REDtone
INTERNATIONAL BERHAD
(Company No. 596364-U)

ANNUAL REPORT 2018

CONTENTS

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth 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 Tuesday, 16 October 2018 at 10:00 a.m. to transact the following business:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 April 2018 together with the Reports of the Directors and the Auditors thereon. **[Please refer to Explanatory Note (i)]**

2. To approve the payment of Directors' fees for an aggregate amount of up to RM810,000 payable to the Non-Executive Directors of the Company on a monthly basis for the period from 17 October 2018 until the next Annual General Meeting of the Company to be held in year 2019. **Resolution 1**

3. To approve the payment of Directors' benefits for an amount of up to RM130,000 payable to the Directors of the Company for the period from 17 October 2018 until the next Annual General Meeting of the Company to be held in year 2019. **Resolution 2**

4. To re-elect the following Directors who retire by rotation in accordance with Article 85 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-

   (i) Loh Paik Yoong **Resolution 3**

   (ii) Dato' Mohd Zaini Bin Hassan **Resolution 4**

   (ii) Lau Bik Soon **Resolution 5**

5. To re-appoint Messrs. Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Board of 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

   "**THAT** Mathew Thomas A/L Vargis Mathews who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be and is hereby retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance."

Notice of
Annual General Meeting
(Cont'd)

7. **Ordinary Resolution** **Resolution 8**
Authority to Issue Shares pursuant to the Companies Act 2016

"**THAT**, subject always to the Companies Act 2016 ("**the Act**"), the Articles of Association of the Company and the approvals from Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and to such persons, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued 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 Bursa Securities; **AND FURTHER THAT** such authority shall commence immediately upon passing of this resolution and continue in force until the conclusion of the next Annual General Meeting of the Company."

8. **Ordinary Resolution** **Resolution 9**
Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun

"**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 ("**Group**"), to enter into recurrent related party transactions of a revenue or trading nature with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun as specified in Section 2.3 of the Circular to Shareholders dated 28 August 2018 ("**Proposed Mandate I**"), which are necessary for the day-to-day operations and/or in the ordinary course of business of the Group 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 I was passed, at which time it will lapse, unless by ordinary resolution passed at that AGM, 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 340(2) of the Companies Act, 2016 ("**the Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); 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) as they may consider expedient or deem fit and in the best interest of the Group to give effect to such transactions as authorised by this resolution."

Notice of Annual General Meeting
(Cont'd)

9. **Ordinary Resolution** **Resolution 10**
Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun and companies in which D.Y.M.M. Sultan Ibrahim Ismail Ibni Almarhum Sultan Mahmud Iskandar Al-Haj is also a major shareholder

"**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 ("**Group**"), to enter into recurrent related party transactions of a revenue or trading nature with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun and companies in which D.Y.M.M. Sultan Ibrahim Ismail Ibni Almarhum Sultan Mahmud Iskandar Al-Haj is also a major shareholder as specified in Section 2.3 of the Circular to Shareholders dated 28 August 2018 ("**Proposed Mandate II**") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Group 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 II was passed, at which time it will lapse, unless by ordinary resolution passed at that AGM, 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 340(2) of the Companies Act, 2016 ("**the Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); 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) as they may consider expedient or deem fit and in the best interest of the Group to give effect to such transactions as authorised by this resolution."

10. **Ordinary Resolution** **Resolution 11**
Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Best Media Network Sdn Bhd

"**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 ("**Group**"), to enter into recurrent related party transactions of a revenue or trading nature with Best Media Network Sdn Bhd, a person connected with D.Y.M.M. Sultan Ibrahim Ismail Ibni Almarhum Sultan Mahmud Iskandar Al-Haj and YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail as specified in Section 2.3 of the Circular to Shareholders dated 28 August 2018 ("**Proposed Mandate III**") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Group 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 III was passed, at which time it will lapse, unless by ordinary resolution passed at that AGM, 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 340(2) of the Companies Act, 2016 ("**the Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); 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 company to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or deem fit and in the best interest of the Group to give effect to such transactions as authorised by this resolution."

11. To transact any other business of which due notice shall have been given.

By order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
Company Secretary

Kuala Lumpur
Dated: 28 August 2018

Notice of Annual General Meeting
(Cont'd)

NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 October 2018 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting or appoint proxy(ies) to attend and vote in his stead.

2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. A proxy may but need not be a member or a qualified legal practitioner or an approved company auditor or a person approved by the Registrar.

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

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.

5. The instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company at Lot 10-04A & 10-04B, Level 10, West, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjourned meeting.

6. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of the Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by way of poll. Independent Scrutineers will be appointed to validate the results of the poll.

EXPLANATORY NOTES:-

(i) Item 1 of the Agenda

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(ii) Items 2 and 3 of the Agenda

Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the following payments to Directors at the Sixteenth Annual General Meeting ("**AGM**"):-

- Resolution 1 on payment of Directors' fees payable to the Non-Executive Directors of the Company on a monthly basis for the period from 17 October 2018 until the next AGM of the Company to be held in year 2019; and

- Resolution 2 on payment of Directors' benefits, which comprise of meeting allowance payable for attendance of Directors at Board and/or Board Committees' meetings for the period from 17 October 2018 until the next AGM of the Company to be held in year 2019.

In the event that the proposed Directors' fees and benefits payable are insufficient due to enlarged size of the Board of Directors, approval will be sought at the next AGM for additional Directors' fees and benefits to meet the shortfall.

Notice of Annual General Meeting
(Cont'd)

EXPLANATORY NOTES:- (CONT'D)

(iii) Item 6 of the Agenda

Mr. Mathew Thomas A/L Vargis Mathews was appointed as an Independent Non-Executive Director of the Company on 15 November 2003 and therefore, has served the Board for a cumulative term of more than twelve (12) years. The Board of Directors, after having assessed the independence of Mr. Mathew Thomas A/L Vargis Mathews, opined that he remains objective and independent in expressing his views and in his participation in the deliberations and decision making of the Board and Board Committtes; and based on the following justifications, the Board recommends that he should be retained as an Independent Non-Executive Director of the Company:

(i) He is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. He has more than 30 years of working experience in audit and accounting practices and is currently the Managing Partner of Mathew & Partners, Chartered Accountants.

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

(iii) He has vast experience in a diverse range of businesses and has financial expertise especially in internal audit. Besides, he is 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 the Management in an effective and constructive manner.

As recommended by Practice 4.2 of the Malaysian Code on Corporate Governance, the Board will seek approval from the shareholders of the Company through a two-tier voting process at the forthcoming AGM to retain Mr. Mathew Thomas A/L Vargis Mathews as an Independent Non-Executive Director.

(iv) Item 7 of the Agenda

The Company wishes to renew the mandate on the authority to issue shares pursuant to the Companies Act 2016 at the Sixteenth AGM of the Company ("**Renewal Mandate**").

The Company had been granted a general mandate by its shareholders at the Fifteenth AGM of the Company held on 5 October 2017 ("**Previous Mandate**").

As at the date of this Notice, the Company has not issued any new ordinary shares pursuant to the Previous Mandate granted by the shareholders and hence no proceeds were raised therefrom.

The proposed Resolution 8, if passed, will provide flexibility to the Directors of the Company to undertake any possible fund raising activities, including but not limited to placement of shares for the purpose of funding Company's current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or such other purposes as the Directors may deem fit, without having to convene a general meeting, provided that the aggregate number of the shares issued pursuant to the Renewal Mandate does not exceed 10% of the issued and paid-up share capital of the Company. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

(v) Items 8 to 10 of the Agenda

The proposed Resolutions 9, 10 and 11, if passed, will give mandate to the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature, details of which are set out in Section 2.3 of the Circular to Shareholders dated 28 August 2018.

The aforesaid mandates from shareholders are on an annual basis and are subject to renewal at the next AGM of the Company.

For further information, please refer to the Circular to Shareholders dated 28 August 2018 which is despatched together with the Company's Annual Report 2018.

CORPORATE INFORMATION

BOARD OF DIRECTORS

YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail
(Chairman/Non-Independent Non-Executive 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)

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)

Loh Paik Yoong
(Member/Non-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)

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

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

REMUNERATION COMMITTEE

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

Lau Bik Soon
(Member/Group Chief Executive Officer)

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

Ho Meng
(Member/Executive Director)

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

HEAD OFFICE

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

REGISTERED OFFICE

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur
Wilayah Persekutuan
Telephone no.: 03-2084 9000
Facsimile no.: 03-2094 9940

SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd
Lot 10-04A & 10-04B,
Level 10, West Wing,
Berjaya Times Square,
No 1, Jalan Imbi,
55100 Kuala Lumpur
Wilayah Persekutuan
Telephone no.: 03-2145 0533
Facsimile no.: 03-2145 9702

PRINCIPAL BANKER

Standard Chartered Bank (M) Berhad

AUDITORS

Ernst & Young (AF0039)
Chartered Accountants

COMPANY SECRETARY

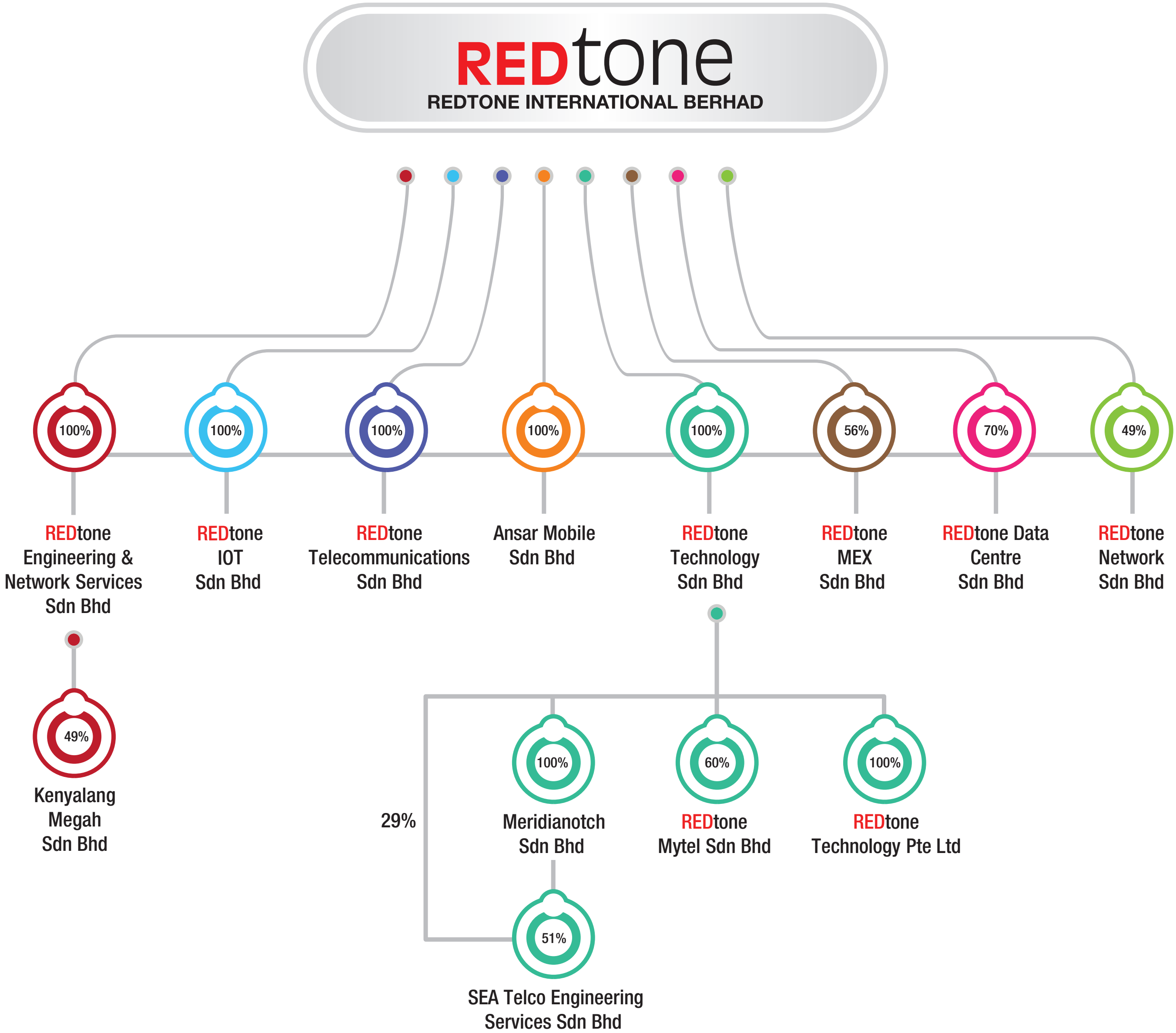
Chua Siew Chuan
(MAICSA 0777689)

STOCK EXCHANGE LISTING

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

CORPORATE STRUCTURE

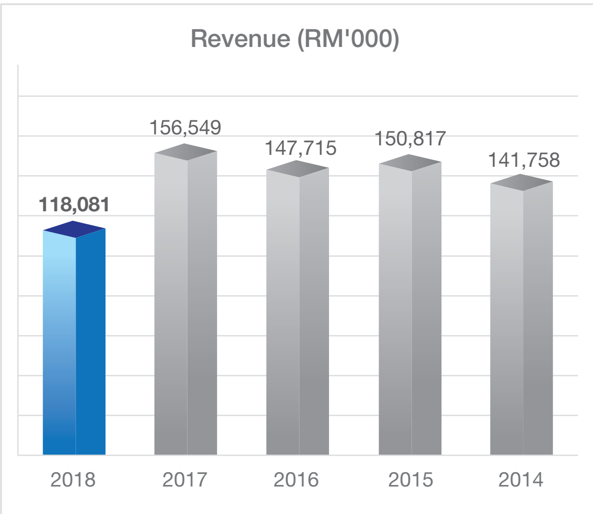
as at 28 August 2018

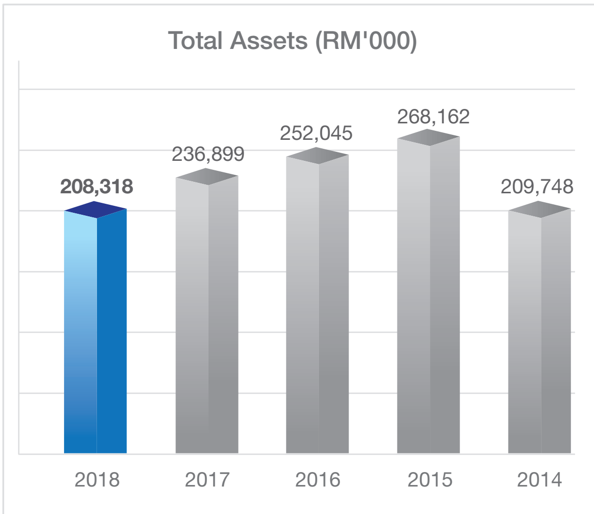


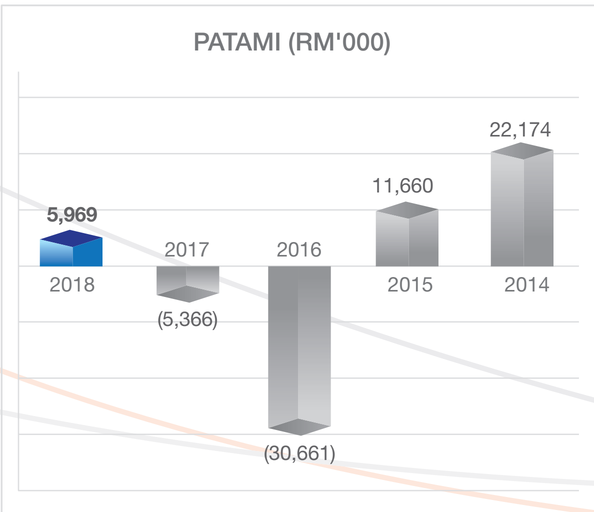
GROUP
FINANCIAL SUMMARY

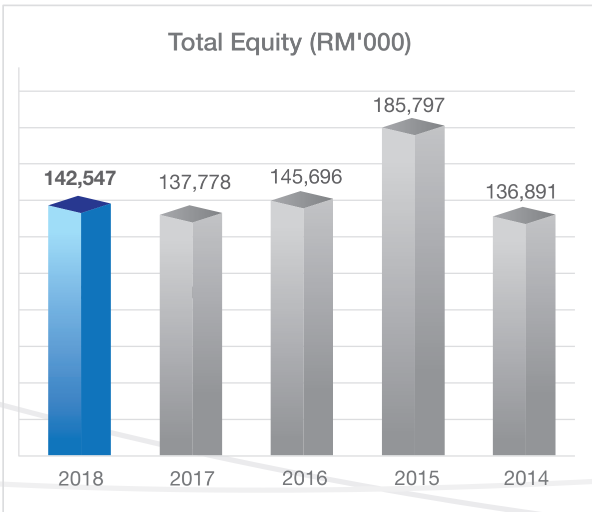
	2018	2017	2016	2015	2014
Financial Results (RM'000)					
Revenue *	118,081	156,549	147,715	150,817	141,758
Profit/(Loss) Before Tax	6,513	(4,188)	(41,301)	14,618	27,418
Profit/(Loss) After Tax	4,769	(5,868)	(39,637)	11,300	23,288
Profit/(Loss) Attributable To Shareholders	5,969	(5,366)	(30,661)	11,660	22,174
Financial Positions (RM'000)					
Total Assets	208,318	236,899	252,045	268,162	209,748
Total Current Liabilities	62,650	94,984	101,198	75,917	67,929
Total Non-Current Liabilities	3,121	4,137	5,151	6,448	4,928
Total Equity	142,547	137,778	145,696	185,797	136,891
Financial Ratios					
Net Assets Per Share	18.54	17.76	18.08	23.25	25.10
Net Earnings/(Loss) Per Share (Sen)	0.77	(0.70)	(3.93)	2.02	4.42

* Includes revenue from discontinued operations









BOARD OF DIRECTORS' PROFILE

YAM TUNKU TUN AMINAH BINTI SULTAN IBRAHIM ISMAIL

Chairman/ Non-Independent Non-Executive Director
Nationality/ Age: Malaysian/ 32
Gender: Female

YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail was appointed to the Board of Directors of the Company on 3 March 2017. She is the daughter of the Sultan of Johor DYMM Sultan Ibrahim Ismail who is a major shareholder of the Company. YAM Tunku Tun Aminah graduated from the prestigious La Salle School of Arts in Singapore.

