval on the re-appointment of EY as External Auditors of the Company for the financial year ending 30 April 2017 at the forthcoming AGM.

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.

Statement on Corporate Governance

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 implementation of Enterprise-Wide Risk Management Program ("ERM") to further assist in the management of risks of the Group is ongoing and will be completed in the ensuing financial year.

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

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 period 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 Malaysia Securities Berhad ("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 the annual report 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 the 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.

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 the new Paragraph 8.31A of the ACE Market Listing Requirements requiring any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll, the Board shall table all the resolutions at the forthcoming AGM for voting by poll.

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. AGMs are 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 and/or EGM to answer any query that the shareholders, proxies and corporate representatives may have.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

AUDIT AND NON-AUDIT FEES

The amount of audit fees incurred by the Company for the financial period ended 30 April 2016 was RM222,000 and RM846,000 for the Group as a whole. The non-audit fees incurred for the services rendered to the Company by the External Auditors, or a firm or corporation affiliated to the auditors' firm for the financial period ended 30 April 2016 was Nil and RM12,000 on a group basis.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The details of RRPT for the financial period under review are disclosed in Note 33 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.

MATERIAL CONTRACTS 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 period or entered into since the end of the previous financial year.

AUDIT COMMITTEE REPORT

The Board of Directors of REDtone International Berhad is pleased to present the Audit Committee Report for the financial period ended 30 April 2016.

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 with 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.

MEMBERSHIP AND MEETING ATTENDANCE

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)

The details of attendance of each member at the Audit Committee meetings held during the financial period ended 30 April 2016 are as follows:

NAME OF COMMITTEE MEMBERS	Designation	Attendance
Mr Mathew Thomas A/L Vargis Mathews	Chairman	6/6
Mr Jagdish Singh Dhaliwal	Member	6/6
Dato' Mohd Zaini Bin Hassan	Member	5/6

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee (included in the Board Charter) is made available on the Company's website, www.redtone.com. The Board is satisfied that the Audit Committee and its members had discharged their functions, duties and responsibilities in accordance with its Terms of Reference in ensuring that the Company upholds the appropriate Corporate Governance standards.

SUMMARY OF WORK OF THE AUDIT COMMMITTEE DURING THE FINANCIAL PERIOD UNDER REVIEW

During the financial period ended 30 April 2016, in line with the Terms of Reference, the Committee carried out the following activities in discharge of its function and duties:-

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

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 the Proposed Renewal of Share Buy-Back Authority.

5. Reviewed the Audit Plan of the Group for the financial period ended 30 April 2016 prepared by the External Auditors, setting out the responsibilities of the External Auditors, their scope of work and key audit areas in connection with their audit of the Group.

Audit Committee Report

SUMMARY OF WORK OF THE AUDIT COMMMITTEE DURING THE FINANCIAL PERIOD UNDER REVIEW (CONT'D)

6. Reviewed the performance of the External Auditors and made recommendations to the Board on their re-appointment and remuneration.

7. Reviewed the progress of the Enterprise-Wide Risk Management Program ("ERM") which is ongoing and will be completed in the ensuing financial year.

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

9. Reviewed the Internal Audit Reports in respect of Branch Operations-Post Audit Compliance Reviews and GST Compliance Review.

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

11. Together with members of management, met with the new External Auditors to brief and discuss on the new appointment and the job scope.

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

13. Attended workshops and seminars to keep abreast of new guidelines and practices.

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 covers 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.

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 pre-approved internal audit plan for the financial period under review, the operational compliance reviews were as follows:

- Branch Operations-Post Audit Compliance Reviews
- GST Compliance Review

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

The fees incurred during the financial period ended 30 April 2016 in relation to the internal audit function for the Group was RM30,000.

NOMINATION COMMITTEE REPORT

OBJECTIVE

The Nomination 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 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

(a) 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, Director or 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;

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

Nomination Committee Report

5.0 DUTIES AND RESPONSIBILITIES (CONT'D)

(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 and Non-Executive Directors. The Nomination Committee met twice (2) during the financial period 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	2/2
Mr Jagdish Singh Dhaliwal (Independent Non-Executive Director)	Member	2/2
Dato' Mohd Zaini Bin Hassan (Independent Non-Executive Director)	Member	1/2

The Company does not set any specific target for boardroom diversity but will actively work towards achieving the appropriate boardroom diversity. Currently, the Board has one (1) female Director namely, Ms Loh Paik Yoong. The Board is comfortable 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.

Before recommending the appointment of a new director to the Board for consideration, the Nomination Committee would assess the candidate's profile, skills, knowledge, expertise, experience, time commitment, character, professionalism and integrity.

During the financial period under review, the Nomination Committee had assessed the profile of Mr Ho Meng based on the above-mentioned criteria. In view of his vast experience in the mobile telecommunications industry and strong financial and senior management experience, the Nomination Committee agreed to recommend the appointment of Mr Ho Meng as Executive Director to the Board for approval.

The Nomination Committee also 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 period ended 30 April 2016.

The annual assessment comprises Board and Board Committee Assessments, Board Skills Matrix evaluation, Audit Committee Assessment and a Self-Assessment checklist of the Independent Directors using customised questionnaires which were completed by all 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 and Board Committees 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.

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 acknowledges 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 business failure. As such, these systems can only provide reasonable but not absolute assurance against material misstatements or losses.

The system of risk management and internal control covers not only financial control but also operational, commercial, regulatory and compliance controls. 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 period 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 assist and oversees 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 ongoing and will be completed in the ensuing financial year.

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.

Statement on Risk Management and Internal Control

3. RISK MANAGEMENT FRAMEWORK (CONT'D)

Meanwhile, the management of risks is an ongoing process to identify, evaluate and manage the 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 with the assistance from the Audit Committee, re-evaluate the existing risk management practices, and where appropriate and necessary, revise such practices accordingly.

4. KEY INTERNAL CONTROL ELEMENTS

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

- 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, Executive Directors 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 key operational and management issues are also resolved at these meetings. 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

The Company maintains an internal control environment which is independent from the Management by outsourcing its internal audit function to independent professional consulting firms as part of its effort to provide adequate and effective internal control system whilst remaining compliant with the Guidelines.

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. The internal auditors had tabled the Internal Audit Reports in respect of the Branch Operations-Post Audit Compliance Reviews and GST Compliance Review during the financial period ended 30 April 2016.

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.

The total costs incurred for the outsourced internal audit function for the financial period ended 30 April 2016 was RM30,000.

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 period ended 30 April 2016. 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 respects, 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 current risk management and internal control system is operating adequately and effectively, in all material aspects.

For the period 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 period 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 27 July 2016.

STATEMENT OF DIRECTORS' INTERESTS

in the Company as at 29 July 2016

Name of Director	No. of Shares Held Direct	%	Indirect	%
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee	–	–	–	–
Dato' Wei Chuan Beng	24,173,300	3.23	–	–
Lau Bik Soon	3,710,360	0.50	–	–
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	–	–	–	–
Loh Paik Yoong	–	–	–	–
Ho Meng	–	–	–	–

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	0.45	–	–
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	–	–	–	–
Loh Paik Yoong	–	–	–	–
Ho Meng	–	–	–	–

Less than 0.01%

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 period ended 30 April 2016 as set out on pages 55 to 161 of this Annual Report.

FINANCIAL STATEMENTS

DIRECTORS' REPORT	43
STATEMENT BY DIRECTORS	51
STATUTORY DECLARATION	51
INDEPENDENT AUDITORS' REPORT	52
STATEMENTS OF PROFIT OR LOSS	55
STATEMENTS OF COMPREHENSIVE INCOME	57
STATEMENTS OF FINANCIAL POSITION	58
STATEMENTS OF CHANGES IN EQUITY	60
STATEMENTS OF CASH FLOWS	64
NOTES TO THE FINANCIAL STATEMENTS	67
SUPPLEMENTARY EXPLANATORY NOTE ON DISCLOSURE OF REALISED AND UNREALISED (LOSSES)/PROFITS	162

DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 April 2016.

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 described in Note 17 to the financial statements. There have been no significant changes in the nature of the principal activities during the current financial period.

Change of financial year end

During the period, the Company changed its financial year end from 31 May to 30 April to be coterminous with the financial year end of its ultimate holding company, Berjaya Corporation Berhad. Accordingly, the financial statements of the Group and of the Company for the financial period ended 30 April 2016 cover 11 month period from 1 June 2015 to 30 April 2016 as compared to the previous financial year of 12 months from 1 June 2014 to 31 May 2015.

Results

	Group RM'000	Company RM'000
Loss from continuing operations, net of tax	(18,779)	(37,539)
Loss from discontinued operations, net of tax	(20,858)	-
Loss, net of tax	(39,637)	(37,539)
Loss attributable to:		
Owners of the parent	(30,661)	(37,539)
Non-controlling interests	(8,976)	-
	(39,637)	(37,539)

There were no material transfers to or from reserves or provisions during the financial period other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature other than the classification of the Group's interest in REDtone Asia Inc. group of companies as disposal group held for sale as disclosed in Note 24.

Directors' Report

Dividends

No dividend has been paid or declared by the Company during the financial period.

Issue of shares

During the financial period:

(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 RM75,256,607 to RM75,727,939 by:-

(i) the issuance of 320,320 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; and

(ii) the issuance of 4,393,000 new ordinary shares of RM0.10 each at prices ranging from RM0.25 to RM0.652 per share pursuant to the Employees' Share Option Scheme of the Company.

The entire new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of the Company.

Treasury shares

During the financial period, the Company repurchased a total of 5,862,200 of its issued ordinary shares from the open market for RM3,205,000 including transaction costs. The average price paid for the shares repurchased was approximately RM0.55 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 757,279,392 (2015: 752,566,072) issued and fully paid-up ordinary shares as at the end of the reporting period, 9,460,000 (2015: 3,597,800) ordinary shares are held as treasury shares by the Company amounting to RM5,631,000 (2015: RM2,426,000). Relevant details on the treasury shares are disclosed in Note 26.

Options granted over unissued shares

During the financial period, no options were granted by the Company to any person to take up any unissued shares in the Company.

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. In the previous financial year, the expiry date of ESOS was 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 period are disclosed in Note 27(e) to the financial statements.

The Company did not grant any share options under the ESOS during the financial period.

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 2015 ('000)	Exercised ('000)	Forfeited ('000)	At 30 April 2016 ('000)
5 July 2012	RM0.250	1,295	(1,295)	-	-
25 September 2012	RM0.300	8	(8)	-	-
21 February 2013	RM0.340	1,000	(1,000)	-	-
18 December 2014	RM0.630	2,100	(2,000)	(100)	-
18 February 2015	RM0.652	90	(90)	-	-
		4,493	(4,393)	(100)	-

Directors' Report

Directors

The directors of the Company in office since the date of the last report and at the date of this report are:

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	
Loh Paik Yoong	
Ho Meng	(Appointed on 30 November 2015)
Datuk Lye Ek Seang	(Resigned on 25 March 2016)

Directors' benefits

Neither at the end of the financial period, nor at anytime during the period, did there subsist any arrangement to which the Company was a party whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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 Note 8 to 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.

Directors' interests

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

	Number of ordinary shares of RM0.10 each			
	At 1 June 2015	**Acquired**	**Disposed**	**At 30 April 2016**
The Company				
Direct interests				
Dato' Wei Chuan Beng	22,500,000	1,890,000	(300,000)	24,090,000
Mathew Thomas A/L Vargis Mathews	615,000	-	-	615,000
Lau Bik Soon	3,710,360	-	-	3,710,360
Jagdish Singh Dhaliwal	550,000	-	-	550,000
Dato' Mohd Zaini Bin Hassan	50,000	-	(30,000)	20,000

Directors' interests (contd.)

	Number of 2.75% 2010/2020 ICULS of RM0.10 nominal value each			
	At 1 June 2015	Acquired	Disposed/ converted	At 30 April 2016
The Company				
Direct interests				
Dato' Wei Chuan Beng	283,000	-	-	283,000

	Number of share options over ordinary shares of RM0.10 each			
	At 1 June 2015	Granted	Exercised	At 30 April 2016
Share options of the Company				
Dato' Wei Chuan Beng	500,000	-	(500,000)	-

	Number of ordinary shares of RM1.00 each			
	At 1 June 2015/ Date of appointment	Acquired	Disposed	At 30 April 2016
Ultimate holding company, Berjaya Corporation Berhad:				
Direct interests				
Loh Paik Yoong	25	835	(25)	835
Ho Meng	11,768	-	-	11,768
Indirect interests				
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee #	14,680,950	59,200,000	(53,780,000)	20,100,950

	Number of 0% ICULS 2005/2015 of RM0.50 nominal value each			
	At 1 June 2015	Acquired	Disposed/ converted	At 30 April 2016
Ultimate holding company, Berjaya Corporation Berhad:				
Direct interests				
Loh Paik Yoong	1,672	-	(1,672)	-

Directors' Report

Directors' interests (contd.)

	Number of ordinary shares of RM0.50 each			
	At 1 June 2015	**Acquired**	**Disposed**	**At 30 April 2016**
Related company:				
Berjaya Land Berhad				
Direct interests				
Loh Paik Yoong	16,400	-	-	16,400
Indirect interests				
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee #	5,846,800	1,243,800	(398,800)	6,691,800

	Number of ordinary shares of RM0.10 each			
	At 1 June 2015	**Acquired**	**Disposed**	**At 30 April 2016**
Related company:				
Berjaya Sports Toto Berhad				
Direct interests				
Loh Paik Yoong	36,609	261	-	36,870
Indirect interests				
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee #	1,732,465	12,374	-	1,744,839

	Number of ordinary shares of RM0.50 each			
	At 1 June 2015	**Acquired**	**Disposed**	**At 30 April 2016**
Related company:				
Berjaya Food Berhad				
Indirect interests				
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee #	-	1,200,000	-	1,200,000

Note:
Deemed interested by virtue of his interest in Indah Pusaka Sdn Bhd via Tema Juara Sdn Bhd.

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

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

(d) 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.

(e) At the date of this report, there does not exist:

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

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

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

Directors' Report

Significant events during the financial period

Significant events during the financial period are disclosed in Note 34 to the financial statements.

Subsequent event

Subsequent event is disclosed in Note 35 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 10 August 2016.

Dato' Ismail Bin Osman	Lau Bik Soon

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Ismail Bin Osman and Lau Bik Soon, being two of the directors of REDtone International Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 55 to 161 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 as at 30 April 2016 and the financial performance and the cash flows of the Group and the Company for the period then ended.

The supplementary information set out in Note 40, on page 162 to the financial statements have been prepared in accordance with the 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 on behalf of the Board in accordance with a resolution of the directors dated 10 August 2016.

Dato' Ismail Bin Osman

Lau Bik Soon

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Lau Hock Chye, being the officer primarily responsible for the financial management of REDtone International Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 55 to 162 are in my opinion 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 the abovenamed Lau Hock Chye
at Kuala Lumpur in the Federal
Territory on 10 August 2016.

Lau Hock Chye

Before me,

Ooi Ah Bah (W152)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the members of REDtone International Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of REDtone International Berhad, which comprise the statements of financial position of the Group and of the Company as at 30 April 2016, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 55 to 161.

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 the 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 the 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.

Independent Auditors' Report

to the members of REDtone International Berhad
(Incorporated in Malaysia)

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 at 30 April 2016 and of their financial performance and cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 ("Act") 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 17 to the financial statements, being financial statements that have been included in the consolidated financial statement.

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

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Independent Auditors' Report

to the members of REDtone International Berhad
(Incorporated in Malaysia)

Other reporting responsibilities

The supplementary information set out in Note 40 on page 162 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.

Ernst & Young
AF: 0039
Chartered Accountants

Hoh Yoon Hoong
No. 02990/08/2018 J
Chartered Accountant

Kuala Lumpur, Malaysia
10 August 2016

STATEMENTS OF PROFIT OR LOSS

for the financial period from 1 June 2015 to 30 April 2016

		Group		Company	
	Note	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
Revenue	3	128,498	122,037	-	16,000
Cost of sales		(98,834)	(64,412)	-	-
Gross profit		29,664	57,625	-	16,000
Other income	4	1,554	3,572	349	1,907
		31,218	61,197	349	17,907
General and administrative expenses		(51,784)	(44,880)	(37,958)	(3,336)
Finance costs	5	(1,911)	(1,368)	(158)	(471)
(Loss)/profit before tax from continuing operations	6	(22,477)	14,949	(37,767)	14,100
Taxation	9	3,698	(3,543)	228	(436)
(Loss)/profit from continuing operations, net of tax		(18,779)	11,406	(37,539)	13,664
Discontinued operations					
Loss from discontinued operations, net of tax	24	(20,858)	(106)	-	-
(Loss)/profit, net of tax		(39,637)	11,300	(37,539)	13,664
(Loss)/profit attributable to:					
Owners of the parent					
- from continuing operations		(18,650)	10,576	(37,539)	13,664
- from discontinued operations		(12,011)	1,084	-	-
		(30,661)	11,660	(37,539)	13,664
Non-controlling interests		(8,976)	(360)	-	-
		(39,637)	11,300	(37,539)	13,664

Statements of Profit or Loss
for the financial period from 1 June 2015 to 30 April 2016

		Group	
		1.6.2015 to 30.4.2016	1.6.2014 to 31.5.2015
	Note		
(Loss)/earnings per share attributable to owners of the parent (sen per share)			
- Basic, for the period/year from continuing operations		(2.39)	1.83
- Basic, for the period/year from discontinued operations		(1.54)	0.19
- Basic, for the period/year	10	(3.93)	2.02
- Diluted, for the period/year from continuing operations		(2.39)	1.82
- Diluted, for the period/year from discontinued operations		(1.54)	0.19
- Diluted, for the period/year	10	(3.93)	2.01

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the financial period from 1 June 2015 to 30 April 2016

	Group		Company	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
(Loss)/profit, net of tax	(39,637)	11,300	(37,539)	13,664
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation, net representing total other comprehensive income for the period/year, net of tax	757	4,598	-	-
Total comprehensive income for the period/year	(38,880)	15,898	(37,539)	13,664
Total comprehensive income attributable to:				
Owners of the parent	(37,729)	15,828	(37,539)	13,664
Non-controlling interests	(1,151)	70	-	-
	(38,880)	15,898	(37,539)	13,664

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 30 April 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Assets					
Non-current assets					
Goodwill	12	423	6,363	-	-
Property, plant and equipment	13	26,770	38,974	-	-
Investment properties	14	550	1,143	-	-
Intangible assets	15	37,839	40,516	-	-
Development costs	16	2,263	11,301	-	-
Investments in subsidiaries	17	-	-	54,300	89,412
Investment in an associate	18	-	-	-	-
Available-for-sale investments	19	50	50	-	-
Deferred tax assets	20	5,612	1,424	434	170
		73,507	99,771	54,734	89,582
Current assets					
Inventories	21	572	114	-	-
Trade and other receivables	22	98,296	101,659	67,160	85,365
Tax recoverable		4,831	2,469	-	-
Cash and bank balances	23	43,031	64,149	-	396
		146,730	168,391	67,160	85,761
Assets of disposal group classified as held for sale	24	31,808	-	-	-
		178,538	168,391	67,160	85,761
Total assets		252,045	268,162	121,894	175,343

Statements of Financial Position
as at 30 April 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	25	75,728	75,257	75,728	75,257
Treasury shares	26	(5,631)	(2,426)	(5,631)	(2,426)
Reserves	27	65,074	101,290	38,760	74,786
		135,171	174,121	108,857	147,617
Non-controlling interests		10,525	11,676	-	-
Total equity		145,696	185,797	108,857	147,617
Non-current liabilities					
Irredeemable convertible unsecured loan stocks ("ICULS")	27(d)	525	678	525	678
Loans and borrowings	28	3,631	4,903	-	-
Deferred tax liabilities	20	995	867	-	-
		5,151	6,448	525	678
Current liabilities					
Trade and other payables	29	60,162	54,606	12,512	27,048
Loans and borrowings	28	18,693	17,913	-	-
Provision for taxation		76	3,398	-	-
		78,931	75,917	12,512	27,048
Liabilities of disposal group classified as held for sale	24	22,267	-	-	-
		101,198	75,917	12,512	27,048
Total liabilities		106,349	82,365	13,037	27,726
Total equity and liabilities		252,045	268,162	121,894	175,343

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial period from 1 June 2015 to 30 April 2016

	Non-distributable										
	Share capital RM'000 (Note 25)	Treasury shares RM'000 (Note 26)	Share premium RM'000 (Note 27)	Foreign exchange reserve RM'000 (Note 27)	Other reserve RM'000 (Note 27)	ICULS RM'000 (Note 27)	Employees share option reserve RM'000 (Note 27)	Distributable retained profits RM'000 (Note 27)	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group											
At 1 June 2014	50,822	(1,741)	16,767	(680)	19,081	8,438	3,369	15,782	111,838	10,004	121,842
Profit/(loss) after tax	-	-	-	-	-	-	-	11,660	11,660	(360)	11,300
Other comprehensive income, net of tax											
- Foreign currency translation	-	-	-	4,168	-	-	-	-	4,168	430	4,598
Total comprehensive income	-	-	-	4,168	-	-	-	11,660	15,828	70	15,898
Transactions with owners											
- Dividend:											
- 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
At 31 May 2015	75,257	(2,426)	69,336	3,488	418	2,545	707	24,796	174,121	11,676	185,797

Statements of Changes in Equity

for the financial period from 1 June 2015 to 30 April 2016

	|---------- Non-distributable					----------|				
	Share capital RM'000 (Note 25)	Treasury shares RM'000 (Note 26)	Share premium RM'000 (Note 27)	Foreign exchange reserve RM'000 (Note 27)	Other reserve RM'000 (Note 27)	ICULS RM'000 (Note 27)	Employees share option reserve RM'000 (Note 27)	Retained profits/ (accumulated losses) RM'000 (Note 27)	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group											
At 1 June 2015	75,257	(2,426)	69,336	3,488	418	2,545	707	24,796	174,121	11,676	185,797
Loss after tax	-	-	-	-	-	-	-	(30,661)	(30,661)	(8,976)	(39,637)
Other comprehensive income, net of tax											
- Foreign currency translation	-	-	-	(7,068)	-	-	-	-	(7,068)	7,825	757
Total comprehensive income	-	-	-	(7,068)	-	-	-	(30,661)	(37,729)	(1,151)	(38,880)
Transactions with owners											
- Issuance of shares pursuant to conversion of ICULS	32	-	-	-	-	(32)	-	-	-	-	-
- Treasury shares acquired	-	(3,205)	-	-	-	-	-	-	(3,205)	-	(3,205)
- Employees' share options:											
- exercised	439	-	2,236	-	-	-	(691)	-	1,984	-	1,984
- forfeited	-	-	-	-	-	-	(16)	16	-	-	-
Total transactions with owners	471	(3,205)	2,236	-	-	(32)	(707)	16	(1,221)	-	(1,221)
At 30 April 2016	75,728	(5,631)	71,572	(3,580)	418	2,513	-	(5,849)	135,171	10,525	145,696

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial period from 1 June 2015 to 30 April 2016

	Non-distributable						
	Share capital RM'000 (Note 25)	Treasury shares RM'000 (Note 26)	Share premium RM'000 (Note 27)	Other reserve RM'000 (Note 27)	ICULS RM'000 (Note 27)	(Accumulated losses)/ retained profits RM'000 (Note 27)	Total equity RM'000
Company							
At 1 June 2014	50,822	(1,741)	16,767	22,032	8,438	(6,182)	90,136
Total comprehensive income for the financial period	-	-	-	-	-	13,664	13,664
Transactions with owners							
Dividend	-	-	-	-	-	(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	(21,325)	(5,893)	(5,284)	43,817
At 31 May 2015	75,257	(2,426)	69,336	707	2,545	2,198	147,617

Statements of Changes in Equity

for the financial period from 1 June 2015 to 30 April 2016

	Non-distributable						
	Share capital RM'000 (Note 25)	Treasury shares RM'000 (Note 26)	Share premium RM'000 (Note 27)	Other reserve RM'000 (Note 27)	ICULS RM'000 (Note 27)	Retained profits/ (accumulated losses) RM'000 (Note 27)	Total equity RM'000
Company							
At 1 June 2015	75,257	(2,426)	69,336	707	2,545	2,198	147,617
Total comprehensive income for the financial period	-	-	-	-	-	(37,539)	(37,539)
Transactions with owners							
Issuance of shares pursuant to conversion of ICULS	32	-	-	-	(32)	-	-
Treasury shares acquired	-	(3,205)	-	-	-	-	(3,205)
Employees' share options:							
- exercised	439	-	2,236	(691)	-	-	1,984
- forfeited	-	-	-	(16)	-	16	-
Total transactions with owners	471	(3,205)	2,236	(707)	(32)	16	(1,221)
At 30 April 2016	75,728	(5,631)	71,572	-	2,513	(35,325)	108,857

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the financial period from 1 June 2015 to 30 April 2016