YAM Tunku Tun Aminah has considerable experience in heading private organizations across a broad range of industries. Currently, she is also the Chairperson of Berjaya Waterfront Sdn Bhd and Berjaya Assets Berhad and serves as a director on the boards of several other private companies, including REDtone Network Sdn Bhd, amongst others. She also holds the KFC franchise in Stulang Laut, Johor Bahru.

YAM Tunku Tun Aminah is also the current president of the Johor Darul Ta'zim Football Club (fondly known as JDT), a football club based in Johor Bahru. She is also the Patron of SPCA Johor Bahru and the Johor Society for the Performing Arts.

YAM Tunku Tun Aminah attended four out of the five Board Meetings held during the financial year ended 30 April 2018.

LAU BIK SOON

Group Chief Executive Officer
Nationality/ Age: Malaysian/ 47
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 24 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.

Mr. Lau Bik Soon is also a member of the Remuneration Committee of the Company.

He attended all five Board Meetings held during the financial year ended 30 April 2018.

Board of Directors' Profile
(Cont'd)

DATO' ISMAIL BIN OSMAN
Senior Executive Director
Nationality/ Age: Malaysian/ 68
Gender: Male

Dato' Ismail Bin Osman was appointed to the Board of Directors of the Company on 5 September 2011. He holds a Bachelor in Electronics Engineering from Universiti Teknologi MARA (UITM) and a 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.

Dato' Ismail Bin Osman is currently the Chairman of Malaysian Technical Standard Forum Bhd (MTSFB), a forum designated by Malaysian Communications and Multimedia Commission (MCMC).

He attended all five Board Meetings held during the financial year ended 30 April 2018.

HO MENG
Executive Director
Nationality/ Age: Malaysian/ 58
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.

Mr. Ho was appointed to the Board of 7-Eleven Malaysia Holdings Berhad in August 2013 and he is currently an Executive Director since 1 August 2017. He served as the Acting Chief Executive Officer from 1 August 2017 until cessation on 10 August 2018. In addition, he was the Deputy Chief Executive Officer of 7-Eleven Malaysia Sdn Bhd until 29 April 2016, after 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 Ansat Broadcast Sdn Bhd (formerly known as Ansa Broadcast 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 also a member of the Remuneration Committee of the Company.

He attended all five Board Meetings held during the financial year ended 30 April 2018.

Board of Directors' Profile
(Cont'd)

MATHEW THOMAS A/L VARGIS MATHEWS

Senior Independent Non-Executive Director
Nationality/ Age: Malaysian/ 62
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 Association of Chartered Certified Accountants (UK) qualification from London in 1985. He is currently a Fellow of the Association of Chartered 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 the Remuneration Committee of the Company.

He attended all five Board Meetings held during the financial year ended 30 April 2018.

DATO' MOHD ZAINI BIN HASSAN

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

Dato' Mohd Zaini Bin 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 holds the 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 the Chairman of the Remuneration Committee. He is also a member of the Audit Committee and Nomination Committee of the Company.

He attended four out of the five Board Meetings held during the financial year ended 30 April 2018.

Board of Directors' Profile
(Cont'd)

AVINDERJIT SINGH A/L HARJIT SINGH

Independent Non-Executive Director
Nationality/ Age: Malaysian/ 47
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 of working experience in marketing in several business areas including property development, oil & gas and auto-sports. Currently, he 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, Iskandar Seafront Assets Sdn Bhd, Berjaya Assembly Sdn Bhd and Berjaya Waterfront Sdn Bhd.

Mr. Avinderjit Singh A/L Harjit Singh is also a member of the Nomination Committee of the Company.

He attended all five Board Meetings held during the financial year ended 30 April 2018.

LOH PAIK YOONG

Non-Independent Non-Executive Director
Nationality/ Age: Malaysian/ 54
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 subsequently 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.

Ms. Loh Paik Yoong is also a member of the Audit Committee and Remuneration Committee of the Company.

She attended all five Board Meetings held during the financial year ended 30 April 2018.

Note:

Save as disclosed, none of the Directors have:

1. *any family relationship with any directors and/or major shareholders of the Company;*
2. *any conflict of interest with the Company;*
3. *any convictions for offences within the past 5 years other than traffic offences; and*
4. *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

KEY SENIOR MANAGEMENT'S PROFILE

YEE KAR FONG
Chief Executive Officer – REDtone MEX Sdn Bhd
Nationality/ Age: Malaysian/66
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/60
Gender: Male

Mr. Yau Chee Keong 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, and recently, completed the Harvard Business School Executive Program on Business Analytics & Big Data in March 2018.

Mr. Yau has more than 35 years of working experience in the ICT arena. He spent his last 24 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.

LAU HOCK CHYE
Chief Financial Officer
Nationality/ Age: Malaysian/51
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.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

REDtone International Berhad ("REDtone") is a subsidiary of Berjaya Corporation Berhad. Listed on the ACE Market of Bursa Malaysia Securities Berhad in 2004, REDtone is a leading digital infrastructure and services provider and offers an extensive range of services under three main categories:-

a) Telecommunications Services – REDtone offers data and voice services to government, enterprises, and small and medium enterprises ("SMEs") and 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 LTE services.

b) Managed Telecommunications Network Services ("MTNS") – this includes building, maintaining and operating large scale WiFi hotspots, radio access network ("RAN") infrastructure and fibre optic infrastructure.

c) Industry Digital Services ("IDS") – this includes data centre services, Internet of Things ("IoT") services, cloud services and applications, and healthcare solutions to enterprises, government and the healthcare industry.

REVENUE

The Group's revenue for the financial year ended 30 April 2018 ("FY2018") was RM118.1 million, which was 25% lower than the previous financial year's reported revenue of RM156.5 million. However, the decrease in revenue was 22% when compared to the revenue from continuing operations of the preceding financial year of RM150.6 million. The year-on-year decrease in revenue from continuing operations was mainly attributed to lesser project activities in the MTNS segment.

GROSS PROFIT AND GROSS PROFIT MARGIN

For FY2018, the Group recorded a gross profit of RM52.5 million or a gross profit margin of 44% as compared to RM44.4 million or a gross profit margin of 28% of the preceding financial year. For the financial year ended 30 April 2017 ("FY2017"), the Group's gross profit from continuing operations was RM42.4 million or a gross profit margin of 28%. The increase in the gross profit was mainly driven by the growth in data services and higher profit margin obtained from its MTNS projects.

GENERAL AND ADMINISTRATIVE EXPENSES

General and Administrative (G&A) expenses for FY2018 decreased by RM4.3 million or 8% to RM46.6 million compared to RM50.9 million in the previous financial year, mainly due to lower impairment of receivables. Including the discontinued operations in China, the G&A expenses for FY2017 was RM53.5 million.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally has been financing its operations through a combination of internally generated funds as well as external loans and borrowings. As at 30 April 2018, the Group had deposits with licensed banks as well as cash and bank balances of RM71.1 million and total loans and borrowings of RM6.8 million.

PROFIT/(LOSS) BEFORE TAX

The Group achieved a turnaround and registered a profit before tax of RM6.5 million in FY2018, as compared to a loss before tax from continuing operations of RM9.3 million in the preceding financial year. The loss before tax including result of discontinued operations was RM4.2 million in FY2017.

The improvement in the Group's results for FY2018 was mainly due to the higher gross profit margin achieved from its MTNS projects, growth in the data services segment as well as operational efficiencies.

PROSPECTS

The Board of Directors is of the view that the operating performance of the Group for the next financial year ending 30 April 2019 will remain challenging and competitive for the Group. The Group will continue to focus on measures to improve operational efficiencies and to improve profitability in its core businesses. Barring any unforeseen circumstances, the Board expects significant contribution from its MTNS segment while data services for enterprise market would continue to lead the growth of Telecommunications Services segment.

CORPORATE SUSTAINABILITY STATEMENT

At REDtone, we are passionate about creating lasting value for our stakeholders while doing our part to serve and make a positive impact on people and organisations by delivering reliable digital infrastructure and services.

With increased public awareness of environmental and social issues, we believe that a balanced approach to sustainability will resonate on an emotional level with customers, build trust and further solidify our reputation in the industry.

This sustainability report outlines our endeavours throughout our financial year ended 30 April 2018 (“FYE 2018”) in areas where our expertise and resources can make a positive difference for present and future generations. It provides comprehensive details of our sustainability activities with respect to the following four core areas:

- Economic
- Environmental
- Social
- Workplace

For each area, we have identified the material aspects that are important to our business and have a significant influence on our stakeholders’ opinions and decisions.

1.0 ECONOMIC

1.1 Innovation is a critical driver of sustainable growth, which is why we are spearheading the adoption of the Malaysian R&D and new technologies in the areas of Cloud, Big Data, Smart Cities, IoT Technologies and Smart Communities.

REDtone has an established partnership with MIMOS Berhad - a research and development centre in Kuala Lumpur under the purview of the Malaysian Ministry of Science, Technology and Innovation (MOSTI), to cross leverage on our respective strengths to promote Malaysian-developed products and services. This collaboration has resulted in a substantial increase in the utilisation of local technologies as well as the number of new customers. We also regularly collaborate with global companies and subject-matter experts to drive cloud, big data adoption and digital transformation for enterprises.

1.2 Recognising the economic potential of rural areas, we have prioritised improving digital connectivity for these communities, which in turn helped boost their household income.

We provide communications access to underserved areas in Malaysia and advocate the use of Information and Communications Technology (ICT) in building a knowledge-based economy through our participation in Universal Service Provision (USP) projects such as Kampung Tanpa Wayar (KTW), Time-3 (T3), Pusat Internet 1Malaysia (PI1M) and WiFi Komuniti (WK).

The development of a broader use of licensed spectrums has enabled a more efficient network infrastructure, allowing us to provide connectivity services to rural communities and SMEs at fair prices.

2.0 ENVIRONMENTAL

2.1 We are constantly looking for ways to further minimise the environmental impact of our operations. Among our key efforts in this area is adopting green technologies for our data centre facilities.

Integrated with green technologies, the REDtone Data Centre has been designed with sustainability in mind. The facility delivers energy efficiency, power usage optimisation and cooling capacity enhancement, which collectively contribute to greater savings for our customers.

2.2 In our business, we put our expertise and technology to work for our customers. We believe in walking the talk and are firmly committed to moving towards a digital environment with the aim of enriching customers' experience and creating long term value for our brand.

As part of our continuous efforts to mitigate the environmental impact of our operations, we have adopted an integrated approach to achieve sustainability in the workplace. This includes developing the digital capabilities of our employees as well as streamlining and automating work processes in order to improve resource efficiency and accelerate our move towards a paperless working environment.

To this end, we have developed online portals and applications to create multiple touchpoints for our customers, vendors and employees. We aim to continue expanding on our usage of digital assets to help reduce wastage, maximise productivity, increase efficiency and enhance our brand experience.

3.0 SOCIAL

3.1 REDtone embraces corporate social responsibility (CSR) to lay a solid foundation for our future generations through various community and sports-based initiatives.

We are committed to giving back to the communities where we operate by promoting youth sports programmes to foster positive development. We have been the title sponsor of the Kuala Lumpur International Junior Open Squash Championships organised by the Squash Racquets Association of Federal Territory (SRAFT) for six (6) consecutive years starting from 2012.

Our support for local community events also includes the provision of Internet connectivity, free WiFi services and other forms of assistance.

3.2 In the face of mounting cyber security threats around the world, we have increased our efforts to drive awareness of the risks they pose to enterprises and businesses.

Engaging a holistic approach to cyber security, we provide our customers with the most relevant knowledge and information while working closely with them to understand their respective security, compliance and cost concerns. This has enabled us to consistently deliver comprehensive solutions that match our customers' specific requirements.

The awards and industry recognition that we have received are testament to our success in the sphere of cyber security. We are honoured to support Cyber Security Malaysia and its initiatives to combat cyber threats.

Corporate Sustainability Statement
(Cont'd)

4.0 WORKPLACE

4.1 The wellbeing of our employees is of paramount importance to us because they are the backbone of our business. We place high emphasis on the creation of a safe and healthy working environment and ensuring that our employees are given the right training to work safely from the outset.

It is mandatory for all our field employees to undergo safety induction training before they are assigned to their respective sites. They are also required to obtain a Construction Industry Development Board Malaysia (CIDB) card as validation of their understanding and knowledge in the area of workplace safety.

To reduce our field employees' exposure to workplace hazards, we strive to ensure that they are furnished with the necessary Personal Protective Equipment (PPE). Additionally, our safety personnel are certified by the National Institute of Occupational Safety and Health (NIOSH) and are kept abreast on the latest industry safety regulations, policies and procedures.

4.2 The workplace component of our sustainability report features a strong focus on human resource training and development.

With training being one of our core values, we have set an annual training target of 40 hours of training per employee. All REDtone employees are required to complete this training requisite as part of their KPI measurement. We are pleased to note that the average training hours per employee stood at 41 hours in FYE 2018.

4.3 Fair Employment
The Group believes in and practises fair employment policies.

REDtone practises fair employment opportunities to all employees and job applicants. Equal opportunities are practised in all of the Group's activities, including but not limited to, recruitment, hiring, compensation, assignment, training, promotion, discipline and discharge.

4.4 Employee Engagement and Feedback
In the rapidly changing and competitive business environment, maintaining a high level of employee engagement is increasingly important for the Group in attracting and retaining talents.

Various communication and interactive activities are regularly organised to increase interaction amongst the employees. Everyone's voice can be heard, and aspirations fulfilled, regardless of their position in the Company. The Group practises "Open Door" policy. Intranet portals are enabled for employees' feedback and for dissemination of company related information.

4.5 Employee Benefits and Welfare
Our employees are pivotal to the Group's continuing success.

Employee benefits and welfare are constantly enhanced through periodic reviews. During the year under review, the Group further enhanced the employees' benefit such as additional annual leave entitlement and additional benefits for optical and reading materials.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

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.

In its application of corporate governance practices, the Board has taken into consideration the enumerations of the Malaysian Code on Corporate Governance ("MCCG" or "the Code") and Rule 15.25 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

Details of application for each practice of the Code during the financial year ended 30 April 2018 are disclosed in the Corporate Governance Report which is available on the Company's website at www.redtone.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

A. Board Responsibilities

Board of Directors

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.

In discharging its fiduciary duties and leadership functions, it is imperative for the Board to govern and set the strategic direction of the Company while exercising oversight on 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
- Promote good corporate governance culture within the Group
- Investment and divestment proposals
- Approval of financial results
- Ensuring integrity of financial and non-financial reporting
- Risk management
- Succession planning of Board and Senior Management
- 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

Chairman of the Board

YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail, the Chairman of the Board, is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board and maintaining regular dialogue with the Executive Directors over all operational matters. The Chairman will act as facilitator at meetings of the Board to ensure that no Board member, whether executive or non-executive, dominates discussion, and that appropriate discussion takes place and relevant opinion among Board members are forthcoming.

The profile of the Chairman is set out in the Board of Directors' profile of this Annual Report, whereas the roles and responsibilities of the Chairman are clearly specified in Appendix B of the Board Charter, which is available on the Company's website at www.redtone.com.

The Board recognises that a strong independent element of the Board is essential to ensure a balance of power and authority. The positions of the Chairman and the Group Chief Executive Officer are held by two different individuals and their roles and responsibilities 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 Group Chief Executive Officer focuses primarily on formulation and implementation of business strategies, oversees the implementation of the Board's decisions and policies, as well as supervises the day-to-day management and running of the Group.

Corporate Governance Overview Statement
(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

A. Board Responsibilities (Cont'd)

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.

The Board meets every quarter, with the meeting scheduled well in advance before the commencement of the calendar year to facilitate the Directors in managing their meeting plans. Additional meetings, including special meetings are convened whenever necessary. During the financial year ended 30 April 2018, there were a total of five (5) board meetings held, details of the Directors' attendance at the meetings are summarised below:

NAME OF DIRECTORS	Attendance
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	4/5
Mr. Lau Bik Soon	5/5
Dato' Ismail Bin Osman	5/5
Mr. Ho Meng	5/5
Mr. Mathew Thomas A/L Vargis Mathews	5/5
Dato' Mohd Zaini Bin Hassan	4/5
Mr. Avinderjit Singh A/L Harjit Singh	5/5
Ms. Loh Paik Yoong	5/5

Company Secretary

All Directors have full access to the advice and services of the Company Secretary, who is suitably qualified, experienced and competent. The Company Secretary ensures that the Board procedures are adhered to at all times. The Company Secretary plays an advisory role to the Board on the Board's policies and procedures and advises the Board on any updates relating to new statutory and relevant regulatory requirements including corporate governance developments and the resultant implications of any change therein to the Group and Directors in respect of their duties and responsibilities.

The Company Secretary is also responsible to organise and attend all Board and Board Committees' meetings and ensure the meetings are properly convened while proper records of the deliberations at the meetings and resolutions passed are maintained accordingly at the registered office of the Company.

Access to Information and Advice

The Directors have full and timely access to information concerning the Company and the Group. The relevant meeting agenda complete with relevant meeting papers and matters for discussion are prepared and circulated to the Directors in advance prior to each Board and Board Committee meetings, which enable the Directors to have sufficient time to peruse and assess the meeting papers and obtain explanations from the Management or Company Secretary, in order to have a constructive and effective discussion 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 Directors to discharge their duties more effectively.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

A. Board Responsibilities (Cont'd)

Board Charter

The Company's Board Charter which clearly sets out the respective roles and responsibilities of the Board as a whole, the individual Directors and the Board Committees, serves as a source of reference to the Directors. The Board Charter is publicly available on the Company's website at www.redtone.com.

The Board has reserved certain matters for collective decision of the Board 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, Directors' fees and remuneration etc, to ensure proper delegation of authority to the Board Committees and Management without abdication of its responsibility.

Code of Conduct

The Board is guided by the Directors' Code of Best Practice embedded in the Board Charter which sets out the ethical standards, to ensure the Board upholds high standards of integrity and accountability at all times.

The Group has also in place a Code of Conduct and Ethics covering business ethics, workplace safety and employees' personal conduct to ensure all employees maintain and uphold a high standard of ethical and professional conduct in the course of performance of their duties and responsibilities. The Code of Conduct and Ethics is available on the Company's website at www.redtone.com.

Whistleblowing

A Whistleblowing Policy is in place to provide the appropriate communication and feedback channels to facilitate whistleblowing, as well as to guide and address any reports of wrongdoing under the Code of Conduct and Ethics, including communication through the Company's website. The Whistleblowing Policy, which is published on the Company's website, sets out the processes and procedures for employees or members of the public to report genuine concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal. The Group did not receive any allegations or complaints from whistleblowing during the financial year under review.