	Group		Company	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
Cash flows from operating activities				
(Loss)/profit before tax from				
- continuing operations	(22,477)	14,949	(37,767)	14,100
- discontinued operations	(18,824)	(331)	-	-
Adjustments for:				
Amortisation of development costs and intangible assets	1,144	2,274	-	-
Bad debts written off	79	-	-	-
Development costs written off	48	648	-	-
Depreciation of property, plant and equipment	4,329	5,562	-	-
Dividend income	-	-	-	(16,000)
Fair value loss on investment properties	9	131	-	-
Gain on disposal of:				
- property, plant and equipment	(2)	(2)	-	-
- subsidiaries	-	(3,275)	-	-
Net (writeback)/allowance for doubtful debts on:				
- non-trade receivables	(89)	29	3	29
- trade receivables	11,020	169	-	-
Impairment loss on:				
- goodwill	5,891	-	-	-
- investment in subsidiaries	-	-	35,112	-
Interest expense	1,513	1,050	158	471
Interest income	(1,343)	(1,085)	(196)	(162)
Inventories written down	226	555	-	-
Inventories written off	27	-	-	-
Share-based payments	-	2,096	-	-
Net gain on ICULS conversion	(153)	(1,530)	(153)	(1,530)
Property, plant and equipment written off	9,812	26	-	-
(Writeback)/provision for annual leave	(63)	66	-	-
Provision of Universal Service Fund Contribution	1,324	337	-	-
Unrealised loss on foreign exchange	444	2,162	1,238	1,190
Operating (loss)/profit before working capital changes/ balance carried forward	(7,085)	23,831	(1,605)	(1,902)

Statements of Cash Flows

for the financial period from 1 June 2015 to 30 April 2016

	Group		Company	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
Cash flows from operating activities (contd.)				
Balance brought forward	(7,085)	23,831	(1,605)	(1,902)
Inventories	(712)	149	-	-
Receivables	(10,515)	(31,963)	18,202	(40,312)
Payables	21,683	(22,515)	(15,774)	1,144
Cash generated from/(used in) operations	3,371	(30,498)	823	(41,070)
Tax paid	(4,324)	(4,024)	(36)	-
Net cash (used in)/generated from operating activities	(953)	(34,522)	787	(41,070)
Cash flows from investing activities				
Disposal of subsidiaries, net of cash and cash equivalents disposed	-	4,953	-	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(382)	-	-
Increase in pledged deposits	(17,390)	(19,755)	-	-
Interest paid	(1,513)	(1,050)	(158)	(471)
Interest income received	1,343	930	196	162
Purchase of property, plant and equipment	(4,206)	(9,761)	-	-
Proceeds from disposal of property, plant and equipment	2	2	-	-
Purchase of intangible assets	(250)	(10,435)	-	-
Development costs paid	(2,603)	(2,458)	-	-
Government grant received:				
- intangible assets	6,197	5,029	-	-
- development costs	-	321	-	-
Net cash (used in)/generated from investing activities	(18,420)	(32,606)	38	(309)

Statements of Cash Flows
for the financial period from 1 June 2015 to 30 April 2016

	Group		Company	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
Cash flows from financing activities				
Advances from non-controlling interests	-	6,871	-	-
Proceeds from exercise of employee share options	1,984	9,353	1,984	9,353
Purchase of treasury shares	(3,205)	(685)	(3,205)	(685)
Proceeds from exercise of warrants	-	38,845	-	38,845
Issuance of share capital to non-controlling interests of subsidiaries	-	5,237	-	-
Repayment of finance lease	(446)	(103)	-	-
Drawdown of finance lease	1,150	-	-	-
Repayment of term loans	(2,438)	(438)	-	-
Drawdown of term loans	-	14,895	-	-
Drawdown of short term financing	26,901	-	-	-
Repayment for short term financing	(22,201)	-	-	-
Dividend paid	-	(5,847)	-	(5,792)
Net cash generated from/(used in) financing activities	1,745	68,128	(1,221)	41,721
Net (decrease)/increase in cash and cash equivalents	(17,628)	1,000	(396)	342
Effects of foreign currency translation	73	2,166	-	-
Cash and cash equivalents at beginning of year	22,213	19,047	396	54
Cash and cash equivalents at end of year (Note 23)	4,658	22,213	-	396

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 April 2016

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan. The principal place of business is located at Suite 22-30, 5th Floor, IOI Business Park, 47100 Puchong, Selangor Darul Ehsan.

The immediate holding company of the company is Berjaya Group Berhad, incorporated in Malaysia. The ultimate holding company of the company is Berjaya Corporation Berhad, a public listed company incorporated in Malaysia, listed on the Main Market of Bursa Malaysia Securities Berhad.

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 described in Note 17. There have been no significant changes in the nature of the principal activities during the financial period.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 10 August 2016.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical basis, unless otherwise indicated in the summary of significant accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM’000"), except when otherwise indicated.

2.2 Changes in accounting policies

On 1 June 2015, the Group and the Company adopted the following new and amended MFRSs which are effective for annual financial periods beginning on or after 1 July 2014.

Notes to the Financial Statements
30 April 2016

2. Significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

Description

Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions
Annual improvements to MFRSs 2010 - 2012 Cycle
Annual improvements to MFRSs 2011 - 2013 Cycle

2.3 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
Annual Improvements to MFRSs 2012 – 2014 Cycle:	
- MFRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
- MFRS 7: Financial Instruments: Disclosures	1 January 2016
- MFRS 119: Employee Benefits	1 January 2016
- MFRS 134: Interim Financial Reporting	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 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 107: Statement of Cash Flows: Disclosure Initiatives	1 January 2017
Amendments to MFRS 112: Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 16: Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

2. Significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application except as discussed in below:

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

- gains and losses resulting from transactions involving the sale or contribution to an associate or a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by Malaysian Accounting Standards Board. Early application is permitted. These amendments are not expected to have any impact on the Group.

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
The amendments to MFRS 11 require that a joint operator which acquires an interest in a joint operation which constitute a business to apply the relevant MFRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to MFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

Amendments to MFRS 127: Equity Method in Separate Financial Statements
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group's and the Company's financial statements.

2. Significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Amendments to MFRS 101: Disclosure Initiatives
The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception
The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

MFRS 9: Financial Instruments
In November 2014, the Malaysian Accounting Standards Board issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

2. Significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

MFRS 15: Revenue from Contracts with Customers
MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises 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 customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

2.4 Summary of accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Notes to the Financial Statements
30 April 2016

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(a) Subsidiaries and basis of consolidation (contd.)

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 April 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(a) Subsidiaries and basis of consolidation (contd.)

(ii) Basis of consolidation (contd.)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(iii) Transactions with non-controlling interests

Non-controlling interest represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interest are accounted for using the entity concept method, whereby, transactions with non-controlling interest are accounted for as transactions with owners. On acquisition of non-controlling interest, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interest is recognised directly in equity.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(b) Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill. The accounting policy of goodwill is stated in Note 2.4(d)(i) to the financial statements.

Goodwill is carried at cost less accumulated impairment losses, if any. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

(c) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(c) Investment in associates and joint ventures (contd.)

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of results of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Notes to the Financial Statements
30 April 2016

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on usage based method and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

(i) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash Generating Unit ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(d) Intangible assets (contd.)

(ii) 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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(d) Intangible assets (contd.)

(iii) 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.

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

(iv) 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.

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

(e) Fair value measurement

The Group measures financial instruments, such as non-financial assets - investment properties, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 36.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(e) Fair value measurement (contd.)

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(e) Fair value measurement (contd.)

The management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the management and the Group's external valuers present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(f) Property, plant and equipment and depreciation

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 Group 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 the profit or loss during the financial period in which they are incurred.

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

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(f) Property, plant and equipment and depreciation (contd.)

Capital work-in-progress comprises the construction of buildings, renovation in-progress and other assets which have not been commissioned. Capital work-in-progress is not depreciated.

Capital work-in-progress is capitalised in accordance with MFRS 116 Property, Plant and Equipment and is recognised as an asset when:

(i) it is probable that future economic benefits associated with the asset will flow to the enterprise; and

(ii) the cost of the asset to the enterprise can be measured reliably.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Freehold and leasehold office lots	2%
Computers and software	10%
Furniture, fittings and office equipment	10%
Equipment, plant and machinery	10% - 20%
Renovations	10%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each financial year end 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 property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss in the year the asset is derecognised.

Notes to the Financial Statements
30 April 2016

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(g) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

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, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(h) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(h) Impairment of non-financial assets (contd.)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(i) Inventories

Inventories are stated at the lower of cost (determined on a weighted average basis) and net realisable value. Cost of inventories comprises cost of purchase of goods. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. Other inventories not to be resold and for consumption purposes are classified as spares and consumables.

When 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 of the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(j) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

(ii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(j) Financial assets (contd.)

(iii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the two preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

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.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(k) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss 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. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(k) Impairment of financial assets (contd.)

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(l) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks and deposits at call.

Notes to the Financial Statements
30 April 2016

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(m) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The category that is applicable to the Group and the Company is as follows:

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings 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.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(n) Leases

(i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Lease assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

(o) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(p) Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(p) Income tax (contd.)

(ii) Deferred tax (contd.)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

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 transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Goods and Services Tax ("GST")

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in trade and other payables or trade and other receivables in the statements of financial position.

Notes to the Financial Statements
30 April 2016

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(q) Provisions for liabilities

Provisions for liabilities are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(r) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employees benefits relating to employee services in the current and preceding financial years.

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. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF").

(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).

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(r) Employee benefits (contd.)

(iii) Share-based payment transactions (contd.)

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.

(s) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(s) Foreign currencies (contd.)

(ii) Foreign currency transactions (contd.)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statements of financial position presented are translated at the closing rate prevailing at the reporting date;

- Income and expenses for each profit or loss are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on 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 reporting date.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(s) Foreign currencies (contd.)

(iii) Foreign operations (contd.)

The principal exchange rates used for one unit of foreign currency ruling at the reporting date are as follows:

	2016 RM	2015 RM
United States Dollar (USD)	3.8880	3.6680
Hong Kong Dollar (HKD)	0.5013	0.4731
Chinese Renminbi (RMB)	0.6036	0.5906
Singapore Dollar (SGD)	2.8928	2.7186
Australian Dollar (AUD)	2.9655	2.8384

(t) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. 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.

(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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(t) Revenue recognition (contd.)

(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.

(u) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant relates to an asset, the fair value is recognised as deferred capital grant in the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Government grants related to an asset may be presented in the statement of financial position by deducting the grants in arriving at the carrying amount of the asset.

(v) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

(w) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(x) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

The transaction costs of an equity transaction are accounted for as a deduction from equity. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re issuance or cancellation of treasury shares. Treasury shares may be acquired and held by the Company or its subsidiary companies. Consideration paid or received is recognised directly in equity.

(y) 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.

(z) Disposal groups classified as held for sale and discontinued operations

A component of the Group is classified as a 'discontinued operations' when the criteria to be classified as held for sale have been meet or it has been disposed off and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal group are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

2. Significant accounting policies (contd.)

2.5 Significant accounting judgements and estimates

(a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Impairment of available-for-sale investments

The Group reviews their investments in equity instruments, which are classified as available-for-sale investments at each reporting date to assess whether they are impaired. The Group records impairment charges 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. The Group impairs quoted and unquoted equity instruments with "significant" decline in fair value greater than 20%, and "prolonged" period as greater than 12 months.

(ii) 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.

(iii) 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.

(iv) 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.

2. Significant accounting policies (contd.)

2.5 Significant accounting judgements and estimates (contd.)

(a) Critical judgements made in applying accounting policies (contd.)

(iv) Classification between investment properties and owner occupied properties (contd.)

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.

(v) 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.

(vi) 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.

Notes to the Financial Statements
30 April 2016

2. Significant accounting policies (contd.)

2.5 Significant accounting judgements and estimates (contd.)

(a) Critical judgements made in applying accounting policies (contd.)

(vii) 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.

(viii) 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.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year 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. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 13.

2. Significant accounting policies (contd.)

2.5 Significant accounting judgements and estimates (contd.)

(b) Key sources of estimation uncertainty (contd.)

(ii) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Deferred taxation

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and other deductible temporary differences 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. Further details are contained in Note 20.

(iv) 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.

Notes to the Financial Statements
30 April 2016

3. Revenue

	Group		Company	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
Telecommunication services	60,087	60,949	-	-
Managed telecommunications network services	67,338	57,820	-	-
Industry digital services	1,073	3,268	-	-
Dividend income	-	-	-	16,000
	128,498	122,037	-	16,000

4. Other income

	Group		Company	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
Finance income	995	647	3	6
Others	559	2,925	346	1,901
- Miscellaneous income	172	1,238	-	215
- Interest income	193	155	193	156
- Office rental income	39	-	-	-
- Gain on disposal of property, plant and equipment	2	2	-	-
- Gain on ICULS conversion	153	1,530	153	1,530
	1,554	3,572	349	1,907

5. Finance costs

	Group		Company	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
Interest expense on:				
- bank overdrafts	162	185	-	-
- bankers' acceptance	71	10	-	-
- finance lease	19	20	-	-
- ICULS	158	471	158	471
- term loans	703	364	-	-
- short term financing	400	-	-	-
- bank guarantee charges	364	294	-	-
Others	34	24	-	-
	1,911	1,368	158	471

6. (Loss)/profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	Group		Company	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
Amortisation of development costs and intangible assets	1,144	2,274	-	-
- continuing operations	583	1,177	-	-
- discontinued operations	561	1,097	-	-
Audit fee:				
- statutory audits	846	427	222	165
- continuing operations	469	284	222	165
- discontinued operations	377	143	-	-
- other services	53	191	30	122
- continuing operations	53	191	30	122
- discontinued operations	-	-	-	-
Bad debts written off	79	-	-	-
- continuing operations	20	-	-	-
- discontinued operations	59	-	-	-
Depreciation of property, plant and equipment (Note 13)	4,329	5,562	-	-
- continuing operations	3,804	4,624	-	-
- discontinued operations	525	938	-	-
Directors' remuneration (Note 8)	2,488	2,841	872	858
Fair value loss on investment properties (Note 14)	9	131	-	-
- continuing operations	9	131	-	-
- discontinued operations	-	-	-	-
Gain on disposal of subsidiaries	-	(3,275)	-	-
- continuing operations	-	-	-	-
- discontinued operations	-	(3,275)	-	-
(Gain)/loss on foreign exchange:				
- realised	(200)	40	-	-
- continuing operations	(201)	40	-	-
- discontinued operations	1	-	-	-
- unrealised	444	2,162	1,238	1,190
- continuing operations	444	2,162	1,238	1,190
- discontinued operations	-	-	-	-

Notes to the Financial Statements
30 April 2016

6. (Loss)/profit before tax (contd.)

The following items have been included in arriving at (loss)/profit before tax: (contd.)

	Group		Company	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
Net (writeback)/allowance for doubtful debts on:				
- non-trade receivables	(89)	29	3	29
- continuing operations (Note 22)	(89)	29	3	29
- discontinued operations	-	-	-	-
- trade receivables	11,020	169	-	-
- continuing operations (Note 22)	10,281	169	-	-
- discontinued operations	739	-	-	-
Impairment loss on:				
- goodwill (Note 12)	5,891	-	-	-
- continuing operations	379	-	-	-
- discontinued operations	5,512	-	-	-
- investment in subsidiaries (Note 17)	-	-	35,112	-
- continuing operations	-	-	35,112	-
- discontinued operations	-	-	-	-
Development costs written off	48	648	-	-
- continuing operations	48	648	-	-
- discontinued operations	-	-	-	-
Inventories written down	226	555	-	-
- continuing operations	150	555	-	-
- discontinued operations	76	-	-	-
Inventories written off	27	-	-	-
- continuing operations	27	-	-	-
- discontinued operations	-	-	-	-
Property, plant and equipment written off	9,812	26	-	-
- continuing operations	47	26	-	-
- discontinued operations	9,765	-	-	-
Rental of computer	424	172	-	-
- continuing operations	424	172	-	-
- discontinued operations	-	-	-	-
Rental of office	1,720	1,666	-	-
- continuing operations	1,258	1,237	-	-
- discontinued operations	462	429	-	-
Share-based payments	-	2,096	-	-
- continuing operations	-	2,096	-	-
- discontinued operations	-	-	-	-

7. Employee benefits expense

	Group		Company	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
Salaries, wages, bonuses and allowances	18,380	16,828	-	-
Defined contribution plan	2,153	1,974	-	-
Social security contribution	158	138	-	-
Other benefits	2,767	2,155	-	-
	23,458	21,095	-	-

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM1,616,000 (2015: RM1,983,000).

8. Directors' remuneration

	Group		Company	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
Executive directors' remuneration: (Note 7)				
- Salaries	1,084	1,110	-	-
- Other emoluments	532	873	-	-
	1,616	1,983	-	-
Non-executive directors' remuneration:				
- Fees	807	786	807	786
- Other emoluments	65	72	65	72
	872	858	872	858
Total directors' remuneration	2,488	2,841	872	858

Notes to the Financial Statements
30 April 2016

8. Directors' remuneration (contd.)

The number of directors of the Group whose total remuneration during the financial period/year fell within the following bands are analysed below:

	Number of directors	
	1.6.2015 to 30.4.2016	1.6.2014 to 31.5.2015
Executive directors:		
Below RM200,000	1	-
RM200,001 - RM250,000	1	1
Above RM300,000	2	2
Non-executive directors:		
Below RM50,000	4	3
Above RM50,000	3	4

9. Taxation

Major components of income tax (benefit)/expense

The major components of income tax (benefit)/expense for the period/year ended 30 April 2016 and 31 May 2015 are:

	Group		Company	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
Current income tax:				
- Malaysian income tax from continuing operations	143	2,882	-	-
- Foreign income tax	356	248	-	-
- continuing operations	-	-	-	-
- discontinued operations	356	248	-	-
- Under/(over) provision in respect of previous years	1,897	(404)	36	-
- continuing operations	219	54	36	-
- discontinued operations	1,678	(458)	-	-
	2,396	2,726	36	-
Deferred tax (Note 20):				
- Origination and reversal of temporary differences	(4,777)	2,154	(271)	436
- continuing operations	(4,777)	2,169	(271)	436
- discontinued operations	-	(15)	-	-
- Under/(over) provision of deferred tax in previous years from continuing operations	717	(1,562)	7	-
	(4,060)	592	(264)	436
	(1,664)	3,318	(228)	436
Income tax (benefit)/expense attributable to continuing operations	(3,698)	3,543	(228)	436
Income tax expense/(benefit) attributable to discontinued operations (Note 24)	2,034	(225)	-	-
	(1,664)	3,318	(228)	436

Notes to the Financial Statements
30 April 2016

9. Taxation (contd.)

Reconciliation between tax (benefit)/expense and accounting (loss)/profit

The reconciliations between tax (benefit)/expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the period/year ended 30 April 2016 and 31 May 2015 are as follows:

	Group		Company	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
(Loss)/profit before tax from:				
- continuing operations	(22,477)	14,949	(37,767)	14,100
- discontinued operations	(18,824)	(331)	-	-
	(41,301)	14,618	(37,767)	14,100
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	(9,912)	3,654	(9,064)	3,525
Different tax rates in other countries	(880)	33	-	-
Income not subject to tax	(15)	(1,349)	-	(4,000)
Expenses not deductible	3,800	2,704	8,793	911
Deferred tax asset not recognised during the period/year	3,499	1,079	-	-
Deferred tax asset previously unrecognised, recognised during the period/year	(770)	(837)	-	-
Under/(over) provision of income tax in prior years	1,897	(404)	36	-
Under/(over) provision of deferred tax in prior years	717	(1,562)	7	-
Income tax (benefit)/expense for the period/year	(1,664)	3,318	(228)	436

Current income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the period/year.

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 beginning from year 2014.

10. (Loss)/earnings per share

(a) Basic

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/profit for the period/year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period/year.

	Group	
	1.6.2015 to 30.4.2016	1.6.2014 to 31.5.2015
(Loss)/profit attributable to owners of the Company from continuing operations (RM'000)	(18,650)	10,576
(Loss)/profit attributable to owners of the Company from discontinued operations (RM'000)	(12,011)	1,084
Net (loss)/profit attributable to owners of the Company (RM'000)	(30,661)	11,660
Weighted average number of ordinary shares in issue with voting rights ('000)	753,688	552,979
Weighted average number of shares to be issued upon conversion of mandatorily convertible ICULS ('000)	25,303	25,495
Adjusted weighted average number of ordinary shares ('000)	778,991	578,474
Basic (loss)/earnings per share (sen):		
- from continuing operations	(2.39)	1.83
- from discontinued operations	(1.54)	0.19
	(3.93)	2.02

Notes to the Financial Statements
30 April 2016

10. (Loss)/earnings per share (contd.)

(b) Diluted

The calculation of diluted (loss)/earnings per ordinary share at 30 April 2016 was based on (loss)/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:

	Group	
	1.6.2015 to 30.4.2016	1.6.2014 to 31.5.2015
(Loss)/profit attributable to owners of the Company from continuing operations (RM'000)	(18,650)	10,576
(Loss)/profit attributable to owners of the Company from discontinued operations (RM'000)	(12,011)	1,084
Net (loss)/profit attributable to owners of the Company (RM'000)	(30,661)	11,660
Total weighted average number of ordinary shares in issue ('000)	778,991	578,474
Effect of share options in issue	-	1,612
Total weighted average number of ordinary shares in issue (diluted)	778,991	580,086
Diluted (loss)/earnings per share (sen):		
- From continuing operations	(2.39)	1.82
- From discontinued operations	(1.54)	0.19
	(3.93)	2.01

11. Dividends

	Company			
	Dividends in respect of year		Dividends recognised in year	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
Single-tier final dividend of 1.10 sen, on 526,539,909 ordinary shares, declared on 30 October 2014 and paid on 24 February 2015	-	5,792	-	5,792

12. Goodwill

	Group	
	2016 RM'000	2015 RM'000
At beginning of financial period/year	9,522	9,917
Acquisition of subsidiaries	-	1,367
Disposal of subsidiaries	-	(1,762)
	9,522	9,522
Accumulated impairment losses	(9,099)	(3,159)
At end of financial period/year	423	6,363

Movement in impairment loss for goodwill:

	Group	
	2016 RM'000	2015 RM'000
At beginning of financial period/year	(3,159)	(3,159)
Impairment during the financial period/year (Note 6)	(5,891)	-
Exchange differences	(49)	-
At end of financial period/year	(9,099)	(3,159)

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

	Group	
	2016 RM'000	2015 RM'000
REDtone Asia Inc.	-	5,561
Others	423	802
	423	6,363

12. Goodwill (contd.)

(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 3 years. The key assumptions used in the determination of the recoverable amounts are as follows:

	RTA Group		Others	
	2016	**2015**	**2016**	**2015**
Average budgeted EBITDA margin	-	32.00%	14.18%	4.00%
Average growth rate	-	16.00%	11.68%	10.00%
Discount rate	-	11.20%	9.28%	11.20%
Terminal growth rate	-	0% - 2.1%	3.00%	4.70%

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.

13. Property, plant and equipment

The Group	Freehold and leasehold office lots RM'000	Computers and software RM'000	Furniture, fittings and office equipment RM'000	Equipment, plant and machinery RM'000	Other assets* RM'000	Total RM'000
At 30 April 2016						
Cost						
At 1 June 2015	5,954	11,749	2,574	61,437	16,780	98,494
Additions	-	335	149	2,799	2,073	5,356
Written off	-	(1,083)	(359)	(5)	(9,772)	(11,219)
Disposal	-	-	(19)	-	(11)	(30)
Foreign currency translation	-	8	4	314	9	335
Reclassified from investment properties (Note 14)	584	-	-	-	-	584
Attributable to discontinued operations (Note 24)	-	(758)	(500)	(20,747)	(795)	(22,800)
At 30 April 2016	6,538	10,251	1,849	43,798	8,284	70,720
Accumulated depreciation						
At 1 June 2015	1,093	8,507	1,600	42,181	6,139	59,520
Charge for the period (Note 6)	114	722	120	2,923	450	4,329
Written off	-	(1,074)	(319)	(1)	(13)	(1,407)
Disposal	-	-	(19)	-	(11)	(30)
Foreign currency translation	-	5	4	(75)	7	(59)
Attributable to discontinued operations (Note 24)	-	(341)	(183)	(17,549)	(330)	(18,403)
At 30 April 2016	1,207	7,819	1,203	27,479	6,242	43,950
Net carrying amount	5,331	2,432	646	16,319	2,042	26,770

13. Property, plant and equipment (contd.)

The Group	Freehold and leasehold office lots RM'000	Computers and software RM'000	Furniture, fittings and office equipment RM'000	Equipment, plant and machinery RM'000	Other assets* RM'000	Total RM'000
At 31 May 2015						
Cost						
At 1 June 2014	5,954	10,652	2,289	58,085	7,263	84,243
Additions	-	1,134	271	2,294	6,062	9,761
Written off	-	(18)	(6)	(2)	-	(26)
Acquisition of subsidiaries	-	-	-	-	4,044	4,044
Disposal of subsidiaries	-	(20)	-	-	-	(20)
Transfer	-	-	17	596	(613)	-
Foreign currency translation	-	1	3	464	24	492
At 31 May 2015	5,954	11,749	2,574	61,437	16,780	98,494
Accumulated depreciation						
At 1 June 2014	970	7,771	1,469	38,038	5,710	53,958
Charge for the year (Note 6)	123	736	131	4,143	429	5,562
At 31 May 2015	1,093	8,507	1,600	42,181	6,139	59,520
Net carrying amount	4,861	3,242	974	19,256	10,641	38,974

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

13. Property, plant and equipment (contd.)

The freehold and leasehold office lots of the Group have been pledged to licensed banks as security of banking facilities granted to the Group.