B. Board Composition

Board Composition and Balance

The Board consists of eight (8) Directors, comprising three (3) Executive Directors, two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfills the requirements of Rule 15.02 of the ACE Market Listing Requirements of Bursa Securities, which stipulates that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, are independent directors.

The Board acknowledges and takes cognisance of Practice 4.1 of the Code, which requires at least half of the Board to comprise of independent directors. Nevertheless, the Board is of the view that the current composition of the Board provides a reasonable check and balance within the Board, which sufficiently enables it to discharge its duties objectively and the Board's decisions are made with adequate independent supervision.

The Board Chairman is a Non-Independent Non-Executive Director, who by virtue of Her Royal Highness' non-executive position, does not participate in the day-to-day management of the Group's businesses. In addition, the Company'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 Code will not significantly impair the corporate governance framework of the Company, and the Board's decisions are made objectivity with adequate independent supervision.

The profiles of the Directors are set out on pages 11 to 14 of this Annual Report.

Corporate Governance Overview Statement
(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

B. Board Composition (Cont'd)

Board Committees

For the effective functioning of the Board, the Board has established the following Board Committees to assist in the discharge of its stewardship role:

(i) Audit Committee;
(ii) Nomination Committee; and
(iii) Remuneration Committee.

The Board Committees operate within clearly defined terms of reference which were duly approved by the Board. The Chairman of the respective Board Committees report to the Board on proceedings and outcome of the Board Committee meetings, together with their recommendations, while the ultimate responsibility for decision making lies with the Board.

Nomination Committee

The Nomination Committee, chaired by a Senior Independent Non-Executive Director is established to assist the Board to consider, identify and nominate new candidates for directorship and Board Committees' membership. The Nomination Committee assesses a candidate's profile, skills, knowledge, expertise, experience, time commitment, character, professionalism and integrity before recommending the candidate for appointment as a new director to the Board for consideration.

The summary of the activities undertaken by the Nomination Committee during the financial year under review are as follows:

- Conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each Director and Board Committees in respect of the financial year ended 30 April 2017;

- Conducted independent assessment for Independent Non-Executive Directors of the Company;

- Reviewed the term of office and performance of the Audit Committee and each of its members for the financial year ended 30 April 2017;

- Reviewed and recommended to the Board, the re-election of the Directors who were due for re-election by rotation at the Fifteenth Annual General Meeting of the Company;

- Reviewed the independence of Mr. Mathew Thomas A/L Vargis Mathews for recommendation to the Board for his retention as an Independent Non-Executive Director of the Company pursuant to the recommendation of the Code;

- Reviewed the Nomination Committee Report before recommending the same to the Board for consideration and inclusion in the Annual Report 2017 of the Company.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

B. Board Composition (Cont'd)

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.

Practice 4.2 of the Code states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Nonetheless, Practice 4.2 also states that the Board should justify and seek annual shareholders' approval if the Board intends to retain an independent director beyond nine years. If the Board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

Mr. Mathew Thomas A/L Vargis Mathews was appointed to the Board on 15 November 2003 and as such, his tenure of service on the Board as an Independent Non-Executive Director has exceeded a cumulative term of more than twelve (12) years. However, the Nomination Committee and the Board have duly assessed, determined and confirmed that Mr. Mathew Thomas A/L Vargis Mathews, who has served on the Board in the capacity of an independent director for more than twelve (12) years, remains objective and independent in expressing his views and in participating in the deliberation and discussion of the Board and Board Committees. His vast knowledge and strength especially in the areas of finance is invaluable to the mix of skills of the Board. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and his ability to act in the best interest of the Group. Mr. Mathew Thomas A/L Vargis Mathews has demonstrated independence and objectivity 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 through a two-tier voting process at the forthcoming Annual General Meeting ("AGM") to retain Mr. Mathew Thomas A/L Vargis Mathews as an Independent Non-Executive Director of the Company.

Boardroom Diversity

The Board acknowledges the importance of diversity in terms of age, gender, race and religion and recognises the benefits of this diversity. The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain as priority. Therefore, the Company does not set any specific target for boardroom diversity but will actively work towards achieving the appropriate boardroom diversity.

The Board currently has two (2) female Directors, namely YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail and Ms. Loh Paik Yoong. The Board is comfortable with the current size and composition which is balanced and appropriate, where the required mix of skills, experience and industry-specific knowledge of the respective Directors are sufficient and effective in discharging the Board's responsibilities and in meeting the Group's current needs and requirements. The Board will continue to be mindful of the gender diversity guideline when considering future changes to the Board's composition.

Corporate Governance Overview Statement
(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

B. Board Composition (Cont'd)

Appointment and Re-elections to the Board

The Board delegates to the Nomination Committee the responsibility of recommending and considering the prospective candidates for new appointments to the Board. The Board takes cognisance of the guidelines of the Code to utilise a variety of approaches and sources to identify suitable candidates, which may include sourcing from a directors' registry, open advertisements or the use of the independent search firms. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and formal and the appointments are made on merits.

During the financial year under review, there were no new appointment of Board members. 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.

The retiring Directors standing for re-election at the AGM are recommended by the Nomination Committee. Thereafter, the Board approves and recommends for tabling to the shareholders for approval at the AGM. According to Article 85 of the Company's Articles of Association ("AA"), all Directors are required to submit themselves for re-election at intervals of not more than three (3) years. Article 85 of the AA further 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 also subject to re-election by the shareholders at the next AGM following their appointment in accordance with Article 92 of the AA of the Company.

Board and Board Committees' Annual Assessment

The Board, through the Nomination Committee conducts annual assessment of the Board, Board Committees and individual Directors to assess its performance and to identify areas for improvement. The annual assessment comprises Board and Board Committee Assessments, Board Skills Matrix Evaluation and Audit Committee Assessment which are guided by the Corporate Governance Guide – Towards Boardroom Excellence. They are completed by the respective Board Committees and Directors, to provide feedback, views, and suggestions for improvement. The results of the assessments and comments by Directors are summarized and deliberated at the Nomination Committee meeting and thereafter, the Nomination Committee Chairman will report the results of the assessment to the Board.

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 and Board Committees as well as the Chairman's role and responsibilities.

The annual assessment enables the Board to ensure that each of the Board member has the competency, experience, character, integrity and time availability, including the right mix of skills to effectively discharge their respective roles. On an overall basis, the Board is satisfied with the results of the assessment, whereby the size of the Board is optimum, well-balanced with the appropriate mix of skills and experience in the composition of the Board.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

B. Board Composition (Cont'd)

Directors' Training

All members of the Board have attended the Mandatory Accreditation Program prescribed by Bursa Securities. They have also attended other relevant training, conferences and seminars to ensure that they are kept abreast of the latest developments and changes to the regulatory requirements that may affect their roles as Directors of the Company. The Nomination Committee will also assess the training needs of the Directors from time to time to ensure the Directors are equipped with relevant knowledge and skills to discharge their duties more effectively.

During the financial year under review, the continuous education programmes attended by the Directors are as follows:

Director	Title of Programmes/Seminars/Courses/Forum
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	• Mandatory Accreditation Programme
Mr. Lau Bik Soon	• Advocacy Sessions to Enhance Quality of MD&A for CEO's and CFO's • Update on One Belt One Road Initiatives • Human Capital Performance Transformation • 2018 Budget & GE14 • Bursa CG Breakfast Sessions – MCCG Reporting & CG Guide • Leader's Voice • Managing Generation Y & Z
Dato' Ismail Bin Osman	• Bursa CG Breakfast Series – Board Excellence: How to Engage and Enthuse Beyond Compliance with Sustainability • Bursa CG Breakfast Series – Leading Change @ The Brain • Bursa CG Breakfast Sessions – MCCG Reporting & CG Guide
Mr. Ho Meng	• SDG Business Summit 2017 – Business as a force for good: The Role of the Private Sector in achieving the Sustainable Development Goals • 24th CLSA Investor Forum • Bursa CG Breakfast Series for Directors: Learning a Volatile, Uncertain, Complex, Ambiguous (VUCA) World • J.P. Morgan's Asia Rising Dragons 1x1 Forum • MIA International Accountant Conference 2017 • Bursa CG Breakfast Series Entitles: "Leading Change @ The Brain" • 2018 Store Development Workshop and 7E Experience
Mr. Mathew Thomas A/L Vargis Mathews	• Securities Commission Malaysia's Conversation with Audit Committees • Budget 2018 Seminar • National Tax Conference by MIA • Audit Guide for Practitioners – Updates by MIA
Dato' Mohd Zaini Bin Hassan	• Malaysia's Economy: Challenges and the Way Forward • Driving Financial Integrity & Performance – Enhancing Financial Literacy
Mr. Avinderjit Singh A/L Harjit Singh	• Change and implication of The Companies Act 2016 • Preparing the Bursa Sustainability Report
Ms. Loh Paik Yoong	• Bursa CG Breakfast Series – Board Excellence: How to Engage and Enthuse Beyond Compliance with Sustainability • MIRA Workshop on Key Disclosure Obligations of Listed Companies • Tax & Business Submit 2017 by KPMG • Key Amendments to Listing Requirements Arising from Companies Act 2016 • Malaysian Code on Corporate Governance: A New Dimension by Securities Industry Development Corporation • World Capital Markets Symposium by Securities Commission

In addition, the Company Secretary updates and 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.

Corporate Governance Overview Statement
(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

C. Remuneration

The Group strives to ensure that there are formal and transparent directors' remuneration policies and procedures in place to attract and retain Directors of the calibre needed to run the Group successfully.

The Board has established a Remuneration Committee with an objective to assist the Board in recommending a fair and attractive remuneration framework, which includes the remuneration packages and other terms of employment for the Executive Directors. In formulating the 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 able to attract, retain and motivate the Executive Directors, and is reflective of their experience and level of responsibilities.

The Board, as a whole, determines the fees of the Non-Executive Directors, with each Director concerned abstaining from any decision with regards to his/her own remuneration. Taking into account the performance of the Group and the responsibilities of the Directors, the Directors' fees are set in accordance with a remuneration framework comprising responsibility fees and attendance fees.

Details of the Directors' remuneration categorised into appropriate components for the financial year ended 30 April 2018 are as follows:-

	Company				Group			
	Salaries/ Bonus (RM)	Fees (RM)	Benefits-in-kind (RM)	Other Emoluments^ (RM)	Salaries/ Bonus (RM)	Fees (RM)	Benefits-in-kind (RM)	Other Emoluments^ (RM)
Executive Directors								
Mr. Lau Bik Soon	-	-	-	-	737,000	-	95,600	110,500
Dato' Ismail Bin Osman	-	-	-	-	216,000	-	8,000	22,000
Mr. Ho Meng	-	-	-	-	400,000	-	-	58,600
Non-Executive Directors								
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	-	390,000	-	7,600	-	-	-	-
Mr. Mathew Thomas A/L Vargis Mathews	-	72,000	-	15,000	-	-	-	-
Dato' Mohd Zaini Bin Hassan	-	48,000	-	13,200	-	-	-	-
Mr. Avinderjit Singh A/L Harjit Singh	-	39,600	-	8,900	-	-	-	-
Ms. Loh Paik Yoong	-	39,600	-	11,700	-	-	-	-
Mr. Jagdish Singh Dhaliwal*	-	34,400	-	9,400	-	-	-	-
Dato' Wei Chuan Beng #	-	5,000	-	-	-	-	-	-

Notes:-
^ Other emoluments are inclusive of meeting allowance and employer's provident fund contributions.
* Deceased on 8 November 2017.
\# Resigned on 31 May 2017.

The Board has considered and is of the opinion that the disclosure of the top five (5) Senior Management's remuneration on a named basis would not be in the best interest of the Group due to confidentiality and security concerns as well as the competitive conditions for talent in the telecommunications industry.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

A. Audit Committee

The Audit Committee (guided by its Terms of Reference) assists the Board to review the adequacy and integrity of the Group's financial administration and reporting and internal control.

The Audit Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, all of whom possess a wide range of necessary skills and are financially literate to effectively discharge their duties. In tandem with the recommended practice of MCCG, the Audit Committee is chaired by a Senior Independent Non-Executive Director, Mr. Mathew Thomas A/L Vargis Mathews, who is not the Chairman of the Board.

None of the Audit Committee members was a former key audit partner of the Company. In July 2018, the Board amended the terms of reference of the Audit Committee to include the requirement for a former key audit partner of the Company to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

The Audit Committee has explicit authority to communicate directly with the external auditors. The external auditors are invited to attend the Audit Committee meeting at least twice a year to discuss their audit plan and their audit findings on the Company's yearly financial statements. In addition, the Audit Committee will also have private sessions with the external auditors without the presence of the Executive Directors and Management to discuss any concerns including the Management's cooperation in the audit process, quality and competency in the financial reporting function, sharing of information and audit issues encountered during the course of their audit work.

The Audit Committee annually reviews and assesses the performance, suitability, objectivity and independence of the external auditors and the level of non-audit services rendered by the external auditors which may impair their objectivity and independence as external auditors of the Company. The Audit Committee has recommended the re-appointment of Messrs. Ernst & Young ("EY") as external auditors of the Company for the ensuing year after assessing the suitability and independence of EY. As recommended by the Audit Committee, the Board at its Board meeting held on 23 July 2018 resolved to recommend to the shareholders for approval, the re-appointment of EY as external auditors of the Company for the financial year ending 30 April 2019 at the forthcoming AGM.

The Audit Committee Report which provides an overview of the summary of activities of the Audit Committee, is set out on pages 33 to 35 of this Annual Report.

B. Risk Management and Internal Control Framework

<u>Risk Management and Internal Control</u>

The Board acknowledges its overall responsibility for continuous maintenance of a sound risk management framework and effective system of internal control. The Board has the overall responsibility to review and monitor 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. A Risk Management Committee ("RMC"), headed by the Group Chief Executive Officer, which reports to the Audit Committee was also established to oversee the implementation of the Enterprise-Wide Risk Management Program, a program to assist in the identification and management of the significant risks faced by the Group.

The main features of the Company's risk management framework and internal control system are disclosed in the Statement on Risk Management and Internal Control on pages 36 to 39 of this Annual Report.

For the year under review, the Board had reviewed the risk management and internal control system of the Group and is of the view that the system is adequate and effective as there were no material weaknesses and/or reported shortfalls in the risk management practices and internal control system which resulted and/or gave rise to any material loss, contingency and/or uncertainty to the Group.

Corporate Governance Overview Statement
(Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

B. Risk Management and Internal Control Framework (Cont'd)

Internal Audit Function

The Company has outsourced its internal audit function to an independent professional consulting firm, namely Messrs. Stanco & Ruche Consulting as part of its effort to provide adequate and effective internal control system. The internal audits carried out by the internal auditors are guided by the internal audit standards promulgated by the Institute of Internal Auditors Inc, a globally recognised professional body for internal auditors.

The internal auditors report independently and directly to the Audit Committee on the Group's internal audit function, which is independent of the Board and Management. 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.

Further details on the Group's internal audit function is set out in the Audit Committee Report on pages 33 to 35 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

A. Communication with Stakeholders

The Board acknowledges the importance of establishing the corporate disclosure procedures to enable timely, comprehensive and accurate disclosures relating to the Group to the regulators, shareholders and stakeholders. The timely release of financial results, announcements 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 Company is committed to ensuring that information communicated 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.

The Board has adopted a formal Shareholders' Communication Policy to provide guidance as well as to ensure a consistent approach towards the Company's communication with the shareholders.

In ensuring effective, transparent and regular communication with its stakeholders, the following communication channels are mainly used by the Company in disseminating information:-

- The Company maintains a website at www.redtone.com to facilitate access to 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;
- General Meetings which serves as the principal forum for dialogue with shareholders where they may raise questions or seek clarifications on the Company's business and reports from the Company's Directors; and
- 'Facebook' page, namely, "redtonemalaysia" where corporate events and staff activities are posted as a way to engage with the employees and general public.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

B. Conduct of General Meetings

The AGM serves as the annual principal forum for dialogue between the Board of Directors and the shareholders, in gathering meaningful feedback and to leverage on the insights of shareholders. Shareholders will be provided with ample time to ask questions or seek clarifications from the Company's Directors in relation to the Company's business and results. The Board Chairman, the respective Board Committees' Chairman, the Board of Directors, Senior Management together with the external auditors had attended the preceding Fifteenth AGM and had gained useful feedbacks from the shareholders with meaningful responses given in return.

Notice of the AGM and the annual report together with the financial statements are sent out to shareholders at least twenty-eight (28) days before the date of the meeting to facilitate the 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 will be accompanied by a full explanation of the effects of the proposed resolution.

Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities requires 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, to be voted by poll. As such, the Board shall table all the resolutions at the forthcoming AGM by way of poll voting and an independent scrutineer will also be appointed to monitor the conduct of the polling.

This Corporate Governance Overview Statement was approved by the Board of Directors on 23 July 2018.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred by the Company and Group for the financial year ended 30 April 2018 are as follows:-

	Company RM	Group RM
Audit fees	102,000	329,000
Non-audit fees	–	34,000
	102,000	363,000

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 year or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS

At the Fifteenth Annual General Meeting ("AGM") of the Company held on 5 October 2017, the Company had obtained the approval from the shareholders to allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("RRPT"), which were necessary for the day-to-day operations of the Group and in the ordinary course of business, with related parties.

Pursuant to Rule 10.09(2)(b) and Paragraph 3.1.5 of the Guidance Note 8 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the RRPT entered into by the Company and its subsidiaries during the financial year ended 30 April 2018 are disclosed in Note 32 of the financial statements on pages 129 to 131 of this Annual Report.

The aforesaid RRPT mandates will lapse at the conclusion of the forthcoming Sixteenth AGM of the Company to be held on 16 October 2018.

Hence, the Company proposes to seek shareholders' approval to renew the existing RRPT mandate as well as to obtain a new mandate in respect of additional RRPT to be entered into by the Company and its subsidiaries ("Proposed Mandates") at its forthcoming Sixteenth AGM. Details of the Proposed Mandates being sought are provided in the Circular to Shareholders dated 28 August 2018 which is sent together with this Annual Report.

AUDIT COMMITTEE REPORT

The Board of Directors of REDtone International Berhad is pleased to present the Audit Committee Report to provide insights on the discharge of the Audit Committee's functions during the financial year ended 30 April 2018.