Included in the assets of the Group at the end of the reporting period were equipment with a total net book value of RM1,326,000 (2015: RM325,000) acquired under finance lease terms.

Included in the cost of property, plant and equipment of the Group are costs of fully depreciated assets which are still in use amounting to RM9,704,000 (2015: RM9,792,000).

The additions were acquired by way of:

	Group	
	2016 RM'000	2015 RM'000
Cash	4,206	9,761
Finance lease	1,150	-
	5,356	9,761

14. Investment properties

	Group	
	2016 RM'000	2015 RM'000
Freehold office lots, at fair value		
At beginning of financial period/year	1,143	1,274
Reclassified to property, plant and equipment (Note 13)	(584)	-
Fair value loss (Note 6)	(9)	(131)
At end of financial period/year	550	1,143

As at 30 April 2016 the fair value of the investment properties was based on independent valuations using the open market value approach. Valuations are performed by accredited independent valuers with recent experience in the location and category of properties being valued.

14. Investment properties (contd.)

Details of the fair value of investment properties are as follows:

	Valuation method	Fair value measurement using significant unobservable inputs (Level 3)
Freehold office lots, at fair value	Comparison method	550

The property is valued by reference to transactions of similar properties in the surrounding area talking into consideration adjustments for differences in location, terrain, size and shape of the land, tenure, title restrictions if any and other relevant characteristics.

The significant unobservable input is the price per square meter. Significant increase/(decrease) in estimated price per square meter would rest in higher/(lower) value.

The Group's investment properties are secured against the loans and borrowings as disclosed in Note 28.

During the financial period, the Group transferred one office unit that was held as investment property, to property, plant and equipment, as it was no longer rented out to an external party and it was used as owner-occupied property in accordance with MFRS 140: Investment Property.

15. Intangible assets

	Cloud service platform RM'000	Telecommu-nications licences with allocated spectrum RM'000	Teleradiology, management and health record systems licences RM'000	Total RM'000
Group				
At 30 April 2016				
Cost				
At 1 June 2015	-	24,670	15,846	40,516
Additions	250	-	-	250
Reclassified from development costs (Note 16)	-	-	3,287	3,287
Government grant received	-	-	(6,197)	(6,197)
At 30 April 2016	250	24,670	12,936	37,856
Accumulated amortisation				
At 1 June 2015	-	-	-	-
Charge for the period	17	-	-	17
At 30 April 2016	17	-	-	17
Net carrying amount	233	24,670	12,936	37,839
At 31 May 2015				
Cost, representing net carrying amount				
At 1 June 2014	-	24,670	10,440	35,110
Additions	-	-	10,435	10,435
Government grant received	-	-	(5,029)	(5,029)
At 31 May 2015	-	24,670	15,846	40,516

Notes to the Financial Statements
30 April 2016

15. Intangible assets (contd.)

During the financial period, the government grant received from the relevant authority amounting to approximately RM6,197,000 (2015: RM5,029,000) and it 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 3 years. The key assumptions used in the determination of the recoverable amounts are as follows:

	Group	
	2016	**2015**
Average budgeted EBITDA margin	12.00%	18.00%
Average growth rate	58.00%	40.00%
Discount rate	9.28%	14.16%
Terminal growth rate	3.00%	0.50%

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.

16. Development costs

	Group 2016 RM'000	Group 2015 RM'000
Cost		
At beginning of the financial period/year	27,547	25,765
Additions during the financial period/year	2,603	2,458
Government grant received	-	(321)
Reclassified to intangible assets (Note 15)	(3,287)	-
Attributable to discontinued operations (Note 24)	(12,658)	-
Written off	(2,699)	(1,756)
Exchange differences	(1,624)	1,401
At end of the financial period/year	9,882	27,547
Accumulated amortisation		
At beginning of the financial period/year	16,246	14,614
Attributable to discontinued operations (Note 24)	(5,090)	-
Amortisation for the financial period/year	1,127	2,274
Written off	(2,651)	(1,108)
Exchange differences	(2,013)	466
At end of the financial period/year	7,619	16,246
Net carrying amount	2,263	11,301

The development costs included the following expenses:

	Group 2016 RM'000	Group 2015 RM'000
Staff costs	2,603	1,867
Others	-	591
	2,603	2,458

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

Notes to the Financial Statements
30 April 2016

17. Investment in subsidiaries

	Company 2016 RM'000	Company 2015 RM'000
Unquoted shares, at cost	3,619	3,619
Quoted shares, at cost outside Malaysia	75,426	75,426
	79,045	79,045
Accumulated impairment losses	(35,112)	-
	43,933	79,045
ESOS granted to employees of subsidiaries	10,367	10,367
	54,300	89,412

The details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of effective interest held 2016 %	Proportion of effective interest held 2015 %	Principal activities
REDtone Telecommunications Sdn Bhd	Malaysia	100	100	Research, development, manufacturing and marketing of computer-telephony intergration, 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 Engineering & Network Services Sdn Bhd (formerly known as 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 intergration software, solutions and trading in computer hardware.

17. Investment in subsidiaries (contd.)

Name of subsidiaries	Country of incorporation	Proportion of effective interest held 2016 %	2015 %	Principal activities
REDtone MEX Sdn Bhd ("REX")	Malaysia	56	56	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	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.
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.
Held through RTA				
RT Communication Ltd ("RTCL") ^#	British Virgin Islands	92.31	92.31	Investment holding.

Notes to the Financial Statements
30 April 2016

17. Investment in subsidiaries (contd.)

Name of subsidiaries	Country of incorporation	Proportion of effective interest held 2016 %	2015 %	Principal activities
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 internet protocol call and discounted call services.
Held through SHT				
Shanghai Jia Mao E-commerce Company Ltd ("Jia Mao") ^*#	The People's Republic of China	92.31	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	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	45.97	Investment holding.

17. Investment in subsidiaries (contd.)

Name of subsidiaries	Country of incorporation	Proportion of effective interest held 2016 %	2015 %	Principal activities
Held through SYZ				
Shanghai Yu Guang Automobile Inspection Technology Company Ltd ("SYG") ^*#	The People's Republic of China	55.24	55.24	Investment holding.
Held through SYG				
Taizhou Haitai Motor Vehicle Inspection Company Ltd ("TH") ^*#	The People's Republic of China	28.17	28.17	Investment holding.
Held through TH				
Feng Cheng Motor Vehicle Inspection Company Ltd ("FC") ^*#	The People's Republic of China	28.17	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.
\# These subsidiaries were classified as held for disposal during the current financial period.

Notes to the Financial Statements
30 April 2016

17. Investment in subsidiaries (contd.)

Summarised financial information

Summarised information of company with non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests of the other companies are not material to the Group.

(i) Summarised statements of financial position

	RTA Group	
	2016 RM'000	2015 RM'000
Non-current assets	78,048	89,595
Current assets	33,144	60,225
Total assets	111,192	149,820
Current liabilities, representing total liabilities	23,263	45,052

(ii) Summarised statements of profit or loss

	RTA Group	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
Revenue	20,233	28,780
Loss, net of tax	(17,673)	(1,029)

(iii) Summarised cash flows

	RTA Group	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
Net cash (used in)/generated from operating activities	(978)	2,168
Net cash (used in)/generated from financing activities	(10)	4,261
Net cash used in investing activities	(341)	(4,282)
Net (decrease)/increase in cash and cash equivalents	(1,329)	2,147

17. Investment in subsidiaries (contd.)

Disposal of subsidiaries

In the previous financial year, the Group disposed its entire equity interest in Shanghai Hongsheng Net Communication Company Ltd ("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

Notes to the Financial Statements
30 April 2016

17. Investment in subsidiaries (contd.)

Acquisition of subsidiaries

In the previous 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 interest		942
Add: Goodwill on acquisition		1,367
Total purchase consideration		386
Less: Cash and cash equivalents 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:

	1.6.2014 to 31.5.2015 RM'000
Revenue	-
Loss, net of tax	(1,018)

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 RM150,817,000 and RM8,799,000 respectively.

18. Investment in an associate

	Group/Company 2016 RM'000	2015 RM'000
Unquoted shares in Malaysia, at cost	841	841
Accumulated impairment losses	(841)	(841)
	-	-

Details of the associate is as follows:

Name of associate	Country of incorporation	Proportion of effective interest held 2016 %	2015 %	Principal activities
REDtone Network Sdn Bhd ("RTN")	Malaysia	49	49	Research and development and marketing of communication applications.

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 RM1,010,000 (2015: RM1,007,000). The Group has no obligation in respect of these losses.

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

19. Available-for-sale investments ("AFS")

	Group 2016 RM'000	2015 RM'000
Unquoted shares in Malaysia, at cost*	50	50

* The fair value information has not been disclosed for these financial instruments as their fair value cannot be measured reliably due to the lack of quoted market price in an active market and assumption required for valuing these financial instruments.

Notes to the Financial Statements
30 April 2016

20. Deferred tax

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
At beginning of financial period/year	(557)	(1,149)	(170)	(606)
Recognised in statements of profit or loss (Note 9)	(4,060)	592	(264)	436
At end of financial period/year	(4,617)	(557)	(434)	(170)
Presented in the statements of financial position as follows:				
Deferred tax assets	(5,612)	(1,424)	(434)	(170)
Deferred tax liabilities	995	867	-	-
	(4,617)	(557)	(434)	(170)

Deferred tax assets of the Group:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Provisions RM'000	ICULS RM'000	Total RM'000
At 1 June 2015	(697)	(3,257)	(170)	(4,124)
Recognised in the statements of profit or loss	(5,715)	(1,018)	44	(6,689)
At 30 April 2016	(6,412)	(4,275)	(126)	(10,813)
Less: Offset against deferred tax liabilities				5,201
				(5,612)
At 1 June 2014	(1,096)	(3,433)	(606)	(5,135)
Recognised in the statements of profit or loss	399	176	436	1,011
At 31 May 2015	(697)	(3,257)	(170)	(4,124)
Less: Offset against deferred tax liabilities				2,700
				(1,424)

20. Deferred tax (contd.)

Deferred tax liabilities of the Group:

	Property, plant and equipment and intangibles RM'000
At 1 June 2015	3,567
Recognised in the statements of profit or loss	2,629
At 30 April 2016	6,196
Less: Offsetted against deferred tax assets	(5,201)
	995
At 1 June 2014	3,986
Recognised in the statements of profit or loss	(419)
At 31 May 2015	3,567
Less: Offsetted against deferred tax assets	(2,700)
	867

Deferred tax assets of the Company:

	ICULS RM'000	Unabsorbed capital allowances RM'000	Total RM'000
At 1 June 2015	(170)	-	(170)
Recognised in the statements of profit or loss	44	(308)	(264)
At 30 April 2016	(126)	(308)	(434)
At 1 June 2014	(606)	-	(606)
Recognised in the statements of profit or loss	436	-	436
At 31 May 2015	(170)	-	(170)

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unutilised tax losses	28,807	19,976	-	-
Unabsorbed capital allowances	595	428	-	-
Other deductible temporary differences	2,372	-	-	-
	31,774	20,404	-	-

Notes to the Financial Statements
30 April 2016

20. Deferred tax (contd.)

The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries of the Group are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967.

21. Inventories

	Group	
	2016 RM'000	2015 RM'000
Cost		
Finished goods	572	114

During the period, the amount of inventories recognised as an expense in cost of sales of the Group was RM10,004,000 (2015: RM10,672,000).

22. Trade and other receivables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current				
Trade receivables				
Third parties	80,016	56,910	-	-
Accrued revenue	22,270	33,830	-	-
	102,286	90,740	-	-
Less: Allowance for doubtful debts	(15,740)	(5,459)	-	-
Trade receivables, net	86,546	85,281	-	-
Other receivables				
Third parties	3,041	3,539	4,080	2,074
Amount due from an associate	2,053	2,048	-	2,048
Amount due from subsidiaries	-	-	63,048	81,199
Deposits	3,028	1,749	-	14
Prepayments	2,623	3,464	32	30
Sundry receivables	1,116	5,781	-	-
	11,861	16,581	67,160	85,365
Less: Allowance for doubtful debts	(111)	(203)	-	-
Other receivables, net	11,750	16,378	67,160	85,365
	98,296	101,659	67,160	85,365

22. Trade and other receivables (contd.)

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Non-current				
Other receivables				
Third parties	18,785	18,782	18,785	18,782
Less: Allowance for doubtful debts	(18,785)	(18,782)	(18,785)	(18,782)
	-	-	-	-
Total trade and other receivables (current and and non-current)	98,296	101,659	67,160	85,365
Add: Cash and bank balances (Note 23)	43,031	64,149	-	396
Less: Prepayments	(2,623)	(3,464)	(32)	(30)
Total loans and receivables	138,704	162,344	67,128	85,731

Ageing analysis of trade receivables

The ageing analysis of the Group's total trade receivables, but excluding accrued revenue is as follows:

	Group 2016 RM'000	Group 2015 RM'000
Neither past due nor impaired	52,448	16,633
1 to 30 days past due not impaired	877	3,586
31 to 60 days past due not impaired	1,201	1,190
61 to 90 days past due not impaired	249	9,220
91 to 120 days past due not impaired	1,236	9,098
More than 121 days past due not impaired	8,265	11,724
	11,828	34,818
Impaired	15,740	5,459
	80,016	56,910

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 72% (2015: 39%) of the Group's trade receivables arise from customers with more than 5 years of experience with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial period/year.

Notes to the Financial Statements
30 April 2016

22. Trade and other receivables (contd.)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance for doubtful debts used to record the doubtful debts are as follows:

	Individually impaired	
	2016	2015
	RM'000	RM'000
Group		
Trade receivables		
- nominal amounts	15,740	5,459
Less: Allowance for doubtful debts	(15,740)	(5,459)
	-	-

Movement in allowance for doubtful debts:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Trade				
At beginning of financial period/year	5,459	5,290	-	-
Net allowance for doubtful debts (Note 6)	10,281	169	-	-
At end of financial period/year	15,740	5,459	-	-
Other receivables				
At beginning of financial period/year	18,985	18,956	18,782	18,753
Net (writeback)/allowance for doubtful debts (Note 6)	(89)	29	3	29
At end of financial period/year	18,896	18,985	18,785	18,782

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(a) Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month and each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. As at reporting date, the concentration of credit risk in the form of outstanding balances is mainly due to one (2015: two) customer representing approximately 68% (2015: 39%) of the total trade receivables.

22. Trade and other receivables (contd.)

(b) Amounts due from subsidiaries

Amounts due from subsidiaries are non-interest bearing and are repayable on demand. All related parties receivables are unsecured and are to be settled in cash.

(c) Amounts due from an associate

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

(d) Sundry receivables

Included in sundry receivables were advances for purchases amounting to approximately RM166,000 (2015: RM5,781,000) paid to certain suppliers.

23. Cash and bank balances

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash on hand and at banks	4,503	23,010	-	14
Deposits with licensed banks	38,528	41,139	-	382
	43,031	64,149	-	396

Included in deposits with licensed banks are deposits of the Group amounting to RM38,360,000 (2015: RM36,778,000) pledged or deposited to banks for bank guarantee facilities granted to the Group.

The interest rates of deposits with licensed banks at the reporting date were as follows:

	2016 %	2015 %
Deposits with licensed banks	3.11%	3.35%

The average maturity of deposits with licensed banks at the reporting date were as follows:

	2016 Days	2015 Days
Deposits with licensed banks	96	193

Other information on financial risks of cash and bank balances are disclosed in Note 36.

Notes to the Financial Statements
30 April 2016

23. Cash and bank balances (contd.)

For the purpose of consolidated statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Continued operations:				
Cash on hand and at banks	4,503	23,010	-	14
Deposits with licensed banks	38,528	41,139	-	382
	43,031	64,149	-	396
Discontinued operations: (Note 24)				
Cash and bank balances	1,346	-	-	-
Deposits with licensed banks	12,008	-	-	-
Total cash and bank balances	56,385	64,149	-	396
Less:				
Deposits pledged to licensed banks	(50,368)	(36,778)	-	-
Short term deposits	(168)	-	-	-
Bank overdrafts (Note 28)	(1,191)	(5,158)	-	-
Total cash and cash equivalents	4,658	22,213	-	396

The Chinese 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 Chinese Renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business.

24. Disposal group classified as held for sale

During the period, the Group is committed to a plan to dispose of its China subsidiaries held through REDtone Asia Inc. (collectively known as "the Group of companies") and is actively seeking for suitable buyer. Accordingly, the Group of companies were classified as held for sale as it meets the criteria as set out in MFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

24. Disposal group classified as held for sale (contd.)

The details of assets and liabilities classified as disposal group held for sale were as follows:

	Group 2016 RM'000
Statement of financial position	
Assets	
Property, plant and equipment	4,397
Development costs	7,568
Trade and other receivables	2,857
Cash and bank balances	13,354
Other investments	3,632
Assets of disposal group classified as held for sale	31,808
Liabilities	
Trade and other payables	18,473
Provision for taxation	3,794
Liabilities of disposal group classified as held for sale	22,267

Cash and cash equivalents
Cash and cash equivalents of the disposal group classified as held for sale are as follows:

	Group 2016 RM'000
Cash on hand and at banks	1,346

Statement of profit or loss

	Group 1.6.2015 to 30.4.2016 RM'000	Group 1.6.2014 to 31.5.2015 RM'000
Revenue	19,217	28,780
Cost of sales	(15,057)	(23,601)
Gross profit	4,160	5,179
Other income	456	3,676
General and administrative expenses	(23,440)	(9,186)
Loss before tax from discontinued operations	(18,824)	(331)
Taxation (Note 9)	(2,034)	225
Loss from discontinued operations, net of tax	(20,858)	(106)

Notes to the Financial Statements
30 April 2016

24. Disposal group classified as held for sale (contd.)

The cash flows attributable to REDtone Asia Inc. are as follows:

	Group 1.6.2015 to 30.4.2016 RM'000
Operating cash flows	(948)
Investing cash flows	(213)
Financing cash flows	(380)
Net cash outflows	(1,541)

25. Share capital

	Number of shares of RM0.10 each		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Authorised:				
Ordinary shares of RM0.10 each	1,000,000	1,000,000	100,000	100,000

Issued and fully paid:

	Number of shares of RM0.10 each		Amount	
	2016	2015	2016 RM'000	2015 RM'000
At beginning of financial period/year	752,566,072	508,223,265	75,257	50,822
Issuance of shares pursuant to conversion of ICULS	320,320	59,045,756	32	5,905
Issuance of shares pursuant to exercise of warrants	-	155,377,551	-	15,538
New shares issued under the employees' share option scheme	4,393,000	29,919,500	439	2,992
At end of financial period/ year	757,279,392	752,566,072	75,728	75,257

25. Share capital (contd.)

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the period, the Company increased its issued and paid-up ordinary share capital from RM75,256,607 to RM75,727,939 by:

(i) the issuance of 320,320 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; and

(ii) the issuance of 4,393,000 new ordinary shares of RM0.10 each at prices ranging from RM0.25 to RM0.652 per share pursuant to the Employees' Share Option Scheme of the Company.

The entire new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of the Company.

26. Treasury shares

During the financial period, the Company repurchased a total of 5,862,200 of its issued ordinary shares from the open market for RM3,205,000 including transaction costs. The average price paid for the shares repurchased was approximately RM0.55 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 757,279,392 (2015: 752,566,072) issued and fully paid-up ordinary shares as at the end of the reporting period, 9,460,000 (2015: 3,597,800) ordinary shares are held as treasury shares by the Company amounting to RM5,631,000 (2015: RM2,426,000).

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

	Number of shares		Amount	
	2016	2015	2016 RM'000	2015 RM'000
At beginning of financial period/year	3,597,800	2,634,500	2,426	1,741
Shares bought back	5,862,200	963,300	3,205	685
At end of financial period/year	9,460,000	3,597,800	5,631	2,426

Notes to the Financial Statements
30 April 2016

27. Reserves

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Share premium	71,572	69,336	71,572	69,336
Foreign exchange reserve	(3,580)	3,488	-	-
Revaluation reserve	418	418	-	-
ICULS	2,513	2,545	2,513	2,545
Employees' share option reserve	-	707	-	707
(Accumulated losses)/ retained profits	(5,849)	24,796	(35,325)	2,198
	65,074	101,290	38,760	74,786

(a) Share premium

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

	Group/Company 2016 RM'000	Group/Company 2015 RM'000
At beginning of financial period/year	69,336	16,767
Utilisation of share premium for the conversion of ICULS to ordinary shares	-	(12)
Ordinary shares issued pursuant to exercise of ESOS	2,236	10,784
Ordinary shares issued pursuant to exercise of warrants	-	41,797
At end of financial period/year	71,572	69,336

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 reserve

Foreign exchange reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Revaluation reserve

The revaluation reserve arose from the revaluation of freehold office lots when the freehold office lots were transferred from property, plant and equipment to investment properties.

27. Reserves (contd.)

(d) Irredeemable convertible unsecured loan stocks ("ICULS")

	Group/Company 2016 RM'000	Group/Company 2015 RM'000
Equity		
At beginning of financial period/year	2,545	8,438
Converted during the financial period/year	(32)	(5,893)
At end of financial period/year	2,513	2,545
Non-current liabilities		
At beginning of financial period/year	678	2,424
Converted during the financial period/year	(8)	(1,530)
Amortisation charged during the financial period/year	(145)	(216)
At end of financial period/year	525	678

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.

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.

Notes to the Financial Statements
30 April 2016

27. Reserves (contd.)

(e) Employees' share option reserve

The employees' share option reserve represents the equity-settled share options granted to employees. The reserve was 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 was 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 was to be in force for a period of 5 years effective from 14 January 2011. In the previous financial year, the expiry date of the ESOS has been revised from 13 January 2016 to 5 June 2015. There were no share options granted to any employees during the period and all existing shares have been exercised during the period.

The main features of the ESOS were 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.

27. Reserves (contd.)

(e) Employees' share option reserve (contd.)

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 2015 ('000)	Exercised ('000)	Forfeited ('000)	At 30 April 2016 ('000)
5 July 2012	RM0.250	1,295	(1,295)	-	-
25 September 2012	RM0.300	8	(8)	-	-
21 February 2013	RM0.340	1,000	(1,000)	-	-
18 December 2014	RM0.630	2,100	(2,000)	(100)	-
18 February 2015	RM0.652	90	(90)	-	-
		4,493	(4,393)	(100)	-

	2015	2014	2013	2012
Fair value of share options at the grant date (RM)				
- 5 July 2012	N/A	N/A	0.1465	N/A
- 25 September 2012	N/A	N/A	0.152	N/A
- 21 February 2013	N/A	N/A	0.1615	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

Notes to the Financial Statements
30 April 2016

28. Loans and borrowings

	Maturity	Group 2016 RM'000	Group 2015 RM'000
Current			
Secured:			
Bank overdrafts	On demand	1,191	5,158
Invoice financing at 1.50% p.a. + COF	2016	4,700	-
Term loans:			
Fixed loan 1 at BLR -1.65% p.a.	2017	10	10
Fixed loan 2 at BLR -1.65% p.a.	2017	24	24
Fixed loan 3 at BLR +1.00% p.a.	2017	1,685	1,568
Fixed loan 4 at LIBOR +2.50% p.a.	2016	10,560	11,009
Refinancing loan 1 at BLR -1.65% p.a.	2017	8	7
Refinancing loan 2 at BLR -1.65% p.a.	2017	20	19
Refinancing loan 3 at BLR -1.65% p.a.	2017	9	7
Unsecured:			
Obligations under finance leases (Note 31(ii))	2017	486	111
		18,693	17,913
Non-current			
Secured:			
Term loans:			
Fixed loan 1 at BLR -1.65% p.a.	2017 - 2029	241	249
Fixed loan 2 at BLR -1.65% p.a.	2017 - 2029	567	589
Fixed loan 3 at BLR +1.00% p.a.	2017 - 2018	1,514	3,055
Refinancing loan 1 at BLR -1.65% p.a.	2017 - 2029	203	209
Refinancing loan 2 at BLR -1.65% p.a.	2017 - 2029	479	496
Refinancing loan 3 at BLR -1.65% p.a.	2017 - 2029	212	219
Unsecured:			
Obligations under finance leases (Note 31(ii))	2017 - 2018	415	86
		3,631	4,903
Total loans and borrowings (Note 29)			
Bank overdrafts (Note 23)		1,191	5,158
Invoice financing at 1.50% p.a. + COF		4,700	-
Term loans:			
Fixed loan 1 at BLR -1.65% p.a.		251	259
Fixed loan 2 at BLR -1.65% p.a.		591	613
Fixed loan 3 at BLR +1.00% p.a.		3,199	4,623
Fixed loan 4 at LIBOR +2.50% p.a.		10,560	11,009
Refinancing loan 1 at BLR -1.65% p.a.		211	216
Refinancing loan 2 at BLR -1.65% p.a.		499	515
Refinancing loan 3 at BLR -1.65% p.a.		221	226
Obligations under finance leases		901	197
		22,324	22,816

28. Loans and borrowings (contd.)

The remaining maturities of the loans and borrowings as at 30 April 2016 are as follows:

	Group 2016 RM'000	Group 2015 RM'000
On demand or within one year	18,693	17,913
More than 1 year and less than 2 years	1,971	1,851
More than 2 years and less than 5 years	280	1,577
5 years or more	1,380	1,475
	22,324	22,816

Bank overdrafts

Bank overdrafts are denominated in RM, bear interest at +0.50% p.a. and are secured by:

(i) a Deed of Assignment executed by the Group;

(ii) assigning all the rights and titles, interest and benefits in respect of the properties with a total net book value amounting RM5,881,000 (2015: RM6,004,000) as disclosed in Note 13 and Note 14;

(iii) deposits with licensed banks as disclosed in Note 23; and

(iv) a corporate guarantee provided by the Company.