OBJECTIVE

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

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)
Dato' Mohd Zaini Bin Hassan (Member, Independent Non-Executive Director)
Ms. Loh Paik Yoong (Member, Non-Independent Non-Executive Director) *(appointed on 28 November 2017)*

The details of attendance of each member at the Audit Committee meetings held during the financial year ended 30 April 2018 are as follows:

Name of Committee Members	Designation	Attendance
Mr. Mathew Thomas A/L Vargis Mathews (Senior Independent Non-Executive Director)	Chairman	10/10
Dato' Mohd Zaini Bin Hassan (Independent Non-Executive Director)	Member	8/10
Ms. Loh Paik Yoong (Non-Independent Non-Executive Director) (appointed on 28 November 2017)	Member	4/4

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.

Audit Committee Report
(Cont'd)

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

During the financial year ended 30 April 2018, the Committee had carried out the following activities to discharge its functions and duties in line with its Terms of Reference:-

Financial Reporting

- Reviewed the unaudited quarterly results of the Group for the financial quarters ended 30 April 2017, 31 July 2017, 31 October 2017 and 31 January 2018 before recommending the same for the Board's approval and release to Bursa Malaysia Securities Berhad;

- Reviewed the annual audited financial statements of the Company and of the Group for the financial year ended 30 April 2017, the issues arising from the audit, their resolutions and the independent auditors' report prepared by the External Auditors prior to recommending to the Board for approval; and

- Reviewed the changes in and implementation of major accounting policies and practices to ensure the compliance with approved accounting standards and adherence to other legal regulatory requirements.

External Audit

- Reviewed the Audit Plan of the Group for the financial year ended 30 April 2018 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;

- Reviewed the Status Report prepared by the External Auditors in respect of the audit for the financial year ended 30 April 2017 covering updates on matters to highlight and significant outstanding matters from the audit field work;

- Reviewed the 2017 Report to the Audit Committee prepared by the External Auditors for the financial year ended 30 April 2017 upon the completion of the audit work;

- Had private sessions with the External Auditors without the presence of Executive Directors and Management;

- Reviewed the proposed audit fees for the financial year ended 30 April 2017 and recommending to the Board for approval; and

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

Internal Audit

- Reviewed and approved the annual internal audit plan for the financial year ended 30 April 2018 to ensure adequate scope of coverage over the activities of the Group; and

- Reviewed the Internal Audit Reports tabled during the year including the internal auditors' observations and recommendations, and the management's response to these recommendations. The scope of internal audit reviewed during the financial year ended 30 April 2018 were in respect of Cash Management, Project Accounting Management, Recurrent Related Party Transactions, Human Resources Management of Staff Expenses and Overtime Claims and Project Management.

Whistleblowing

- Reviewed the Whistleblowing Policy before recommending the same to the Board for approval and adoption.

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

Related Party Transactions

- Reviewed the related party transactions on a quarterly basis and against the annual mandate approved by the shareholders;
- Reviewed the possibilities of conflict of interest situations which may arise within the Group; and
- Reviewed the Circular to Shareholders in relation to the Proposed Renewal of and New Shareholders' Mandates for Recurrent Related Party Transactions of a Revenue or Trading Nature dated 23 August 2017.

Oversight of Risk Management and Internal Control

- Received updates on the Enterprise Risk Management of the Group to ensure that sufficient level of controls are in place to safeguard the Group's assets;
- Reported to the Board on significant 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; and
- 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 2017 of the Company.

INTERNAL AUDIT FUNCTION

The Committee is supported by an outsourced Internal Auditor in the discharge of its duties and responsibilities with regards to the internal audit function of the Group. Based on the audits, the outsourced Internal Auditor had provided 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 Auditor 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 reviews;
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 Auditor 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 year under review, the operational compliance reviews conducted were as follows:

- Cash Management Review
- Project Accounting Management Review
- Recurrent Related Party Transactions Review
- Human Resources Management of Staff Expenses and Overtime Claims
- Project Management Review

The Audit Committee reviews the internal audit reports, its recommendations and its subsequent follow-up review to determine the status of the internal controls, where applicable.

The fees incurred during the financial year ended 30 April 2018 in relation to the internal audit function for the Group was RM90,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 ("MCCG") 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.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for the Group's system of risk management and internal control and continuously reviews the adequacy and integrity of the system. It should also be noted 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 controls 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 year under review and up to the date of approval of this Statement.

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. A Risk Management Committee ("RMC") (headed by the Group Chief Executive Officer and comprising of key management personnel from the respective divisions), which reports to the Audit Committee is established to assist and oversee the risk management system of the Group.

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 Group had implemented the Enterprise-Wide Risk Management Program ("ERM") to assist the RMC in identifying and managing significant risks faced by the Group. The RMC, guided by its Terms of Reference (included in the Board Charter and is available on the Company's website at www.redtone.com) is tasked to report to the Audit Committee on key risks identified and the implementation of action plans to mitigate the risks. The Board is constantly apprised by the Audit Committee and the RMC on the Group's risk profile, including action plans to address significant risks.

Statement on Risk Management
and Internal Control
(Cont'd)

RISK MANAGEMENT FRAMEWORK (CONT'D)

The key features of the 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.

During the financial year ended 30 April 2018, the RMC had reviewed the Key Risk Profile established and the Key Risk Indicators which may assist the Group to achieve its objectives. The RMC had then updated the Audit Committee and the Board of Directors on the risk management activities.

Meanwhile, the management of risks is an ongoing process of identifying, evaluating and managing 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 divisions within the Group. The Board shall, with the assistance from the Audit Committee and the RMC, re-evaluate the existing risk management practices, and where appropriate and necessary, revise such practices accordingly.

KEY INTERNAL CONTROL ELEMENTS

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

- Board Committees that assist the Board in overseeing the management of risks, each with clearly defined terms of reference, authorities and responsibilities. The standing committees of the Company 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 Group Chief Executive Officer, Executive Directors and Senior Management are closely involved in the running of the day-to-day business and operations of the Group. They report to the Board on significant changes in the business and external environment which may affect the business operations of the Group at large;
- The Code of Conduct and Ethics is a vital and an integral part of the Group's control environment;
- All proposals for material capital expenditure and investment opportunities are reviewed by the Executive Committee and requires approval from the Board prior to the commitment of expenditure;
- An approved Limits of Authority matrix which defines the delegation of authority and the approval limits granted to the Management team;
- The Audit Committee reviews the effectiveness of the Group's system of internal control on behalf of the Board. The Audit Committee, which comprises of non-executive members of the Board, 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 as well as to all employees of the Group. The Audit Committee is also entitled to seek other third-party independent professional advice deemed necessary in the performance of its responsibility;
- The Audit Committee reviewed the internal control issues identified by the external and internal auditors, and action plans carried out by Management in respect of the findings arising therefrom. The internal auditors report directly to the Audit Committee. Findings together with the recommendations for improvements are communicated to the Management and reported to the Audit Committee while follow-up review is conducted to ensure all agreed recommendations are implemented accordingly. The Internal Audit plan is structured on a risk-based approach and is reviewed and approved by the Audit Committee;

Statement on Risk Management and Internal Control
(Cont'd)

KEY INTERNAL CONTROL ELEMENTS (CONT'D)

- The Company's performance is monitored regularly and the business objectives and plans are reviewed during the management meetings attended by respective division and business unit heads. The key operational and management issues are also resolved at these meetings. The Group Chief Executive Officer 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 operational and financial aspects of the Company. Management accounts are prepared timely and on a monthly basis and is reviewed by the Group Chief Executive Officer, Executive Directors and Senior Management;

- The professionalism and competency of staff are enhanced through training and development programs. 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 an independent professional consulting firm for greater independence and accountability in the internal audit function.

INTERNAL AUDIT FUNCTION

The Company maintains an internal control environment which is independent from the Management by outsourcing its internal audit function to an independent professional consulting firm 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 review 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 their review on Cash Management, Project Accounting Management, Recurrent Related Party Transactions, Human Resource Staff Expenses and Overtime Claims and Project Management during the financial year ended 30 April 2018.

The internal auditors have unrestricted access to all documents and records of the Group deemed necessary in the performance of its function. They independently review the risk identification procedures and control processes implemented by the Management. Internal auditors also review 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 the 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, contingencies and uncertainties that would require separate disclosure in this Annual Report.

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

The total cost incurred for the outsourced internal audit function for the financial year ended 30 April 2018 was RM90,000.

REVIEW BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 30 April 2018. Their review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3, 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.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the External Auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Securities and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this Statement.

CONCLUSION

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

This Statement was approved by the Board on 23 July 2018.

DIRECTORS' RESPONSIBILITY STATEMENT

The Companies Act 2016 ("Act") requires the Directors to present the financial statements of the Company and the Group in accordance with the Act and approved accounting standards which gives a true and fair view of the financial performance and the financial position of the Group and of 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 also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In compliance with the several responsibilities of the Directors, the Directors present the financial statements of the Company and the Group for the financial year ended 30 April 2018 as set out on pages 50 to 141 of this Annual Report.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2018.

Holding company

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 ("BCorp"), a public listed company incorporated in Malaysia, listed on the Main Market of Bursa Malaysia Securities Berhad.

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 16 to the financial statements. There have been no significant changes in the nature of the principal activities during the current financial year.

Results

	Group RM'000	Company RM'000
Profit, net of tax	4,769	689
Profit attributable to:		
Owners of the parent	5,969	689
Non-controlling interests	(1,200)	-
	4,769	689

There were no material transfers to or from reserves or provisions during the financial year.

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

Dividend

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

Issue of shares

During the financial year, the total share capital of the Company increased from RM147,358,350 to RM147,524,275 as a result of the issuance of 663,700 new ordinary shares resulting from the conversion of 2.75% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at the rate of ten ICULS into four ordinary shares at RM0.25 each in the Company.

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

Treasury shares

The Company did not repurchase any of its issued ordinary shares during the financial year ended 30 April 2018.

Of the total 758,228,172 (2017: 757,564,472) issued and fully paid-up ordinary shares as at the end of the financial year, 9,502,000 (2017: 9,502,000) ordinary shares are held as treasury shares by the Company amounting to RM5,653,000 (2017: RM5,653,000). Relevant details on the treasury shares are disclosed in Note 26.

Options granted over unissued shares

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

Directors

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

YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail
Lau Bik Soon
Dato' Ismail Bin Osman
Ho Meng
Mathew Thomas A/L Vargis Mathews
Dato' Mohd Zaini Bin Hassan
Avinderjit Singh A/L Harjit Singh
Loh Paik Yoong
Jagdish Singh Dhaliwal (Demised on 8 Nov 2017)

Directors' Report
(Cont'd)

Directors' benefits

Neither at the end of the financial year, nor at anytime during the year, 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 benefits included in the aggregate amount of emoluments received or due and receivable by directors or the fixed salary of a full-time employee of the Company as shown below) 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.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Executive directors' remuneration:		
- Salaries and bonuses	1,353	-
- Other emoluments	295	25
	1,648	25
Non-executive directors' remuneration:		
- Fees	629	629
- Other emoluments	66	66
	695	695
Total directors' remuneration	2,343	720

The Company will indemnify its directors as part of the terms of their appointment against claims by third parties. No payment has been made to indemnify the directors for the financial year ended 30 April 2018.

Directors' interests

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

	Number of ordinary shares			
	At 1 May 2017	**Acquired**	**Disposed**	**At 30 April 2018**
The Company				
Direct interests				
Lau Bik Soon	3,710,360	-	-	3,710,360
Mathew Thomas A/L Vargis Mathews	615,000	-	-	615,000
Dato' Mohd Zaini Bin Hassan	20,000	-	-	20,000

	Number of ordinary shares			
	At 1 May 2017	**Acquired**	**Disposed**	**At 30 April 2018**
Ultimate holding company, Berjaya Corporation Berhad				
Direct interests				
Loh Paik Yoong	859	-	-	859
Ho Meng	12,121	-	-	12,121

	Number of 2% ICULS 2016/2026			
	At 1 May 2017	**Acquired**	**Disposed**	**At 30 April 2018**
Ultimate holding company, Berjaya Corporation Berhad				
Direct interests				
Loh Paik Yoong	1,000	-	-	1,000

	Number of warrants			
	At 1 May 2017	**Acquired**	**Disposed**	**At 30 April 2018**
Ultimate holding company, Berjaya Corporation Berhad				
Direct interests				
Loh Paik Yoong	1,000	-	-	1,000

Directors' Report
(Cont'd)

Directors' interests (contd.)

	Number of ordinary shares			
	At 1 May 2017	Acquired	Disposed	At 30 April 2018
Related company, Berjaya Land Berhad				
Direct interests				
Loh Paik Yoong	16,400	-	-	16,400

	Number of ordinary shares			
	At 1 May 2017	Acquired	Disposed	At 30 April 2018
Related company, Berjaya Sports Toto Berhad				
Direct interests				
Loh Paik Yoong	36,870	-	-	36,870

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

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.

Other statutory information (contd.)

(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 year 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 year.

(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 year 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 year 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 year in which this report is made.

Significant events

The significant events during the financial year are as follows:

(a) On 15 December 2017, the Company announced that the financial assistance provided by REDtone Telecommunications Sdn. Bhd. ("RTC") to Sprintz Designs Sdn. Bhd. ("Sprintz") amounting to RM898,000 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 have since expired and hence, there is no provision of financial assistance as at 30 April 2018.

(b) On 27 December 2017, the Company announced that REDtone Engineering & Network Services Sdn. Bhd. ("RENS") received the Notice of Approval from the Malaysian Communications and Multimedia Commission ("MCMC") to appoint RENS as Universal Service Provider for the provision and implementation of Time 3 Extension Phase 3 (Part 2) project, for the provision of 2G and 3G public cellular services in rural areas in 8 major states of Malaysia as part of MCMC's Time 3 Extension Phase 3 Programme, subject to a maximum cost of RM250,755,000.

Directors' Report
(Cont'd)

Auditors

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

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young	318	102
Other auditors	11	-
	329	102

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young neither during the financial year nor since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 July 2018.

Dato' Ismail Bin Osman

Lau Bik Soon

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

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 50 to 141 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2018 and the financial performance and the cash flows of the Group and the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 July 2018.

Dato' Ismail Bin Osman

Lau Bik Soon

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

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 50 to 141 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 Puchong, Selangor Darul Ehsan
on 31 July 2018

Lau Hock Chye

Before me,

Khor Han Ghee (B476)
Commissioner for Oaths

STATEMENTS OF PROFIT OR LOSS

for the financial year ended 30 April 2018

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Revenue	3	118,081	150,567	-	-
Cost of sales		(65,586)	(108,128)	-	-
Gross profit		52,495	42,439	-	-
Other income	4	2,759	1,617	2,605	219
		55,254	44,056	2,605	219
General and administrative expenses		(46,630)	(50,930)	(1,387)	(26,936)
Finance costs	5	(2,111)	(2,468)	(166)	(172)
Profit/(loss) before tax from continuing operations	6	6,513	(9,342)	1,052	(26,889)
Taxation	9	(1,744)	(1,506)	(363)	(434)
Profit/(loss) from continuing operations, net of tax		4,769	(10,848)	689	(27,323)
Discontinued operations					
Profit from discontinued operations, net of tax	23	-	4,980	-	-
Profit/(loss), net of tax		4,769	(5,868)	689	(27,323)
Profit/(loss) attributable to:					
Owners of the parent					
- from continuing operations		5,969	(10,643)	689	(27,323)
- from discontinued operations		-	5,277	-	-
		5,969	(5,366)	689	(27,323)
Non-controlling interests		(1,200)	(502)	-	-
		4,769	(5,868)	689	(27,323)
Earnings/(loss) per share attributable to owners of the parent (sen per share):					
- Basic, from continuing operations		0.77	(1.38)		
- Basic, from discontinued operations		-	0.68		
- Basic, for the year	10	0.77	(0.70)		
- Diluted, for the year	10	N/A	N/A		

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

STATEMENTS OF COMPREHENSIVE INCOME
for the financial year ended 30 April 2018

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit/(loss), net of tax	4,769	(5,868)	689	(27,323)
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:-				
- Foreign currency translation	-	375	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:-				
- Revaluation of freehold office lots transferred from property, plant and equipment to investment properties, net of tax	-	223	-	-
Total comprehensive income for the year	4,769	(5,270)	689	(27,323)
Total comprehensive income attributable to:				
Owners of the parent	5,969	(4,965)	689	(27,323)
Non-controlling interests	(1,200)	(305)	-	-
	4,769	(5,270)	689	(27,323)

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

STATEMENTS OF FINANCIAL POSITION
as at 30 April 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Assets					
Non-current assets					
Goodwill	11	423	423	-	-
Property, plant and equipment	12	19,914	22,365	-	-
Investment properties	13	1,160	1,760	-	-
Intangible assets	14	37,014	37,826	-	-
Development costs	15	847	3,208	-	-
Investments in subsidiaries	16	-	-	10,272	10,272
Deferred tax assets	19	5,350	5,518	-	-
		64,708	71,100	10,272	10,272
Current assets					
Inventories	20	437	657	-	-
Trade and other receivables	21	66,955	111,651	72,517	71,829
Tax recoverable		5,080	5,693	-	-
Cash and bank balances	22	71,138	47,798	7	3
		143,610	165,799	72,524	71,832
Total assets		208,318	236,899	82,796	82,104

Statements of Financial Position
as at 30 April 2018 (Cont'd)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	24	147,524	147,359	147,524	147,359
Equity component of irredeemable convertible unsecured loan stocks ("ICULS")	25	2,289	2,454	2,289	2,454
Treasury shares	26	(5,653)	(5,653)	(5,653)	(5,653)
Reserves	27	(5,333)	(11,302)	(61,959)	(62,648)
		138,827	132,858	82,201	81,512
Non-controlling interests		3,720	4,920	-	-
Total equity		142,547	137,778	82,201	81,512
Non-current liabilities					
Liability component of irredeemable convertible unsecured loan stocks	25	265	404	265	404
Loans and borrowings	28	1,664	1,800	-	-
Deferred tax liabilities	19	1,192	1,933	-	-
		3,121	4,137	265	404
Current liabilities					
Trade and other payables	29	57,316	67,334	215	188
Loans and borrowings	28	5,143	27,125	-	-
Provision for taxation		191	525	115	-
		62,650	94,984	330	188
Total liabilities		65,771	99,121	595	592
Total equity and liabilities		208,318	236,899	82,796	82,104