Term loans

The term loans are secured by:

(i) a first party legal charge over the Group's freehold office lots as disclosed in Notes 13 and 14;

(ii) a corporate guarantee provided by the Company; and

(iii) deposits with licensed banks as disclosed in Note 23.

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

Notes to the Financial Statements
30 April 2016

28. Loans and borrowings (contd.)

Term loans (contd.)
The repayment terms of the term loans are as follows: (contd.)

Refinancing loan 3 at effective interest rate 5.20% per annum	Repayable in 240 monthly instalments of RM1,604, effective September 2009.

Obligations under finance leases
These obligations are unsecured, denominated in RM and the average discount rate implicit in the leases is 0.77% p.a. (2015: 3.96% p.a.).

29. Trade and other payables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current				
Trade payables				
Third parties	25,047	15,418	-	-
Accrued purchase	17,423	3,500	-	-
	42,470	18,918	-	-
Other payables				
Amount due to subsidiaries	-	-	12,058	26,799
Provision for Universal Service Fund Contribution ("USOF") (Note 29(d))	5,972	5,841	-	-
Accruals	4,896	5,772	266	158
Deposits payable	1,805	1,572	-	-
Sundry payables (Note 29 (b))	2,509	14,899	188	91
Deferred income (Note 29(e))	2,510	7,604	-	-
	17,692	35,688	12,512	27,048
Total trade and other payables	60,162	54,606	12,512	27,048
Add: Loans and borrowings (Note 28)	22,324	22,816	-	-
Less:				
Provision for USOF	(5,972)	(5,841)	-	-
Deferred income	(2,510)	(7,604)	-	-
Total financial liabilities carried at amortised cost	74,004	63,977	12,512	27,048

29. Trade and other payables (contd.)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 (2015: 30 to 60) days.

(b) Sundry payables

In the previous financial year, included in sundry payables is an amount of approximately RM6,871,000 owing to non-controlling interests. The amount represents unsecured interest-free advances granted to the Group and is repayable on demand.

(c) Amount due to subsidiaries

The amounts are unsecured, non-interest bearing and are repayable on demand.

(d) Provision for Universal Service Fund Contribution ("USOF")

	Group	
	2016	**2015**
	RM'000	**RM'000**
At beginning of financial period/year	5,841	6,513
Recognised in the statements of profit or loss	1,324	337
Payment during the period/year	(1,193)	(1,009)
At end of financial period/year	5,972	5,841

In accordance with the Communications and Multimedia (Universal Service Provision) Regulations 2002, a licensee whose revenue exceeds RM2,000,000 (derived from the designated services as specified in the Return of Net Revenue), shall contribute 6% of its total weighted net revenue to the USOF.

(e) Deferred income

	Group	
	2016	**2015**
	RM'000	**RM'000**
At beginning of financial period/year	7,604	6,194
Net addition during the financial period/year	331	1,410
Attributable to discontinued operations	(5,425)	-
At end of financial period/year	2,510	7,604

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

Notes to the Financial Statements
30 April 2016

30. Lease arrangements

The Group had entered into non-cancellable operating lease agreements for the use of certain computers and software. These leases have an average life of 3 years with no renewal or purchase option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are as follows:

	Group	
	2016 RM'000	2015 RM'000
Not more than one year	253	191
Later than one year and not later than five years	91	85
	344	276

31. Commitments

	Group	
	2016 RM'000	2015 RM'000
(i) Capital commitments		
Approved and contracted for:		
Property, plant and equipment	21,030	11,684

(ii) Finance lease commitments

The Group has finance leases for certain items of equipment as disclosed in Note 28. These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

31. Commitments (contd.)

(ii) Finance lease commitments (contd.)

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2016	2015
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	506	123
Later than 1 year but not later than 2 years	383	113
Later than 2 years but not later than 5 years	32	-
Total minimum lease payments	921	236
Less: Amounts representing finance charges	(20)	(39)
Present value of minimum lease payments	901	197

	Group	
	2016	2015
	RM'000	RM'000
Present value of finance lease liabilities:		
Not later than 1 year	486	111
Later than 1 year but not later than 2 years	383	86
Later than 2 years but not later than 5 years	32	-
Present value of minimum lease payments	901	197
Analysed as:		
Due within 12 months (Note 28)	486	111
Due after 12 months (Note 28)	415	86
	901	197

32. Financial guarantees

	Group	
	2016	2015
	RM'000	RM'000
Performance bonds in favour of various government and statutory bodies, and private companies	23,403	22,688
Performance bonds in favour of third party for private companies	2,302	1,404
	25,705	24,092

Notes to the Financial Statements
30 April 2016

33. Related party disclosures

In addition to the related party information disclosed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial period/year:

	Group	
	1.6.2015 to 30.4.2016 RM'000	1.6.2014 to 31.5.2015 RM'000
Revenue:		
Wireless broadband:		
-7-Eleven Malaysia Sdn Bhd	35	3
-Berjaya Corporation Berhad	15	-
-Berjaya Land Berhad	15	-
-Berjaya Sompo Insurance Berhad	244	7
-Berjaya Sports Toto Berhad	33	-
-Berjaya Waterfront Sdn Bhd	128	12
-Inter-Pacific Securities Sdn Bhd	43	-
-Sun Media Corporation Sdn Bhd	61	-
Corporate voice:		
-Berjaya Sompo Insurance Berhad	16	2
-Singer (Malaysia) Sdn Bhd	83	8
Data centre services:		
-Berjaya Sompo Insurance Berhad	147	34
Expenses		
Berjaya Sompo Insurance Berhad:		
-General insurance	15	-
-Group hospital and surgical	525	-
Berjaya Roasters (M) Sdn Bhd:		
-Cash voucher	37	-
Berjaya Registration Services Sdn Bhd:		
-Printing	16	-

33. Related party disclosures (contd.)

	Company	
	1.6.2015 to 30.4.2016 RM'000	**1.6.2014 to 31.5.2015 RM'000**
Dividend income receivable from a subsidiary	-	16,000

Compensation of key management personnel

The remuneration of key management during the period/year was as follows:

	Group	
	1.6.2015 to 30.4.2016 RM'000	**1.6.2014 to 31.5.2015 RM'000**
Short-term employee benefits	4,196	3,991
Share based payments	-	421
	4,196	4,412

Included in compensation for key management personnel of the Group are executive directors' remuneration amounting to RM1,616,000 (2015: RM1,983,000) as disclosed in Note 8.

34. Significant events

The significant events during the financial 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 RM1,404,000.

On 24 June 2016, the Company announced that RTC had provided an additional RM898,000 financial assistance to Sprintz 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. The total amount of financial assistance provided up to 31 May 2016 was RM2,302,000.

(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 be coterminous with the financial year end of its ultimate holding company, Berjaya Corporation Berhad.

Notes to the Financial Statements
30 April 2016

35. Subsequent event

On 3 August 2016, RIB incorporated a new subsdiary under the name Ansar Mobile Sdn Bhd ("AMSB"). AMSB is a 100% wholly owned subsidiary of RIB. The intended principal activities of AMSB are the provision of telecommunications and telecommunications related services.

36. Financial instruments

(a) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, liquidity risk, and credit risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risks is the risk that the value of a financial instrument will fluctuate due to 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.

The Group has minimal exposure to interest rate risk at the reporting date. The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

36. Financial instruments (contd.)

(b) Interest rate risk (contd.)

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	2-5 Years RM'000	Over 5 Years RM'000	Total RM'000
At 30 April 2016							
Group							
Loans and borrowings	28	7.22%	18,693	1,971	280	1,380	22,324
Floating rate							
Deposit with licensed banks	23	3.12%	50,536	-	-	-	50,536
At 31 May 2015							
Group							
Loans and borrowings	28	9.69%	17,913	1,851	1,577	1,475	22,816
Floating rate							
Deposit with licensed banks	23	3.35%	41,139	-	-	-	41,139

36. Financial instruments (contd.)

(c) 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, Hong Kong Dollar, Singapore Dollar, Chinese Renminbi and Australia Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency is as follows:

	United States Dollar RM'000	Hong Kong Dollar RM'000	Singapore Dollar RM'000	Chinese Renminbi RM'000	Australia Dollar RM'000	Total RM'000
Group						
At 30 April 2016						
Financial assets						
Trade receivables	41	-	-	3,027	-	3,068
Other receivables and deposits	25	-	-	-	-	25
Deposits with the licensed banks	-	-	-	15,640	-	15,640
Cash and bank balances	633	18	9	1,153	-	1,813
	699	18	9	19,820	-	20,546
Financial liabilities						
Trade payables	103	3	218	2,944	-	3,268
Other payables and accruals	495	-	12	9,722	27	10,256
Term loan	10,560	-	-	-	-	10,560
	11,158	3	230	12,666	27	24,084
Net financial (liabilities)/assets	(10,459)	15	(221)	7,154	(27)	(3,538)

36. Financial instruments (contd.)

(c) Foreign currency risk (contd.)

The Group's exposure to foreign currency is as follows: (contd.)

Group	United States Dollar RM'000	Hong Kong Dollar RM'000	Singapore Dollar RM'000	Chinese Renminbi RM'000	Australia Dollar RM'000	Total RM'000
At 31 May 2015						
Financial assets						
Trade receivables	63	-	15	3,029	-	3,107
Other receivables and deposits	152	-	2	238	-	392
Deposits with the licensed banks	-	-	-	15,631	-	15,631
Cash and bank balances	2,992	26	8	2,705	-	5,731
	3,207	26	25	21,603	-	24,861
Financial liabilities						
Trade payables	11,009	-	-	-	-	11,009
Other payables and accruals	559	1	211	2,789	1	3,561
Term loan	305	28	41	9,931	-	10,305
	11,873	29	252	12,720	1	24,875
Net financial (liabilities)/assets	(8,666)	(3)	(227)	8,883	(1)	(14)

Notes to the Financial Statements
30 April 2016

36. Financial instruments (contd.)

(c) Foreign currency risk (contd.)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign currency exchange rates against the functional currencies of the Group entities, with all other variables held constant.

		Group	
		1.6.2015 to 30.4.2016 RM'000 Loss, net of tax	1.6.2014 to 31.5.2015 RM'000 Profit, net of tax
USD/RM	- strengthened 5%	(523)	(325)
	- weakened 5%	523	325
SGD/RM	- strengthened 5%	(11)	(11)
	- weakened 5%	11	11
RMB/RM	- strengthened 5%	358	362
	- weakened 5%	(358)	(362)

(d) Liquidity risk

The Group manages its debt maturity profie, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

36. Financial instruments (contd.)

(d) Liquidity risk (contd.)

	On demand within 1 year RM'000	1 – 5 years RM'000	Over 5 years RM'000	Total RM'000
The Group				
30 April 2016				
Loans and borrowings	18,990	2,730	1,643	23,363
Trade and other payables	64,728	-	-	64,728
Total undiscounted financial liabilities	83,718	2,730	1,643	88,091
31 May 2015				
Loans and borrowings	18,453	4,030	2,102	24,585
Trade and other payables	41,161	-	-	41,161
Total undiscounted financial liabilities	59,614	4,030	2,102	65,746
The Company				
30 April 2016				
Other payables and accruals, representing total undiscounted financial liabilities	12,512	-	-	12,512
31 May 2015				
Other payables and accruals, representing total undiscounted financial liabilities	27,048	-	-	27,048

36. Financial instruments (contd.)

(e) 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.