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 April 2018

	Share capital RM'000 (Note 24)	ICULS - equity component RM'000 (Note 25)	Treasury shares RM'000 (Note 26)	Non-distributable: Share premium RM'000 (Note 27(a))	Non-distributable: Foreign exchange reserve RM'000 (Note 27(b))	Non-distributable: Revaluation reserve RM'000 (Note 27(c))	Accumulated losses RM'000 (Note 27)	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group										
At 1 May 2016	75,728	2,513	(5,631)	71,572	(3,580)	418	(5,849)	135,171	10,525	145,696
Loss after tax	-	-	-	-	-	-	(5,366)	(5,366)	(502)	(5,868)
Other comprehensive income, net of tax										
- Foreign currency translation	-	-	-	-	178	-	-	178	197	375
- Revaluation of freehold office lots transferred from property, plant and equipment to investment properties	-	-	-	-	-	223	-	223	-	223
Total comprehensive income	-	-	-	-	178	223	(5,366)	(4,965)	(305)	(5,270)
Transactions with owners										
- Issuance of shares pursuant to conversion of ICULS	59	(59)	-	-	-	-	-	-	-	-
- Treasury shares acquired	-	-	(22)	-	-	-	-	(22)	-	(22)
- Arising from disposal of a subsidiary	-	-	-	-	2,739	-	-	2,739	(5,375)	(2,636)
- Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	10	10
- Arising from acquisition of non-controlling interests	-	-	-	-	-	-	(65)	(65)	65	-
- Effect of implementation of the Companies Act 2016	71,572	-	-	(71,572)	-	-	-	-	-	-
Total transactions with owners	71,631	(59)	(22)	(71,572)	2,739	-	(65)	2,652	(5,300)	(2,648)
At 30 April 2017	147,359	2,454	(5,653)	-	(663)	641	(11,280)	132,858	4,920	137,778

Statements of Changes in Equity

for the financial year ended 30 April 2018 (Cont'd)

	Share capital RM'000 (Note 24)	ICULS - equity component RM'000 (Note 25)	Treasury shares RM'000 (Note 26)	|------ Non-distributable ------| Foreign exchange reserve RM'000 (Note 27(b))	Revaluation reserve RM'000 (Note 27(c))	Accumulated losses RM'000 (Note 27)	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
At 1 May 2017	147,359	2,454	(5,653)	(663)	641	(11,280)	132,858	4,920	137,778
Profit after tax, representing total comprehensive income	-	-	-	-	-	5,969	5,969	(1,200)	4,769
Transaction with owners									
- Issuance of shares pursuant to conversion of ICULS, representing total transaction with owners	165	(165)	-	-	-	-	-	-	-
At 30 April 2018	147,524	2,289	(5,653)	(663)	641	(5,311)	138,827	3,720	142,547

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

Statements of Changes in Equity

for the financial year ended 30 April 2018 (Cont'd)

	Share capital RM'000 (Note 24)	ICULS - equity component RM'000 (Note 25)	Treasury shares RM'000 (Note 26)	Non-distributable share premium RM'000 (Note 27(a))	Accumulated losses RM'000 (Note 27)	Total equity RM'000
Company						
At 1 May 2016	75,728	2,513	(5,631)	71,572	(35,325)	108,857
Total comprehensive income	-	-	-	-	(27,323)	(27,323)
Transactions with owners						
- Issuance of shares pursuant to conversion of ICULS	59	(59)	-	-	-	-
- Treasury shares acquired	-	-	(22)	-	-	(22)
- Effect of implementation of the Companies Act 2016	71,572	-	-	(71,572)	-	-
Total transactions with owners	71,631	(59)	(22)	(71,572)	-	(22)
At 30 April 2017	147,359	2,454	(5,653)	-	(62,648)	81,512
At 1 May 2017	147,359	2,454	(5,653)	-	(62,648)	81,512
Total comprehensive income	-	-	-	-	689	689
Transaction with owners						
- Issuance of shares pursuant to conversion of ICULS, reprenseting total transaction with owners	165	(165)	-	-	-	-
At 30 April 2018	147,524	2,289	(5,653)	-	(61,959)	82,201

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

STATEMENTS OF CASH FLOWS

for the financial year ended 30 April 2018

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from operating activities				
Receipts from customers	161,004	144,364	-	-
Payments of operating expenses	(113,108)	(164,067)	-	-
Payments of taxes	(2,038)	(863)	(248)	-
Other receipts/(payments)	107	(976)	418	99
Net cash generated from/(used in) operating activities	45,965	(21,542)	170	99
Cash flows from investing activities				
Sales of property, plant and equipment	-	29	-	-
Sales of investments in a subsidiary company (Note 16)	-	(4,125)	-	-
(Increase)/decrease in deposits and other investments	(22,445)	8,699	-	-
Acquisition of property, plant and equipment (Note 12)	(1,506)	(1,444)	-	-
Acquisition of intangible assets and development costs	-	(1,607)	-	-
Interest received	1,282	1,252	-	98
Government grant received	1,828	-	-	-
Net cash (used in)/generated from investing activities	(20,841)	2,804	-	98

Statements of Cash Flows

for the financial year ended 30 April 2018 (Cont'd)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from financing activities				
Purchase of treasury shares	-	(22)	-	(22)
Payment of hire purchase	(29)	(18)	-	-
Payment of lease liabilities	(367)	(502)	-	-
Drawdown of bank borrowings and other loans	11,408	56,054	-	-
Repayment of bank borrowings and other loans	(30,044)	(40,425)	-	-
Interest paid	(2,111)	(2,143)	(166)	(172)
Net cash (used in)/generated from financing activities	(21,143)	12,944	(166)	(194)
Net change in cash and cash equivalents	3,981	(5,794)	4	3
Effects of foreign currency translation	-	379	-	-
Cash and cash equivalents at beginning of year	(757)	4,658	3	-
Cash and cash equivalents at end of year (Note 22)	3,224	(757)	7	3

(a) An analysis of changes in liabilities arising from financing activities for the financial year ended 30 April 2018 is as follows:

	Group			
	Hire purchase	Finance leases	Bank and other borrowings	Total
At beginning of financial year	145	399	28,381	28,925
Drawdown	-	-	11,408	11,408
Repayment	(29)	(367)	(30,044)	(30,440)
Interest paid	(7)	(16)	(2,088)	(2,111)
Other changes	7	16	(998)	(975)
At end of financial year	116	32	6,659	6,807

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

NOTES TO THE
FINANCIAL STATEMENTS
30 April 2018

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 Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia. 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 ("BCorp"), 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 16. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 31 July 2018.

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 2016 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. Significant accounting policies (contd.)

2.2 Changes in accounting policies

On 1 May 2017, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2017.

Description

Amendments to MFRS 107: Disclosure Initiatives
Amendments to MFRS 112: Recognition of Deferred Tax for Unrealised Losses
Annual Improvements to MFRS Standards 2014–2016 Cycle - Amendments to MFRS 12: Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in MFRS 12

The application of the above amendments had no material impact on the financial position or disclosure in the Group's and the Company's financial statements.

2.3 Standards issued but not yet effective

The standards and interpretations 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
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
Annual Improvements to MFRS Standards 2014–2016 Cycle:	
- MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
- MFRS 128: Investments in Associates and Joint Ventures	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
MFRS 16: Leases	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle:	
- MFRS 3: Business Combinations	1 January 2019
- MFRS 11: Joint Arrangements	1 January 2019
- MFRS 112: Income Taxes	1 January 2019
- MFRS 123: Borrowing Costs	1 January 2019

2. Significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Share-based payment	1 January 2020
Amendment to MFRS 3: Business Combinations	1 January 2020
Amendment to MFRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendment to MFRS 14: Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134: Interim Financial Reporting	1 January 2020
Amendment to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendment to MFRS 138: Intangible Assets	1 January 2020
Amendments to IC Interpretation 12: Service Concession Arrangements	1 January 2020
Amendments to IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 below:

<u>MFRS 9: Financial Instruments</u>

MFRS 9 is effective for annual periods beginning on or after 1 January 2018. Retrospective application is required, but comparative information is not compulsory. MFRS 9 introduces new requirements with impacts mainly relating to classification and measurement of financial instruments, impairment assessment based on the expected credit loss model and hedge accounting.

Based on the current assessment, the Group has assessed the impact of the new standard to the financial statements as follows:

Notes to the Financial Statements
30 April 2018 (Cont'd)

2. Significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

MFRS 9: Financial Instruments (contd.)

(i) Classification and measurement

The Group does not expect a significant impact on its statements of financial position or equity on applying the classification and measurement requirements of MFRS 9.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

The Group intends to apply the simplified approach and record lifetime expected losses on all trade receivables and does not expect material changes to the loss allowance to be recognised upon the adoption of MFRS 9.

The Group is currently finalising its assessment and expects quantitative effects to be available by the first quarter of the Group's 2019 financial year.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models 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.

The Group has assessed the effects of applying the new standard on the financial statements and have identified the following areas that will be affected:

2. Significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

MFRS 15: Revenue from Contracts with Customers (contd.)

Presentation and disclosure requirements

The presentation and disclosure requirements in MFRS 15 are more detailed than the current standards. The Group has assessed that the impact of some of the disclosure requirements will be significant. In particular, the Group expects additional disclosures on significant judgement made on how the transaction price has been allocated to each performance obligation, and the assumptions made to estimate the stand-alone selling prices of each performance obligation.

The Group is currently finalising its assessment and expects quantitative effects to be available by the first quarter of the Group's 2019 financial year.

MFRS 16: Leases

MFRS 16 will replace MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group is assessing the impact of MFRS 16 and plans to adopt the new standard on the required effective date.

Notes to the Financial Statements
30 April 2018 (Cont'd)

2. Significant accounting policies (contd.)

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.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 April 2018. 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 have:

- 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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

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

(ii) Basis of consolidation (contd.)

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.

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 interests 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.

(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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(b) Business combination (contd.)

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.

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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

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

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.

(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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(d) Intangible assets (contd.)

(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.

(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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(d) Intangible assets (contd.)

(ii) Research and development expenditure (contd.)

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.

(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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(e) Fair value measurement

The Group measures financial instruments and certain non-financial assets, such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 34.

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.

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

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(e) Fair value measurement (contd.)

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.

The management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted available-for-sale ("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.

Capital work-in-progress comprises renovation in-progress and other assets which have not been commissioned. Capital work-in-progress is not depreciated.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

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

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.

(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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(g) Investment properties (contd.)

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.

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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

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

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.

(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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(j) Financial assets (contd.)

(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.

(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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(j) Financial assets (contd.)

(iii) Available-for-sale financial assets (contd.)

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.

(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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(k) Impairment of financial assets (contd.)

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

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.

(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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(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.

(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) Taxation

(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

- 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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(p) Taxation (contd.)

(ii) Deferred tax (contd.)

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")

Where the GST incurred in a purchase of assets or services is not recoverable from the respective taxation authorities, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

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

(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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

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

At grant date, the fair value of the share options was 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 was 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 were 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 was not recognised as an expense. Instead, the fair value of the share options measured at the grant date was accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employees' share option reserve.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(r) Employee benefits (contd.)

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

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

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

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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(s) Foreign currencies (contd.)

(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.

(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.

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(t) Revenue recognition (contd.)

(iii) Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the contract costs incurred for work performed to date bear to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(iv) Interest income

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

(v) Maintenance income

Revenue from maintenance income is recognised on an accrual basis.

(vi) Dividend income

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

Notes to the Financial Statements
30 April 2018 (Cont'd)

2. Significant accounting policies (contd.)

2.4 Summary of accounting policies (contd.)

(t) Revenue recognition (contd.)

(vii) 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.

(viii) 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 and the Company.

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 36, 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. 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 of 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) 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.

(ii) Classification between investment properties and owner occupied properties

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

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

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

(iii) 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.

2. Significant accounting policies (contd.)

2.5 Significant accounting judgements and estimates (contd.)

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

(iv) 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.

(v) 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.

(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 12.

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 19.

(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.

(v) Revenue recognition of construction contracts

The Group recognises construction contracts based on the percentage of completion method. The stage of completion of the construction contracts is measured in accordance with the accounting policies set out in Note 2.4(t)(iii).

Significant judgement is required in determining the percentage of completion, the extent of the contract costs incurred, the estimated total revenue and total costs and the recoverability of the contract. In making these judgements, management relies on past experience and project leaders and engineers.

Notes to the
Financial Statements
30 April 2018 (Cont'd)

3. Revenue

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Telecommunication services	81,490	78,292	-	-
Managed telecommunications network services	31,062	68,512	-	-
Industry digital services	5,529	3,763	-	-
	118,081	150,567	-	-

Included in revenue from telecommunications services is non-operating spectrum related income of RM23,740,000 (2017: RM20,459,000).

4. Other income

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Finance income	1,363	1,140	-	-
Others	1,396	477	2,605	219
- Miscellaneous income	78	139	-	-
- Government grant received	1,052	-	-	-
- Interest income	-	98	2,466	98
- Office rental income	127	89	-	-
- Gain on revaluation of an investment property	-	30	-	-
- Gain on ICULS conversion	139	121	139	121
	2,759	1,617	2,605	219

5. Finance costs

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- bank overdrafts	39	222	-	-
- bankers acceptance	41	116	-	-
- finance leases	16	120	-	-
- ICULS	166	172	166	172
- term loans	233	467	-	-
- short term financing	247	1,046	-	-
- bank guarantee charges	311	265	-	-
- advances from a third party	973	-	-	-
Others	85	60	-	-
	2,111	2,468	166	172

Notes to the Financial Statements
30 April 2018 (Cont'd)

6. Profit/(loss) before tax

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amortisation of development costs and intangible assets	758	473	-	-
- continuing operations	758	473	-	-
- discontinued operations	-	-	-	-
Audit fee:				
- statutory audits	329	375	102	127
- continuing operations	329	332	102	127
- discontinued operations	-	43	-	-
- other services	34	39	-	-
- continuing operations	34	39	-	-
- discontinued operations	-	-	-	-
Bad debts written off	503	2,487	-	-
- continuing operations	503	2,487	-	-
- discontinued operations	-	-	-	-
Depreciation of property, plant and equipment (Note 12)	4,485	4,850	-	-
- continuing operations	4,485	4,850	-	-
- discontinued operations	-	-	-	-
Directors' remuneration (Note 8)	2,343	2,979	720	885
Fair value gain on an investment property (Note 13)	-	(30)	-	-
- continuing operations	-	(30)	-	-
- discontinued operations	-	-	-	-
(Gain)/loss on disposal of a subsidiary (Note 16)	-	(5,732)	-	18,373
- continuing operations	-	-	-	18,373
- discontinued operations	-	(5,732)	-	-
Loss on foreign exchange:				
- realised	272	3,225	-	26
- continuing operations	272	3,225	-	26
- discontinued operations	-	-	-	-
- unrealised	81	37	-	252
- continuing operations	81	37	-	252
- discontinued operations	-	-	-	-

6. Profit/(loss) before tax (contd.)

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Net (writeback of)/allowance for doubtful debts on:				
- non-trade receivables (Note 21)	(43)	3,258	23	3,273
- continuing operations	(43)	3,258	23	3,273
- discontinued operations	-	-	-	-
- trade receivables (Note 21)	(48)	(1,246)	-	-
- continuing operations	(48)	(1,246)	-	-
- discontinued operations	-	-	-	-
Impairment loss on:				
- investment in subsidiaries	-	-	-	3,586
- continuing operations	-	-	-	3,586
- discontinued operations	-	-	-	-
- development costs (Note 15)	1,653	-	-	-
- continuing operations	1,653	-	-	-
- discontinued operations	-	-	-	-
Provision for Universal Service Fund Contribution (Note 29(b))	1,208	1,297	-	-
- continuing operations	1,208	1,297	-	-
- discontinued operations	-	-	-	-
Net provision/(writeback) of annual leave	63	(3)	-	-
- continuing operations	63	(3)	-	-
- discontinued operations	-	-	-	-
Development costs written off	-	18	-	-
- continuing operations	-	18	-	-
- discontinued operations	-	-	-	-
Inventories written back	(185)	(141)	-	-
- continuing operations	(185)	(141)	-	-
- discontinued operations	-	-	-	-
Inventories written off	168	533	-	-
- continuing operations	168	533	-	-
- discontinued operations	-	-	-	-
Available-for-sale investments written off (Note 18)	-	50	-	-
- continuing operations	-	50	-	-
- discontinued operations	-	-	-	-

Notes to the Financial Statements
30 April 2018 (Cont'd)

6. Profit/(loss) before tax (contd.)

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Property, plant and equipment written off	58	247	-	-
- continuing operations	58	247	-	-
- discontinued operations	-	-	-	-
Rental of computers	166	391	-	-
- continuing operations	166	391	-	-
- discontinued operations	-	-	-	-
Rental of offices	633	885	-	-
- continuing operations	633	762	-	-
- discontinued operations	-	123	-	-
Intangible assets written off	-	184	-	-
- continuing operations	-	184	-	-
- discontinued operations	-	-	-	-

7. Employee benefits expense

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Salaries, wages, bonuses and allowances	23,309	21,966	712	885
Defined contribution plan	3,122	2,636	6	-
Social security contribution	242	234	2	-
Other benefits	2,975	3,548	-	-
	29,648	28,384	720	885

Included in the employee benefits expense of the Group and of the Company are directors' remuneration amounting to RM2,343,000 (2017: RM2,979,000) and RM720,000 (2017: RM885,000) respectively as disclosed in Note 8.

8. Directors' remuneration

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive directors' remuneration:				
- Salaries and bonuses	1,353	1,687	-	-
- Other emoluments	295	432	25	25
	1,648	2,119	25	25
Non-executive directors' remuneration:				
- Fees	629	790	629	790
- Other emoluments	66	70	66	70
	695	860	695	860
Total directors' remuneration	2,343	2,979	720	885

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

	Number of directors	
	2018	2017
Executive directors:		
Below RM200,000	-	-
RM200,001 - RM250,000	1	1
Above RM300,000	2	3
Non-executive directors:		
Below RM50,000	3	3
Above RM50,000	4	4

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9. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 30 April 2018 and 30 April 2017 are:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current income tax:				
- Malaysian income tax from continuing operations	2,160	590	363	-
- Foreign income tax	-	174	-	-
- continuing operations	-	-	-	-
- discontinued operations	-	174	-	-
- Under/(over) provision in prior years	157	(45)	-	-
- continuing operations	157	(45)	-	-
- discontinued operations	-	-	-	-
	2,317	719	363	-
Deferred tax (Note 19):				
- Origination and reversal of temporary differences	(534)	733	-	389
- continuing operations	(534)	733	-	389
- discontinued operations	-	-	-	-
- (Over)/under provision in prior years	(39)	228	-	45
- continuing operations	(39)	228	-	45
- discontinued operations	-	-	-	-
	(573)	961	-	434
	1,744	1,680	363	434
Income tax expense attributtable to continuing operations	1,744	1,506	363	434
Income tax expense attributable to discontinued operations (Note 23)	-	174	-	-
	1,744	1,680	363	434

9. Taxation (contd.)

Reconciliation between tax expense and accounting profit/(loss)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(loss) before tax from:				
- continuing operations	6,513	(9,342)	1,052	(26,889)
- discontinued operations	-	5,154	-	-
	6,513	(4,188)	1,052	(26,889)
Taxation at Malaysian statutory tax rate of 24%	1,563	(1,005)	252	(6,453)
Different tax rates in other countries	19	(18)	-	-
Income not subject to tax	(297)	(1,382)	-	-
Expenses not deductible	1,166	2,118	144	6,230
Deferred tax assets not recognised during the year	518	2,726	-	612
Recognition of previously unrecognised deferred tax assets during the year	(1,343)	(942)	(33)	-
Under/(over) provision of income tax in prior years	157	(45)	-	-
(Over)/under provision of deferred tax in prior years	(39)	228	-	45
Income tax expense for the year	1,744	1,680	363	434

Current income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the 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. Earnings/(loss) per share

(a) Basic

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

	Group	
	2018	**2017**
Profit/(loss) attributable to owners of the parent from continuing operations (RM'000)	5,969	(10,643)
Profit attributable to owners of the parent from discontinued operations (RM'000)	-	5,277
Net profit/(loss) attributable to owners of the parent (RM'000)	5,969	(5,366)
Weighted average number of ordinary shares in issue with voting rights ('000)	748,453	747,873
Weighted average number of shares to be issued upon conversion of mandatorily convertible ICULS ('000)	24,499	25,081
Adjusted weighted average number of ordinary shares ('000)	772,952	772,954
Basic earnings/(loss) per share (sen):		
- from continuing operations	0.77	(1.38)
- from discontinued operations	-	0.68
	0.77	(0.70)

(b) Diluted

There are no potential ordinary shares outstanding as at the end of the financial year. As such, the fully diluted earnings/(loss) per share of the Group is equivalent to the basic earnings/(loss) per share.

11. Goodwill

	Group 2018 RM'000	Group 2017 RM'000
Cost	9,522	9,522
Accumulated impairment losses	(9,099)	(9,099)
	423	423

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

	Group 2018 RM'000	Group 2017 RM'000
REDtone Engineering & Network Services Sdn. Bhd. ("RENS")	423	423

(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:

	RENS 2018	RENS 2017
Average budgeted EBITDA margin	23.82%	13.07%
Average growth rate	76.61%	21.24%
Discount rate	8.47%	9.07%
Terminal growth rate	3.00%	3.00%

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.

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 goodwill to be materially higher than its recoverable amount.

12. Property, plant and equipment

	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
Group						
At 30 April 2018						
Cost						
At 1 May 2017	5,586	10,074	1,875	45,964	6,826	70,325
Additions	-	141	15	1,350	-	1,506
Written off	-	(5)	(8)	-	(73)	(86)
Government grant received (Note 12(a))	-	(14)	-	-	-	(14)
Reclassified from investment properties	600	-	-	-	-	600
Reclassification	-	-	-	50	(50)	-
At 30 April 2018	6,186	10,196	1,882	47,364	6,703	72,331
Accumulated depreciation						
At 1 May 2017	1,271	8,141	1,317	31,135	6,096	47,960
Charge for the year (Note 6)	117	325	120	3,571	352	4,485
Written off	-	(4)	(2)	-	(22)	(28)
At 30 April 2018	1,388	8,462	1,435	34,706	6,426	52,417
Net carrying amount	4,798	1,734	447	12,658	277	19,914

12. Property, plant and equipment (contd.)

	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
Group						
At 30 April 2017						
Cost						
At 1 May 2016	6,538	10,251	1,849	43,798	8,284	70,720
Additions	-	68	45	1,196	298	1,607
Written off	-	(245)	(2)	(116)	(653)	(1,016)
Disposal	-	-	(17)	-	(17)	(34)
Adjustment (Note 12(b))	294	-	-	-	-	294
Reclassified to investment properties	(1,246)	-	-	-	-	(1,246)
Reclassification	-	-	-	1,086	(1,086)	-
At 30 April 2017	5,586	10,074	1,875	45,964	6,826	70,325
Accumulated depreciation						
At 1 May 2016	1,207	7,819	1,203	27,479	6,242	43,950
Charge for the year (Note 6)	130	554	117	3,656	393	4,850
Written off	-	(232)	-	-	(537)	(769)
Disposal	-	-	(3)	-	(2)	(5)
Reclassified to investment properties	(66)	-	-	-	-	(66)
At 30 April 2017	1,271	8,141	1,317	31,135	6,096	47,960
Net carrying amount	4,315	1,933	558	14,829	730	22,365

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

12. Property, plant and equipment (contd.)

(a) Government grant received

During the financial year, the government grant received from the relevant authority amounting to approximately RM14,000 and it is in respect of the claims to establish the medical exchange for teleconsultation and teleradiology and cloud based personal health record.

(b) Adjustment

During the previous financial year, the Group transferred two freehold office lots from property, plant and equipment to investment properties as disclosed in Note 13. The adjustment pertains to the difference between the carrying amount of the two freehold office lots in accordance with MFRS 116: Property, Plant and Equipment and the fair value at the date of transfer to investment properties and is recognised in other comprehensive income in accordance with MFRS 140: Investment Property.

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 year were equipment with a total net book value of RM920,000 (2017: RM1,164,000) 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 RM18,564,000 (2017: RM16,349,000).

The additions were acquired by way of:

	Group	
	2018 RM'000	2017 RM'000
Cash	1,506	1,444
Hire purchase	-	163
	1,506	1,607

13. Investment properties

	Group	
	2018 RM'000	2017 RM'000
Freehold office lots, at fair value		
At beginning of financial year	1,760	550
Reclassified (to)/from property, plant and equipment	(600)	1,180
Fair value gain recognised in the statements of profit or loss (Note 6)	-	30
At end of financial year	1,160	1,760

13. Investment properties (contd.)

During the financial year, in accordance with MFRS 140: Investment Property, the Group transferred one freehold office lot from investment properties to property, plant and equipment, as it was for internal use. At the date of transferring to property, plant and equipment, the fair value of the freehold office lot was RM600,000.

As at 30 April 2018, 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.

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	1,160

The property is valued by reference to transactions of similar properties in the surrounding area taking 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 result in higher/(lower) value.

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

Notes to the Financial Statements
30 April 2018 (Cont'd)

14. 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 2018				
Cost				
At 1 May 2017	250	24,670	12,936	37,856
Government grant received	-	-	(762)	(762)
At 30 April 2018	250	24,670	12,174	37,094
Accumulated amortisation				
At 1 May 2017	30	-	-	30
Charge for the year (Note 6)	50	-	-	50
At 30 April 2018	80	-	-	80
Net carrying amount	170	24,670	12,174	37,014
At 30 April 2017				
Cost				
At 1 May 2016	250	24,670	12,936	37,856
Additions	250	-	-	250
Written off	(250)	-	-	(250)
At 30 April 2017	250	24,670	12,936	37,856
Accumulated amortisation				
At 1 May 2016	17	-	-	17
Charge for the year (Note 6)	79	-	-	79
Written off	(66)	-	-	(66)
At 30 April 2017	30	-	-	30
Net carrying amount	220	24,670	12,936	37,826

14. Intangible assets (contd.)

During the financial year, the government grant received from the relevant authority amounting to approximately RM762,000 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	
	2018	**2017**
Average budgeted EBITDA margin	3.23%	15.00%
Average growth rate	39.57%	22.00%
Discount rate	8.47%	9.07%
Terminal growth rate	3.00%	3.00%

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.

Notes to the Financial Statements
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15. Development costs

	Group 2018 RM'000	Group 2017 RM'000
Cost		
At beginning of financial year	10,256	9,882
Additions	-	1,357
Written off	-	(983)
At end of financial year	10,256	10,256
Accumulated amortisation and impairment		
At beginning of financial year	7,048	7,619
Amortisation (Note 6)	708	394
Impairment loss (Note 6)	1,653	-
Written off	-	(965)
At end of financial year	9,409	7,048
Analysed as:		
Accumulated amortisation	7,756	7,048
Accumulated impairment	1,653	-
	9,409	7,048
Net carrying amount	847	3,208

The development costs included the following expenses during the financial year:

	Group 2018 RM'000	Group 2017 RM'000
Staff costs	-	1,357

16. Investments in subsidiaries

	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares, at cost	3,709	3,709
ESOS granted to employees of subsidiaries	10,367	10,367
	14,076	14,076
Accumulated impairment losses	(3,804)	(3,804)
	10,272	10,272

The details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of effective interest held 2018 %	Proportion of effective interest held 2017 %	Principal activities
REDtone Telecommunications Sdn. Bhd. ("RTC")	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. ("RENS")	Malaysia	100	100	Research and development, manufacturing and marketing of telecommunication and multimedia solutions.
REDtone Data Centre Sdn. Bhd. ("RDC")	Malaysia	70	70	Provides system integration, software solutions and trading in computer hardware.
Ansar Mobile Sdn. Bhd. ("ANM")	Malaysia	100	100	Provision of telecommunications services including fixed and mobile services and telecom-munications related services.

16. Investments in subsidiaries (contd.)

Name of subsidiaries	Country of incorporation	Proportion of effective interest held 2018 %	2017 %	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	100	100	Provider of business solutions in information technology and to build interconnection of uniquely identifiable embedded computing device within existing internet infrastructure, and 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.

^ This subsidiary was audited by other firm of chartered accountants.

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.

16. Investments in subsidiaries (contd.)

Summarised financial information (contd.)

(i) Summarised statement of profit or loss

	REDtone Asia Inc. ("RTA") Group 2017 RM'000
Revenue	7,130
Loss, net of tax	(1,390)

(ii) Summarised cash flows

Net cash used in operating activities	(1,648)
Net cash generated from investing activities	2,047
Net cash used in financing activities	(982)
Net decrease in cash and cash equivalents	(583)

Disposal of a subsidiary

During the previous financial year, the Group disposed of its entire equity interest of 92.31% in RTA to Million Vision Development International Limited for a consideration of RMB36,111,000 (equivalent to RM22,159,000). Consequently, the Group ceased to control RTA and its subsidiaries.

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

	2017 RM'000
Property, plant and equipment	4,548
Intangible assets	7,174
Inventories	(46)
Receivables	23,780
Tax recoverable	55
Cash and bank balances	4,125
Payables	(23,209)
Net assets	16,427
Net assets disposed	16,427
Total sales considerations/disposal proceeds	(22,159)
Gain on disposal to the Group (Note 6)	(5,732)
Disposal proceeds utilised to settle amount due to RTA Group	11,593
Disposal proceeds utilised to settle fixed loan of RENS	10,566
Total disposal proceeds	22,159
Cash outflows arising on disposal:	
Cash and bank balances of subsidiary disposed of, representing net cash outflows on disposal	(4,125)

Notes to the Financial Statements

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17. Investments in associates

	Group/Company 2018 RM'000	Group/Company 2017 RM'000
Unquoted shares in Malaysia, at cost	841	841
Accumulated impairment losses	(841)	(841)
	-	-

Details of the associates are as follows:

Name of associate	Country of incorporation	Proportion of effective interest held 2018 %	Proportion of effective interest held 2017 %	Principal activities
REDtone Network Sdn. Bhd.	Malaysia	49	49	Research and development and marketing of communication applications.
Kenyalang Megah Sdn. Bhd. @	Malaysia	49	-	Telecommunications and related services.

@ On 23 October 2017, RENS incorporated a new associate under the name of Kenyalang Megah Sdn. Bhd. ("KYM"). KYM is a 49% owned associate of RENS with an issued and paid-up share capital of RM490. The principal activities of KYM are the provision of telecommunications and related services.

The Group has not recognised losses relating to REDtone Network Sdn. Bhd. and Kenyalang Megah Sdn. Bhd., where its share of losses exceeded the Group's interest in these associates. The Group's cumulative share of unrecognised losses at the end of the reporting period amounted to RM1,017,000 (2017: RM1,014,0000) and RM4,000 (2017: Nil) respectively. The Group has no obligation in respect of these losses.

The summarised financial information for these associates is not presented as these associates are not material to the Group.

18. Available-for-sale investments

	Group 2018 RM'000	Group 2017 RM'000
Unquoted shares in Malaysia, at cost*	-	50
Written off (Note 6)	-	(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.

19. Deferred tax

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
At beginning of financial year	(3,585)	(4,617)	-	(434)
Recognised in the statements of profit or loss (Note 9)	(573)	961	-	434
Recognised in equity	-	71	-	-
At end of financial year	(4,158)	(3,585)	-	-
Presented in the statements of financial position as follows:				
Deferred tax assets	(5,350)	(5,518)	-	-
Deferred tax liabilities	1,192	1,933	-	-
	(4,158)	(3,585)	-	-

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 May 2017	(6,284)	(3,140)	-	(9,424)
Recognised in the statements of profit or loss	367	(271)	-	96
At 30 April 2018	(5,917)	(3,411)	-	(9,328)
Less: Offset against deferred tax liabilities				3,978
				(5,350)
At 1 May 2016	(6,412)	(4,275)	(126)	(10,813)
Recognised in the statements of profit or loss	128	1,135	126	1,389
At 30 April 2017	(6,284)	(3,140)	-	(9,424)
Less: Offset against deferred tax liabilities				3,906
				(5,518)

19. Deferred tax (contd.)

Deferred tax liabilities of the Group:

	Property, plant and equipment and intangibles RM'000
At 1 May 2017	5,839
Recognised in the statements of profit or loss	(669)
At 30 April 2018	5,170
Less: Offsett against deferred tax assets	(3,978)
	1,192
At 1 May 2016	6,196
Recognised in the statements of profit or loss	(428)
Recognised in equity	71
At 30 April 2017	5,839
Less: Offsett against deferred tax assets	(3,906)
	1,933

Deferred tax assets of the Company:

	ICULS RM'000	Unutilised tax losses RM'000	Total RM'000
At 1 May 2016	(126)	(308)	(434)
Recognised in the statements of profit or loss	126	308	434
At 30 April 2017/30 April 2018	-	-	-

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unutilised tax losses	19,108	22,605	2,164	2,164
Unabsorbed capital allowances	763	635	-	-
Other deductible temporary differences	486	556	265	404
	20,357	23,796	2,429	2,567

19. 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.

20. Inventories

	Group	
	2018	2017
	RM'000	RM'000
Cost		
Finished goods	437	657

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM12,508,000 (2017: RM11,757,000).

21. Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables				
Third parties	52,009	69,961	-	-
Amounts due from customers on contracts	15,327	43,472	-	-
Accrued revenue	5,518	4,306	-	-
	72,854	117,739	-	-
Less: Allowance for doubtful debts	(13,682)	(13,730)	-	-
Trade receivables, net	59,172	104,009	-	-
Other receivables				
Third parties	2,808	1,702	1,229	1,210
Amount due from an associate	2,072	2,063	2,067	2,063
Amounts due from subsidiaries	-	-	72,476	71,786
Deposits	1,999	3,082	-	-
Prepayments	2,764	1,914	41	43
Sundry receivables	1,466	2,250	-	-
	11,109	11,011	75,813	75,102
Less: Allowance for doubtful debts	(3,326)	(3,369)	(3,296)	(3,273)
Other receivables, net	7,783	7,642	72,517	71,829
	66,955	111,651	72,517	71,829

21. Trade and other receivables (contd.)

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current				
Other receivables				
Third parties	18,785	18,785	18,785	18,785
Less: Allowance for doubtful debts	(18,785)	(18,785)	(18,785)	(18,785)
	-	-	-	-
Total trade and other receivables (current and non-current)	66,955	111,651	72,517	71,829
Add: Cash and bank balances (Note 22)	71,138	47,798	7	3
Less:				
Amounts due from customers on contracts	(15,327)	(43,472)	-	-
Accrued revenue	(5,518)	(4,306)	-	-
Prepayments	(2,764)	(1,914)	(41)	(43)
Total loans and receivables	114,484	109,757	72,483	71,789

Ageing analysis of trade receivables

The ageing analysis of the Group's total trade receivables, but excluding amounts due from customers on contracts and accrued revenue is as follows:

	Group 2018 RM'000	Group 2017 RM'000
Neither past due nor impaired	9,644	11,045
1 to 30 days past due not impaired	3,758	3,233
31 to 60 days past due not impaired	4,968	8,062
61 to 90 days past due not impaired	49	512
91 to 120 days past due not impaired	325	1,223
More than 121 days past due not impaired	19,583	32,156
	28,683	45,186
Impaired	13,682	13,730
	52,009	69,961

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 60% (2017: 69%) 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 year.

21. 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	
	2018	2017
	RM'000	RM'000
Group		
Trade receivables		
- nominal amounts	13,682	13,730
Less: Allowance for doubtful debts	(13,682)	(13,730)
	-	-

Movement in allowance for doubtful debts:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
At beginning of financial year	13,730	15,740	-	-
Net writeback of doubtful debts (Note 6)	(48)	(1,246)	-	-
Written off	-	(764)	-	-
At end of financial year	13,682	13,730	-	-
Other receivables				
At beginning of financial year	22,154	18,896	22,058	18,785
Net (writeback of)/allowance for doubtful debts (Note 6)	(43)	3,258	23	3,273
At end of financial year	22,111	22,154	22,081	22,058

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.

21. Trade and other receivables (contd.)

(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 two (2017: two) customers representing approximately 64% (2017: 58%) of the total trade receivables.

(b) Amounts due from subsidiaries

Amounts due from subsidiaries are non-trade in nature, interest bearing at 3.6% p.a. (2017: Nil) and are repayable on demand. All related parties receivables are unsecured and are to be settled in cash.

(c) Amount due from an associate

Amount due from an associate is non-trade in nature, interest-bearing at 3.6% p.a. (2017: Nil), unsecured and is repayable on demand.

22. Cash and bank balances

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	3,223	2,329	6	3
Deposits with licensed banks	50,310	45,469	1	-
Other investments with licensed bank	17,605	-	-	-
	71,138	47,798	7	3

Included in deposits with licensed banks are deposits of the Group relating to continuing operations amounting to RM50,309,000 (2017: RM45,469,000) pledged or deposited to banks for bank guarantee facilities granted to the Group.