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:

	Group	
	2016	**2015**
	RM'000	**RM'000**
China	2,510	3,029
Malaysia	86,546	82,252
	89,056	85,281

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (2015: 2) customer which constituted approximately 68% (2015: 39%) of its trade receivables at the end of the reporting period.

36. Financial instruments (contd.)

(e) Credit risk (contd.)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

(f) Fair values

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	22
Loans and borrowings	28
Trade and other payables	29

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

Other receivables and loans and borrowings

Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of lending and borrowings.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

Notes to the Financial Statements
30 April 2016

37. Capital 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 bank balances 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.

38. Segment information

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.

38. Segment information (contd.)

Geographical information:

2016	Continuing operations: Malaysia RM'000	Continuing operations: Other country RM'000	Discontinued operations: The People's Republic of China RM'000	The Group RM'000
Revenue				
External revenue	128,498	-	19,217	147,715
Intersegment revenue	16,355	-	-	16,355
	144,853	-	19,217	164,070
Adjustments and eliminations				(16,355)
Consolidated revenue				147,715
Interest income	1,188	-	155	1,343
Other material items of income	366	-	301	667
Depreciation of property, plant and equipment	(3,804)	-	(525)	(4,329)
Other material items of expenses	(133,697)	(47)	(6,276)	(140,020)
Other non-cash expenses	(13,070)	-	(31,696)	(44,766)
				(39,390)
Finance costs	(1,911)	-	-	(1,911)
Taxation	3,698	-	(2,034)	1,664
Consolidated loss after tax				(39,637)
Assets				
Segment assets	209,778	16	31,808	241,602
Tax recoverable				4,831
Deferred tax assets				5,612
Consolidated total assets				252,045
Liabilities				
Segment liabilities	83,011	-	18,473	101,484
Deferred tax liabilities				995
Provision for taxation				3,870
Consolidated total liabilities				106,349
Other segment items				
Addition to non-current asset other than financial instruments:				
- Property, plant and equipment	4,206	-	1,150	5,356
- Intangible assets	250	-	-	250
- Development costs	2,603	-	-	2,603
Amortisation of development costs	565	-	562	1,127

Notes to the Financial Statements
30 April 2016

38. Segment information (contd.)

Geographical Information: (contd.)

2015	Continuing operations Malaysia RM'000	Continuing operations Other country RM'000	Discontinued operations The People's Republic of China RM'000	The Group RM'000
Revenue				
External revenue	122,035	2	28,780	150,817
Intersegment revenue	24,792	-	-	24,792
	146,827	2	28,780	175,609
Adjustments and eliminations				(24,792)
Consolidated revenue				150,817
Interest income	802	-	283	1,085
Other material items of income	2,770	-	3,393	6,163
Depreciation of property, plant and equipment	(4,624)	-	(938)	(5,562)
Other material items of expenses	(97,220)	(51)	(30,753)	(128,024)
Other non-cash expenses	(7,394)	(2)	(1,097)	(8,493)
				15,986
Finance costs	(1,368)	-	-	(1,368)
Taxation	(3,543)	-	225	(3,318)
Consolidated profit after tax				11,300
Assets				
Segment assets	214,607	21	49,641	264,269
Tax recoverable				2,469
Deferred tax assets				1,424
Consolidated total assets				268,162
Liabilities				
Segment liabilities	61,237	26	16,837	78,100
Deferred tax liabilities				867
Provision for taxation				3,398
Consolidated total liabilities				82,365
Other segment items				
Addition to non-current asset 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

38. Segment information (contd.)

Major Customer

Revenue from one major customer, equalling to or more than 36% (2015: 10%) of Group revenue, amounts to approximately RM45,728,000 (2015: RM36,179,000) arose from sales by the Malaysia segment.

39. Comparatives

The financial statements of the Group and of the Company for the year ended 31 May 2015 were audited by another firm of auditors who expressed an unqualified opinion to those statements on 28 September 2015.

Notes to the Financial Statements
30 April 2016

40. Supplementary explanatory note on disclosure of realised and unrealised (losses)/profits

The breakdown of the (accumulated losses)/retained profits of the Group and of the Company as at 30 April 2016 into realised and unrealised (losses)/profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 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.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total (accumulated losses)/ retained profits of the Company and its subsidiaries:				
- Realised	(34,383)	42,825	(34,351)	3,388
- Unrealised	4,590	(1,179)	(974)	(1,190)
	(29,793)	41,646	(35,325)	2,198
Total share of (accumulated losses)/retained profits from an associated company:				
- Realised	-	-	-	-
- Unrealised	-	-	-	-
	(29,793)	41,646	(35,325)	2,198
Less: Consolidation adjustments	23,944	(16,850)	-	-
Total (accumulated losses)/ retained profits as per financial statements	(5,849)	24,796	(35,325)	2,198

The determination of realised and unrealised (losses)/profits above is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

LIST OF PROPERTIES
as at 30 April 2016

Beneficial owner/ Location	Description/ Existing Use	Land/ Built-Up Area (sq. meters)	Tenure Leasehold/ Freehold	Approx. Age of Building (Yrs)	Carrying Amount as at 30 April 2016 (RM'000)	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	18	98	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	18	103	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	18	124	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	18	126	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	19	550	1 July 2016/ 1 Mar 2005

List of Properties
as at 30 April 2016

Beneficial owner/ Location	Description/ Existing Use	Land/ Built-Up Area (sq. meters)	Tenure Leasehold/ Freehold	Approx. Age of Building (Yrs)	Carrying Amount as at 30 April 2016 (RM'000)	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	19	1,026	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	19	1,063	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	19	198	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	19	249	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	19	1,762	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	19	582	N/A/ 7 July 2005

ANALYSIS OF SHAREHOLDINGS

as at 29 July 2016

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 75,736,339.20 (excluding 9,501,000 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	164	3.840	6,463	0.001
100 – 1,000 shares	304	7.118	171,758	0.023
1,001 – 10,000 shares	2,100	49.169	11,642,825	1.557
10,001 – 100,000 shares	1,413	33.083	47,839,265	6.397
100,001 – 37,393,118 shares	288	6.743	212,589,169	28.426
37,393,119 and above of shares	2	0.047	475,612,912	63.596
TOTAL	4,271	100.000	747,862,392#	100.000

less 9,501,000 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	45.678
2	DYMM SULTAN IBRAHIM JOHOR	134,000,000	17.917
3	INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD BERJAYA PHILIPPINES INC	36,800,000	4.920
4	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WEI CHUAN BENG	14,256,000	1.906
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WEI CHUAN BENG	9,917,300	1.326
6	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR PHANG MIOW SIN	8,710,000	1.164
7	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VINCENT TAN CHEE YIOUN	7,000,000	0.936
8	LIM GAIK BWAY @ LIM CHIEW AH	6,783,000	0.906
9	PRIME CREDIT LEASING SDN. BHD	5,400,000	0.722
10	LAU BIK SOON	3,710,360	0.496
11	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR PACIFIC PEARL FUND	3,682,700	0.492

Analysis of Shareholdings
as at 29 July 2016

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
12	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE LEAN PANG	3,052,000	0.408
13	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JUARA SEJATI SDN BHD	3,000,000	0.401
14	TIEW MING CHING	2,562,341	0.342
15	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD PACIFIC PREMIER FUND	2,402,500	0.321
16	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD	2,330,000	0.311
17	JONATHAN VICTOR ROZARIO	2,300,000	0.307
18	NG HUI NOOI	2,240,080	0.299
19	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT PHANG MIOW SIN	2,150,700	0.287
20	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG WEE MIAN	2,046,800	0.273
21	UNG CHING ERH	2,008,100	0.268
22	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAO HONG	2,000,000	0.267
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD YAW CHEE HOU	1,712,500	0.228
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG SIEW ENG @ ONG CHAI	1,654,800	0.221
25	PANG CHEE MIN	1,624,500	0.217
26	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR DE SOUZA JEREMY LARRY	1,480,000	0.197
27	TONG YUN MONG	1,450,000	0.193
28	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR NG KAM LOONG	1,433,400	0.191
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PETER YEOW HENG HO	1,320,600	0.176
30	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NGIENG SII JING	1,310,050	0.175
		609,950,643	81.545

Analysis of Shareholdings
as at 29 July 2016

SUBSTANTIAL SHAREHOLDERS

		No. of Shares Held			
No	Name	Direct	%	Indirect	%
1	Juara Sejati Sdn Bhd	344,612,912	46.08	42,200,000[1]	5.64
2	Berjaya Group Berhad	–	–	386,812,912[2]	51.72
3	Berjaya Corporation Berhad	–	–	386,812,912[3]	51.72
4	Tan Sri Dato' Seri Vincent Tan Chee Yioun	7,000,000	0.94	386,812,912[4]	51.72
5	DYMM Sultan Ibrahim Johor	134,000,000	17.91	–	–

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 Sdn Bhd.
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 29 July 2016

Nominal Amount of ICULS	:	RM6,272,624.40
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 period ended 30 April 2016	:	800,800

Size of ICULS holdings	No. of ICULS Holders	% of Total ICULS Holders	No. of ICULS	% of ICULS
1 – 99 ICULS	23	3.348	1,009	0.002
100 – 1,000 ICULS	28	4.076	13,235	0.021
1,001 – 10,000 ICULS	323	47.016	1,755,050	2.798
10,001 – 100,000 ICULS	282	41.048	9,149,900	14.587
100,001 – 3,136,311 of ICULS	29	4.221	6,677,600	10.645
3,136,312 and above of ICULS	2	0.291	45,129,450	71.947
TOTAL	687	100.00	62,726,244	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	64.295
2	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JUARA SEJATI SDN. BHD.	4,799,450	7.651
3	LIM GAIK BWAY @ LIM CHIEW AH	1,519,400	2.422
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR WONG KING HU	346,000	0.551
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JANICE LOW SU-LYN	300,000	0.478
6	CHEONG KAI KEE	300,000	0.478
7	K.B. LOH SDN BHD	300,000	0.478
8	T C HOLDINGS SENDIRIAN BERHAD	300,000	0.478
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WEI CHUAN BENG	283,000	0.451
10	TAN AH WENG @ TANG AH BAH	250,000	0.398

Analysis of 2.75% 10-Year Irredeemable Convertible Unsecured Loan Stocks 2010/2020 (ICULS) Holdings

as at 29 July 2016

THIRTY (30) LARGEST ICULS HOLDERS (CONT'D)
(As per Record of Depositors)

No.	Name	No. of ICULS Held	% of ICULS
11	PEH SEW CHONG	233,700	0.372
12	SOH KAN TEE	200,000	0.318
13	TRANS PACIFIC CORPORATION SDN BHD	180,000	0.286
14	CHAI AI LI	160,000	0.255
15	WOON WEE JUANG	160,000	0.255
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KHONG SEE	155,200	0.247
17	WANG JIANPING	153,750	0.245
18	LIM JIT HAI	152,500	0.243
19	YONG KIM MENG	152,250	0.242
20	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD	150,000	0.239
21	LIM THIAM WAN	150,000	0.239
22	LOH CHUN LIN	150,000	0.239
23	TAN SOON LEONG	150,000	0.239
24	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM PENG @ LIM PANG TUN	135,400	0.215
25	WEI HUI KIM	133,500	0.212
26	NOR ZAKIAH AU BINTI ABDULLAH	130,000	0.207
27	HENG DING DING	112,500	0.179
28	CHUA YOK WAN	110,000	0.175
29	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BELINDA WONG KAH HUNG	109,700	0.174
30	TEOH HAN CHONG	100,400	0.160
		51,706,750	82.421

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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 Fourteenth Annual General Meeting of the Company to be held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 12 October 2016 at 10.00 a.m. and at any adjournment thereof:

ORDINARY RESOLUTION		FOR	AGAINST
1.	Payment of Directors' fees.		
2.	Re-election of Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee as Director.		
3.	Re-election of Jagdish Singh Dhaliwal as Director.		
4.	Re-election of Lau Bik Soon as Director.		
5.	Re-election of Ho Meng as Director.		
6.	Re-appointment of Messrs Ernst & Young as Auditors.		
7.	Retention of Mathew Thomas A/L Vargis Mathews as an Independent Non-Executive Director.		
8.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
9.	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
10.	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...........................2016

....
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 Lot 06-03, Level 6, East Wing, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan 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 Fourteenth 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 5 October 2016. 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.

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Stamp

Share Registrar
REDtone International Berhad (596364-U)
Lot 06-03, Level 6
East Wing, Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur
Wilayah Persekutuan

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REDtone

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