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

	2018	2017
Deposits with licensed banks	3.04%	2.90%

22. Cash and bank balances (contd.)

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

	2018 Days	2017 Days
Deposits with licensed banks	104	118

Included in other investments with licensed bank are cash management fund invested in asset management institution whereby the instituition invests in money market instruments and/or liquid assets.

Other information on financial risks of cash and bank balances are disclosed in Note 34.

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash on hand and at banks	3,223	2,329	6	3
Deposits with licensed banks	50,310	45,469	1	-
Other investments with licensed bank	17,605	-	-	-
Total cash and bank balances	71,138	47,798	7	3
Less:				
Deposits pledged to licensed banks	(50,309)	(45,469)	-	-
Other investments with licensed bank	(17,605)	-	-	-
Bank overdrafts (Note 28)	-	(3,086)	-	-
Total cash and cash equivalents	3,224	(757)	7	3

Notes to the Financial Statements
30 April 2018 (Cont'd)

23. Disposal group classified as held for sale

During the previous financial year, RTA Group of companies were disposed of.

The statement of profit or loss classified as discontinued operations is as follows:

	Group 2017 RM'000
Revenue	5,982
Cost of sales	(4,016)
Gross profit	1,966
Other income	14
General and administrative expenses	(2,558)
Gain on disposal of discontinued operations	5,732
Profit before tax from discontinued operations (Note 6)	5,154
Taxation (Note 9)	(174)
Profit from discontinued operations, net of tax	4,980

The cash flows attributable to RTA are as follows:

	Group 2017 RM'000
Operating cash flows	(1,699)
Investing cash flows	2,047
Financing cash flows	(439)
Net cash outflows	(91)

24. Share capital

Issued and fully paid-up:

	Number of shares		Amount	
	2018	2017	2018 RM'000	2017 RM'000
At beginning of financial year	757,564,472	757,279,392	147,359	75,728
Issuance of shares pursuant to conversion of ICULS	663,700	285,080	165	59
Transfer pursuant to Section 618(2) of the Companies Act 2016 (the "Act") *	-	-	-	71,572
At end of financial year	758,228,172	757,564,472	147,524	147,359

24. Share capital (contd.)

Issued and fully paid-up: (contd.)

* The Act, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account and capital redemption reserves became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM71,572,000 for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 financial year, the total share capital of the Company increased from RM147,358,350 to RM147,524,275 as a result of the issuance of 663,700 new ordinary shares resulting from the conversion of 2.75% ICULS at the rate of ten ICULS into four ordinary shares at RM0.25 each in the Company.

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

25. Irredeemable convertible unsecured loan stocks

	Group/Company	
	2018	**2017**
	RM'000	**RM'000**
Equity		
At beginning of financial year	2,454	2,513
Converted during the financial year	(165)	(59)
At end of financial year	2,289	2,454
Non-current liability		
At beginning of financial year	404	525
Converted during the financial year	(139)	(121)
Payment during the financial year	(166)	(172)
Accretion of interest during the financial year	166	172
At end of financial year	265	404

25. Irredeemable convertible unsecured loan stocks (contd.)

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 ordinary shares 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 ICULS into four ordinary shares at RM0.25 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.

26. Treasury shares

During the financial year, the Company did not repurchase any of its issued ordinary shares.

Of the total 758,228,172 (2017: 757,564,472) issued and fully paid-up ordinary shares as at the end of the financial year, 9,502,000 (2017: 9,502,000) ordinary shares are held as treasury shares by the Company amounting to RM5,653,000 (2017: RM5,653,000).

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

	Number of shares		Amount	
	2018	2017	2018 RM'000	2017 RM'000
At beginning of financial year	9,502,000	9,460,000	5,653	5,631
Shares bought back	-	42,000	-	22
At end of financial year	9,502,000	9,502,000	5,653	5,653

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30 April 2018 (Cont'd)

27. Reserves

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Foreign exchange reserve	(663)	(663)	-	-
Revaluation reserve	641	641	-	-
Accumulated losses	(5,311)	(11,280)	(61,959)	(62,648)
	(5,333)	(11,302)	(61,959)	(62,648)

(a) Share premium

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

	Group/Company 2018 RM'000	Group/Company 2017 RM'000
At beginning of financial year	-	71,572
Transfer pursuant to Section 618(2) of the Act *	-	(71,572)
At end of financial year	-	-

* The Act, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account and capital redemption reserves became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM71,572,000 for purposes as set out in Section 618(3) of the Act.

(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.

Notes to the Financial Statements
30 April 2018 (Cont'd)

28. Loans and borrowings

	Maturity	Group 2018 RM'000	Group 2017 RM'000
Current			
Secured:			
Bank overdrafts	On demand	-	3,086
Bankers acceptance	2018	-	2,335
Invoice financing	2018	-	1,713
Receivable services with recourse	2018	-	18,008
Term loans:-			
Fixed loan 1 at BLR -1.65% p.a.	2019	12	10
Fixed loan 2 at BLR -1.65% p.a.	2019	27	25
Fixed loan 3 at BLR +1.00% p.a.	2018	-	1,515
Refinancing loan 1 at BLR -1.65% p.a.	2019	9	8
Refinancing loan 2 at BLR -1.65% p.a.	2019	22	20
Refinancing loan 3 at BLR -1.65% p.a.	2019	9	8
Unsecured:			
Loan from a holding company	2019	5,000	-
Obligations under finance leases	2019	32	367
Obligations under hire purchase	2019	32	30
		5,143	27,125
Non-current			
Secured:			
Term loans:-			
Fixed loan 1 at BLR -1.65% p.a.	2020 - 2029	223	233
Fixed loan 2 at BLR -1.65% p.a.	2020 - 2029	525	551
Refinancing loan 1 at BLR -1.65% p.a.	2020 - 2029	190	198
Refinancing loan 2 at BLR -1.65% p.a.	2020 - 2029	446	467
Refinancing loan 3 at BLR -1.65% p.a.	2020 - 2029	196	204
Unsecured:			
Obligations under finance leases	2019	-	32
Obligations under hire purchase	2020 - 2021	84	115
		1,664	1,800

28. Loans and borrowings (contd.)

	Group 2018 RM'000	Group 2017 RM'000
Total loans and borrowings		
Secured:		
Bank overdrafts (Note 22)	-	3,086
Bankers acceptance	-	2,335
Invoice financing	-	1,713
Receivable services with recourse	-	18,008
Term loans:-		
Fixed loan 1 at BLR -1.65% p.a.	235	243
Fixed loan 2 at BLR -1.65% p.a.	552	576
Fixed loan 3 at BLR +1.00% p.a.	-	1,515
Refinancing loan 1 at BLR -1.65% p.a.	199	206
Refinancing loan 2 at BLR -1.65% p.a.	468	487
Refinancing loan 3 at BLR -1.65% p.a.	205	212
Unsecured:		
Loan from a holding company	5,000	-
Obligations under finance leases	32	399
Obligations under hire purchase	116	145
	6,807	28,925

The remaining maturities of the loans and borrowings as at 30 April 2018 are as follows:

	Group 2018 RM'000	Group 2017 RM'000
On demand or within one year	5,143	27,125
More than 1 year and less than 2 years	83	142
More than 2 years and less than 5 years	358	345
5 years or more	1,223	1,313
	6,807	28,925

28. Loans and borrowings (contd.)

Bank overdrafts

Bank overdrafts are denominated in RM, bear interest at BLR +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 to RM2,516,000 (2017: RM2,588,000) as disclosed in Note 12;

(iii) deposits with licensed banks as disclosed in Note 22; 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 Note 12 and Note 13;

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

(iii) deposits with licensed banks as disclosed in Note 22.

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

28. Loans and borrowings (contd.)

Bankers acceptance

Bankers acceptance is denominated in RM, bears interest at 2% p.a. + Cost of Fund ("COF") and is secured by:

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

(ii) deposits with licensed banks as disclosed in Note 22.

Invoice financing

Invoice financing is denominated in RM, bear interest at 1.50% p.a. + COF and is secured by:

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

(ii) deposits with licensed banks as disclosed in Note 22.

Receivable services with recourse

Receivable services with recourse are denominated in RM, bear interest at 1.50% p.a. + COF and are secured by:

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

(ii) deposits with licensed banks as disclosed in Note 22.

Loan from a holding company

Loan from a holding company is unsecured, denominated in RM and bear interest at BLR +1.00% p.a. (2017: Nil). It is repayable 12 months from drawdown date in January 2018 or becomes immediately repayable if RENS ceases to be a subsidiary of the holding company.

Obligations under finance leases

These obligations are unsecured, denominated in RM and the average discount rate implicit in the leases is 7.15% p.a. (2017: 7.15% p.a.).

Obligations under hire purchase

These obligations are unsecured, denominated in RM and the average discount rate implicit in the leases is 2.57% p.a. (2017: 2.57% p.a).

29. Trade and other payables

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade payables				
Third parties	11,066	24,715	-	-
Accrued purchases	18,530	25,280	-	-
Amounts due to customers on contracts	7,486	-	-	-
	37,082	49,995	-	-
Other payables				
Provision for Universal Service Fund Contribution ("USOF") (Note 29(b))	7,065	6,702	-	-
Accruals	6,168	4,385	191	160
Deposits payable	2,050	2,126	-	-
Sundry payables	2,742	1,670	24	28
Deferred income (Note 29(c))	2,209	2,456	-	-
	20,234	17,339	215	188
Total trade and other payables	57,316	67,334	215	188
Add: Loans and borrowings (Note 28)	6,807	28,925	-	-
Less:				
Amounts due to customers on contracts	(7,486)	-	-	-
Provision for USOF	(7,065)	(6,702)	-	-
Deferred income	(2,209)	(2,456)	-	-
Total financial liabilities carried at amortised cost	47,363	87,101	215	188

(a) Trade payables

Trade payables are interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 (2017: 30 to 60) days.

29. Trade and other payables (contd.)

(b) Provision for USOF

	Group 2018 RM'000	Group 2017 RM'000
At beginning of financial year	6,702	5,972
Recognised in the statements of profit or loss (Note 6)	1,208	1,297
Payment	(845)	(567)
At end of financial year	7,065	6,702

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.

(c) Deferred income

	Group 2018 RM'000	Group 2017 RM'000
At beginning of financial year	2,456	2,510
Net utilisation during the year	(247)	(54)
At end of financial year	2,209	2,456

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

30. Commitments

	Group 2018 RM'000	Group 2017 RM'000
(i) Capital commitments		
Approved and contracted for:		
Property, plant and equipment	207	1,397

(ii) Operating lease commitments - as lessee

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.

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30. Commitments (contd.)

(ii) Operating lease commitments - as lessee (contd.)

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 2018 RM'000	Group 2017 RM'000
Not more than one year	47	203
Later than one year but not later than five years	7	45
	54	248

(iii) Finance leases and hire purchase commitments

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

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

	Group 2018 RM'000	Group 2017 RM'000
Minimum lease payments:		
Not later than 1 year	69	420
Later than 1 year but not later than 2 years	37	69
Later than 2 years but not later than 5 years	52	88
Total minimum lease payments	158	577
Less: Amount representing finance charges	(10)	(33)
Present value of minimum lease payments	148	544
Present value of finance leases and hire purchase contract liabilities:		
Not later than 1 year	64	397
Later than 1 year but not later than 2 years	34	64
Later than 2 years but not later than 5 years	50	83
Present value of minimum lease payments	148	544
Analysed as:		
Due within 12 months	64	397
Due after 12 months	84	147
	148	544

31. Financial guarantees

	Group 2018 RM'000	Group 2017 RM'000
Performance bonds in favour of various government and statutory bodies and private companies	22,720	21,449
Performance bonds in favour of third party for a private company	-	898
	22,720	22,347

32. 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 year:

	Note	Group 2018 RM'000	Group 2017 RM'000
Revenue:			
Wireless broadband:			
- 7-Eleven Malaysia Sdn. Bhd.	a	-	35
- Berjaya Corporation Berhad	b	23	23
- Berjaya Land Berhad	c	23	23
- Berjaya Sompo Insurance Berhad	d	1,272	1,541
- Berjaya Sports Toto Berhad	c	23	23
- Berjaya Starbucks Coffee Company Sdn. Bhd.	c	34	-
- Berjaya Waterfront Sdn. Bhd.	e	140	142
- Inter-Pacific Securities Sdn. Bhd.	c	72	69
- Natural Avenue Sdn. Bhd.	e	26	24
- Qinetics Services Sdn. Bhd.	a	6	6
- Sun Media Corporation Sdn. Bhd.	f	83	68
- Singer (Malaysia) Sdn. Bhd.	a	5	3
- The Taaras Beach & Spa Resort (Redang) Sdn. Bhd.	c	46	-
- Tioman Island Resort Berhad	c	95	68

Notes to the Financial Statements
30 April 2018 (Cont'd)

32. Related party disclosures (contd.)

	Note	Group 2018 RM'000	Group 2017 RM'000
Revenue: (contd.)			
Corporate voice:			
- Berjaya Corporation Berhad	b	65	65
- Berjaya Papa John's Pizza Sdn. Bhd.	c	-	1
- Berjaya Sompo Insurance Berhad	d	15	15
- Bukit Kiara Resort Berhad	c	1	1
- Cempaka Properties Sdn. Bhd.	c	1	1
- Chailease Berjaya Credit Sdn. Bhd.	g	-	14
- Inter-Pacific Securities Sdn. Bhd.	c	1	1
- Prime Credit Leasing Sdn. Bhd.	c	1	1
- Singer (Malaysia) Sdn. Bhd.	a	62	68
- Sports Toto Malaysia Sdn. Bhd.	c	20	2
- U Mobile Sdn. Bhd.	a	26	14
Data centre services:			
- Berjaya Sompo Insurance Berhad	d	186	123
- Singer (Malaysia) Sdn. Bhd.	a	30	5
- Berjaya Higher Education Sdn. Bhd.	c	7	-
- Bloyalty Sdn. Bhd.	c	50	-
Rental income:			
- Best Media Network Sdn. Bhd.	h	42	42
Expenses:			
7-Eleven Malaysia Sdn. Bhd.	a		
- Motor vehicle		-	100
Berjaya Corporation Berhad	b		
- Management fees		64	-
Berjaya Higher Education Sdn. Bhd.	c		
- Training		3	-
Berjaya Golf Resort Berhad	c		
- Public Relation		8	-
Berjaya Hospitality Services Sdn. Bhd.	c		
- Function room, food and beverages		55	31
Berjaya Registration Services Sdn. Bhd.	c		
- Share registration		29	27
Berjaya Sompo Insurance Berhad	d		
- General insurance		152	99
- Group hospital and surgical		442	486
Berjaya Times Square Sdn. Bhd.	e		
- Rental co-location		78	19
Bermaz Motor Trading Sdn. Bhd.	d		
- Maintenance		-	2

32. Related party disclosures (contd.)

	Note	Group 2018 RM'000	Group 2017 RM'000
Expenses: (contd.)			
E.V.A. Management Sdn. Bhd.	c		
- Management fee		2	2
Inter-Pacific Securities Sdn. Bhd.	c		
- Management fee		-	1
Sun Media Corporation Sdn. Bhd.	f		
- Advertisement		5	5
U Mobile Sdn. Bhd.	a		
- Staff handphone charges		211	219
Best Media Network Sdn. Bhd.	h		
- Broadcasting charges		22	6
People Health Sdn. Bhd.	i		
- Consultancy fee		390	390

The relationships of the related party transactions are as follows:

(a) A company in which Tan Sri Dato' Seri Vincent Tan Chee Yioun ("Tan Sri Vincent Tan"), a substantial shareholder of the Company, has deemed interests
(b) Ultimate holding company of the Company
(c) Related companies of BCorp Group other than subsidiary companies of the Company
(d) Associate company of BCorp Group
(e) A subsidiary company of Berjaya Assets Berhad ("BAssets"). Tan Sri Vincent Tan is a substantial shareholder of BAssets whilst Tan Sri Dato' Tan Chee Sing ("TSDT"), the brother of Tan Sri Vincent Tan, has interests in BAssets
(f) Subsidiary company of Berjaya Media Berhad ("BMedia"), a company in which BCorp and Tan Sri Vincent Tan have substantial interests. TSDT is a shareholder of the company
(g) Joint venture of BCorp Group
(h) A company in which DYMM Sultan Ibrahim Johor, a substantial shareholder of the Company, has interests
(i) A company in which Yee Kar Fong, a director of REX, has interests

Compensation of key management personnel

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

	Group 2018 RM'000	Group 2017 RM'000
Short-term employee benefits	5,977	6,383

Included in compensation for key management personnel of the Group are directors' remuneration amounting to RM2,343,000 (2017: RM2,979,000) as disclosed in Note 8.

33. Significant events

The significant events during the financial year are as follows:

(a) On 15 December 2017, the Company announced that the financial assistance provided by RTC to Sprintz Designs Sdn. Bhd. ("Sprintz") amounting to RM898,000 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 have since expired and hence, there is no provision of financial assistance as at 30 April 2018.

(b) On 27 December 2017, the Company announced that RENS received the Notice of Approval from the Malaysian Communications and Multimedia Commission ("MCMC") to appoint RENS as Universal Service Provider for the provision and implementation of Time 3 Extension Phase 3 (Part 2) project, for the provision of 2G and 3G public cellular services in rural areas in 8 major states of Malaysia as part of MCMC's Time 3 Extension Phase 3 Programme, subject to a maximum cost of RM250,755,000.

34. 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.

34. Financial instruments (contd.)

(b) Interest rate risk (contd.)

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:

	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
Group							
At 30 April 2018							
Loans and borrowings	28	7.09%	5,143	83	358	1,223	6,807
Deposits with licensed banks	22	3.04%	50,310	-	-	-	50,310
At 30 April 2017							
Loans and borrowings	28	5.75%	27,125	142	345	1,313	28,925
Deposits with licensed banks	22	2.90%	45,469	-	-	-	45,469

34. 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 ("USD"), Singapore Dollar ("SGD"), Chinese Renminbi ("RMB") and Australia Dollar ("AUD"). 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	Singapore Dollar RM'000	Chinese Renminbi RM'000	Australia Dollar RM'000	Total RM'000
Group					
At 30 April 2018					
Financial assets					
Trade receivables	776	-	-	-	776
Cash and bank balances	581	7	-	-	588
	1,357	7	-	-	1,364
Financial liabilities					
Trade payables	(341)	(40)	-	-	(381)
Other payables and accruals	(19)	(14)	-	-	(33)
	(360)	(54)	-	-	(414)
Net financial assets/(liabilities)	997	(47)	-	-	950
At 30 April 2017					
Financial assets					
Trade receivables	3,179	-	-	-	3,179
Other receivables and deposits	77	-	-	-	77
Cash and bank balances	629	8	-	-	637
	3,885	8	-	-	3,893
Financial liabilities					
Trade payables	(88)	(62)	(55)	-	(205)
Other payables and accruals	(25)	(26)	-	(29)	(80)
	(113)	(88)	(55)	(29)	(285)
Net financial assets/(liabilities)	3,772	(80)	(55)	(29)	3,608

34. 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/(loss), 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	
		2018 RM'000 Profit, net of tax	2017 RM'000 Loss, net of tax
USD/RM	- strengthened 5%	60	190
	- weakened 5%	(60)	(190)
SGD/RM	- strengthened 5%	(2)	(3)
	- weakened 5%	2	3
RMB/RM	- strengthened 5%	-	(3)
	- weakened 5%	-	3

(d) Liquidity risk

The Group manages its debt maturity profile, 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.

Notes to the Financial Statements
30 April 2018 (Cont'd)

34. 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
Group				
30 April 2018				
Loans and borrowings	5,226	665	1,548	7,439
Trade and other payables	48,042	-	-	48,042
Total undiscounted financial liabilities	53,268	665	1,548	55,481
30 April 2017				
Loans and borrowings	27,250	660	1,657	29,567
Trade and other payables	58,176	-	-	58,176
Total undiscounted financial liabilities	85,426	660	1,657	87,743
Company				
30 April 2018				
Other payables and accruals, representing total undiscounted financial liabilities	215	-	-	215
30 April 2017				
Other payables and accruals, representing total undiscounted financial liabilities	188	-	-	188

34. 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 date.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two (2017: two) customers which constituted approximately 64% (2017: 58%) of its trade receivables at the end of the reporting date.

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 21. 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 21.

34. Financial instruments (contd.)

(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	21
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.

35. 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.

36. 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.

	External RM'000	Inter-segment RM'000	Total RM'000
Revenue			
2018			
Telecommunications services	81,490	6,330	87,820
Managed telecommunications network services	31,062	4,381	35,443
Industry digital services	5,529	750	6,279
Inter-segment elimination	-	(11,461)	(11,461)
	118,081	-	118,081
2017			
Telecommunications services	84,274	9,441	93,715
Managed telecommunications network services	68,512	3,919	72,431
Industry digital services	3,763	380	4,143
Inter-segment elimination	-	(13,740)	(13,740)
	156,549	-	156,549

	2018 RM'000	2017 RM'000
Results		
Telecommunications services	21,876	10,789
Managed telecommunications network services	(7,686)	(8,051)
Industry digital services	(4,850)	(3,120)
	9,340	(382)
Indirect corporate expenses	(2,112)	(7,510)
Profit/(loss) from operations	7,228	(7,892)
Investment related income	1,396	6,172
Finance costs	(2,111)	(2,468)
Profit/(loss) before tax	6,513	(4,188)
Taxation	(1,744)	(1,680)
Profit/(loss) after tax	4,769	(5,868)

Notes to the Financial Statements
30 April 2018 (Cont'd)

36. Segment information (contd.)

	Malaysia RM'000	Other country RM'000	The Group RM'000
2018			
Assets			
Segment assets	197,863	25	197,888
Tax recoverable			5,080
Deferred tax assets			5,350
Consolidated total assets			208,318
Liabilities			
Segment liabilities	64,355	33	64,388
Deferred tax liabilities			1,192
Provision for taxation			191
Consolidated total liabilities			65,771
Other segment items			
Additions to non-current assets other than financial instruments:			
- Property, plant and equipment	1,506	-	1,506
Depreciation of property, plant and equipment	4,485	-	4,485
Amortisation of intangible assets	50	-	50
Amortisation of development costs	708	-	708
2017			
Assets			
Segment assets	225,651	37	225,688
Tax recoverable			5,693
Deferred tax assets			5,518
Consolidated total assets			236,899
Liabilities			
Segment liabilities	96,616	47	96,663
Deferred tax liabilities			1,933
Provision for taxation			525
Consolidated total liabilities			99,121

36. Segment information (contd.)

	Malaysia RM'000	Other country RM'000	The Group RM'000
2017			
Other segment items			
Additions to non-current assets other than financial instruments:			
- Property, plant and equipment	1,607	-	1,607
- Intangible assets	250	-	250
- Development costs	1,357	-	1,357
Depreciation of property, plant and equipment	4,850	-	4,850
Amortisation of intangible assets	79	-	79
Amortisation of development costs	394	-	394

Major customers

Revenue from 4 major customers, equalling to or more than 19% (2017: 36%) of the Group's revenue, amounts to approximately RM22,679,000 (2017: RM54,399,000) arose from sales by the Malaysia segment.

INDEPENDENT AUDITORS' REPORT

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of REDtone International Berhad, which comprise the statements of financial position as at 30 April 2018 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 141.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Report on the audit of the financial statements (contd.)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

<u>Impairment assessment of non-current assets</u>

Refer to Note 12 – Property, Plant and Equipment and Note 14 – Intangible Assets

In accordance with MFRS 136 Impairment of Assets, the Group is required to perform an impairment test on its assets or CGUs when indications of impairment exist, and annually for its intangible assets with indefinite useful lives. During the financial year, the management performed impairment testing on property, plant and equipment and intangible assets with carrying amounts of RM19,914,000 and RM37,014,000 respectively by estimating the recoverable amounts of these assets or CGUs and comparing the recoverable amounts to the carrying amounts.

The impairment testing was significant to our audit because the estimation process for the recoverable amounts is complex and is based on assumptions that are highly judgmental.

Independent Auditors' Report

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

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

<u>Impairment assessment of non-current assets (contd.)</u>

(a) CGU comprising telecommunication licences and equipment

A subsidiary of the Company reported losses during the financial year, indicating that the telecommunication licences and equipment which are inter-related to the spectrum licences may be impaired. The management measured the recoverable amount of this CGU by engaging a firm of independent valuers to estimate the fair value less costs of disposal.

We focused on the valuation performed by the firm of independent valuers by performing the following procedures:

- We considered the objectivity, independence and expertise of the firm of independent valuers engaged by the Group;

- We obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the assets in the CGU and assessed whether such methodology is consistent with those used in the industry; and

- We had discussions with the independent valuers to obtain an understanding of the data used as inputs to the valuation models.

(b) Teleradiology, management and health record systems licences

As disclosed in Note 14 to the financial statements, the Group's teleradiology, management and health record systems licences have indefinite useful lives. Accordingly, the management estimated the recoverable amount of these licences using the value in use ("VIU") method. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the asset by taking into consideration the Group's short-term and long-term plans as well as anticipated future developments in the telecommunications sector. An appropriate discount rate is then applied to these cash flows.

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

Impairment assessment of non-current assets (contd.)

(b) Teleradiology, management and health record systems licences (contd.)

In addressing this area of focus, we evaluated the VIU calculation by performing the following procedures:

- We compared the projected cash flows to the latest three-year strategic plan that was approved by the Executive Committee ("EXCO") members;

- We evaluated the key assumptions for earnings before interest, tax, depreciation and amortization ("EBITDA"), long term growth rates and average growth rates in the projection by comparing them to historical results, economic and industry forecasts;

- We assessed whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive, by benchmarking the rate with comparable organisations; and

- We performed sensitivity analysis around the discount rate by assessing the impact of changes to the key assumptions on the recoverable amount.

Independent Auditors' Report

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

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

Revenue recognition

(a) Revenue recognition on telecommunication services

Refer to Note 2.4 (t) (i) and (ii) – Revenue Recognition (Telecommunication Services Revenue) and Note 3 – Revenue

The Group relies on complex information technology systems in accounting for its telecommunication revenue. Such information systems process large volumes of data, which consist of individually low value transactions. In addition, significant estimates and judgements are involved in accounting for unbilled revenue at the reporting date.

The above factors gave rise to a higher risk of material misstatement in the timing and amount of the recognition of revenue from telecommunication services. Accordingly, we identified this as an area of focus.

Our audit sought to place a high level of reliance on the Group's information technology systems and key controls that management relies on in recording telecommunication revenue, where we:

- Involved our information technology specialists to test the operating effectiveness of the automated controls over the billing system. We also tested the accuracy of the data interface between the billing system and the general ledger; and

- Tested the effectiveness of the non-automated controls to ensure the accuracy of revenue recognised, including timely updating of approved rate changes to the billing system.

Our substantive procedures, included amongst others, the following:

- Testing the reconciliation between the billing system and the general ledger, including validating material manual journals processed; and

- Evaluating management's estimate of unbilled revenue by comparing such amount to the billings raised subsequent to the reporting period.

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

Revenue recognition (contd.)

(b) Revenue recognition on construction of Wi-Fi infrastructure and Universal Service Provision ("USP") sites

Refer to Note 2.4 (t) (iii) – Revenue Recognition (Managed Telecommunications Network Services Revenue) and Note 3 - Revenue

Included in managed telecommunication network services revenue is revenue from the construction of Wi-Fi infrastructure and USP sites which accounts for 18% of the Group's revenue. The Group uses the percentage of completion method in accounting for these construction contracts. We focused on construction contract revenue and cost of sales because the percentage of completion method involves significant management judgement and estimates, particularly in the determination of the stage of completion and total estimated contract costs (which forms part of the computation of percentage of completion).

In addressing this area of focus:

- We read the contracts to obtain an understanding of the specific terms and conditions;

- We obtained an understanding of the Group's internal controls over the accuracy and timing of revenue recognition;

- We discussed the progress of projects with project leaders and engineers and corroborated the information gathered from these discussions with letters of award, User Acceptance Forms acknowledged by customers and subcontractor claims and invoices;

- We assessed whether the assumptions applied by the management showed any evidence of management bias, based on our assessment of the historical accuracy of management's estimates in previous periods and analysis of changes in assumptions from prior periods.

- We reviewed management's working on the computation of percentage of completion.

Independent Auditors' Report

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

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

Recoverability of deferred tax assets

Refer to Note 19 – Deferred Tax

As at 30 April 2018, the Group's deferred tax assets amounted to RM5,350,000. We focused on this area as the recognition of these assets involve judgement by management as to the likelihood of the realisation of these deferred tax assets, which is based on a number of factors, including whether there will be sufficient taxable profits in future periods to support recognition of the said deferred tax assets.

Our procedures in relation to management's assessment on the recoverability of deferred tax assets include:

- Understanding and assessing the identification process of temporary differences and calculating the deferred tax assets; and

- Assessing the accuracy of forecasted future taxable profits by evaluating historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit, including where applicable their consistency with business plans and forecasts used for impairment testing purposes.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Report on the audit of the financial statements (contd.)

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditors' Report

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

Report on the audit of the financial statements (contd.)

Auditors' responsibilities for the audit of the financial statements (contd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (contd.)

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Report on the audit of the financial statements (contd.)

Auditors' responsibilities for the audit of the financial statements (contd.)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 16 to the financial statements.

Independent Auditors' Report

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

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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
31 July 2018

LIST OF PROPERTIES

as at 30 April 2018

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 2018 (RM'000)	Date of Valuation/ Effective Year of Purchase
REDtone Telecommunications Sdn Bhd ("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	20	91	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	20	96	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	20	117	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	20	119	N/A/ 10 Feb 1999
RTC/ Unit No: 26 Storey: 2nd, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Tenanted	N/A/ 136.10 square meters	Freehold	21	580	30 April 2018/ 1 Mar 2005
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	21	973	30 Apr 2009/ 1 Mar 2005

List of Properties
as at 30 April 2018 (Cont'd)

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 2018 (RM'000)	Date of Valuation/ Effective Year of Purchase
RTC/ Unit No: 26 Storey: 3rd, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Tenanted	N/A/ 136.29 square meters	Freehold	21	580	30 Apr 2018/ 16 Feb 2009
RTC/ Unit No: 27 Storey: 3rd, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 321.63 square meters	Freehold	21	711	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	21	188	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	21	236	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	21	1,669	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	21	599	31 Mar 2018/ 7 July 2005

ANALYSIS OF SHAREHOLDINGS
as at 31 July 2018

Total Number of Issued Shares	:	748,726,172 (excluding 9,502,000 Treasury Shares)
Class of Shares	:	Ordinary Shares
Voting rights	:	One (1) vote per ordinary share

Size of shareholdings	No. of Shareholders	% of Total Shareholders	No. of Shares Held	% of Issued Capital
Less than 100 shares	169	3.904	6,721	0.001
100 – 1,000 shares	319	7.369	175,650	0.024
1,001 – 10,000 shares	1,983	45.808	11,203,725	1.496
10,001 – 100,000 shares	1,533	35.412	53,764,845	7.181
100,001 – 37,436,308 shares	323	7.461	207,962,319	27.775
37,436,309 and above of shares	2	0.046	475,612,912	63.523
TOTAL	4,329	100.000	748,726,172#	100.000

excluded 9,502,000 shares bought back and retained as Treasury Shares

DIRECTORS' SHAREHOLDINGS

		No. of Shares Held			
No.	Name	Direct	%	Indirect	%
1.	YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	–	–	–	–
2.	Lau Bik Soon	3,710,360	0.49	–	–
3.	Dato' Ismail Bin Osman	–	–	–	–
4.	Ho Meng	–	–	–	–
5.	Mathew Thomas A/L Vargis Mathews	615,000	0.08	–	–
6.	Dato' Mohd Zaini Bin Hassan	20,000	#	–	–
7.	Avinderjit Singh A/L Harjit Singh	–	–	–	–
8.	Loh Paik Yoong	–	–	–	–

Notes:

negligible

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

		No. of Shares Held			
No.	Name	Direct	%	Indirect	%
1.	Juara Sejati Sdn Bhd	344,612,912	46.03	42,200,000 [1]	5.64
2.	Berjaya Group Berhad	–	–	386,812,912 [2]	51.66
3.	Berjaya Corporation Berhad	–	–	386,812,912 [3]	51.66
4.	Tan Sri Dato' Seri Vincent Tan Chee Yioun	7,000,000	0.93	386,812,912 [4]	51.66
5.	DYMM Sultan Ibrahim Johor	134,000,000	17.90	–	–

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 Shareholdings
as at 31 July 2018 (Cont'd)

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	45.63
2.	DYMM Sultan Ibrahim Johor	134,000,000	17.90
3.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd Berjaya Philippines Inc	36,800,000	4.92
4.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wei Chuan Beng	14,883,000	1.99
5.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank For Phang Miow Sin	7,730,000	1.03
6.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wei Chuan Beng	7,546,900	1.01
7.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Vincent Tan Chee Yioun	7,000,000	0.93
8.	Lim Gaik Bway @ Lim Chiew Ah	6,800,100	0.91
9.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account Phang Miow Sin	6,016,000	0.80
10.	Prime Credit Leasing Sdn. Bhd.	5,400,000	0.72
11.	Lau Bik Soon	3,710,360	0.49
12.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Juara Sejati Sdn Bhd	3,000,000	0.40
13.	Tiew Ming Ching	2,562,341	0.34
14.	Public Invest Nominees (Tempatan) Sdn Bhd Exempt An For Phillip Securities Pte Ltd	2,330,000	0.31
15.	Jonathan Victor Rozario	2,300,000	0.31
16.	Ng Hui Nooi	2,240,080	0.30
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Wee Mian	2,046,800	0.27
18.	Ung Ching Erh	1,978,100	0.26
19.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd For Ng Kam Loong	1,763,400	0.24
20.	Maybank Nominees (Tempatan) Sdn Bhd Yaw Chee Hou	1,712,500	0.23

Analysis of Shareholdings
as at 31 July 2018 (Cont'd)

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
21.	Pang Chee Min	1,650,800	0.22
22.	Datuk Tay Hock Tiam	1,650,000	0.22
23.	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ngieng Sii Jing	1,466,050	0.20
24.	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Peter Yeow Heng Ho	1,320,600	0.18
25.	Tan Yee Kong	1,275,000	0.17
26.	Tan Yee Seng	1,215,000	0.16
27.	Woon Wee Juang	1,110,000	0.15
28.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Lean Pang	1,045,000	0.14
29.	Chua Ee Ping	1,000,400	0.13
30.	Cho Kam Choong	992,000	0.13
		604,157,343	80.69

ANALYSIS OF 2.75% 10-YEAR IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2010/2020 (ICULS) HOLDINGS

as at 31 July 2018

Number of ICULS issued	:	406,116,335
Number of outstanding ICULS	:	60,564,294
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 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 2018	:	1,659,250

Size of ICULS holdings	No. of ICULS Holders	% of Total ICULS Holders	No. of ICULS Held	% of ICULS
Less than 100 ICULS	23	3.588	1,023	0.002
100 – 1,000 ICULS	28	4.368	13,121	0.021
1,001 – 10,000 ICULS	303	47.270	1,655,100	2.733
10,001 – 100,000 ICULS	257	40.094	8,660,000	14.299
100,001 – 3,028,214 ICULS	28	4.368	5,105,600	8.430
3,028,215 and above of ICULS	2	0.312	45,129,450	74.515
TOTAL	641	100.000	60,564,294	100.000

DIRECTORS' INTERESTS IN ICULS

There were no Directors holding ICULS in the Company as at 31 July 2018.

THIRTY (30) LARGEST ICULS HOLDERS

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of ICULS Held	% of ICULS
1.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd Berjaya Philippines Inc	40,330,000	66.59
2.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Juara Sejati Sdn. Bhd.	4,799,450	7.92
3.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank For Wong King Hu	346,000	0.57
4.	T C Holdings Sendirian Berhad	300,000	0.50
5.	K.B. Loh Sdn Bhd	300,000	0.50
6.	Cheong Kai Kee	300,000	0.50
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Janice Low Su-Lyn	300,000	0.50
8.	Tan Ah Weng @ Tang Ah Bah	250,000	0.41

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

as at 31 July 2018 (Cont'd)

THIRTY (30) LARGEST ICULS HOLDERS (CONT'D)

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of ICULS Held	% of ICULS
9.	Peh Sew Chong	233,700	0.39
10.	Charles Ross Mckinnon	200,200	0.33
11.	Chew Sze Leong	200,000	0.33
12.	Soh Kan Tee	200,000	0.33
13.	Wong Wai Kuan	179,500	0.30
14.	Kenanga Nominees (Asing) Sdn Bhd Pledged Securities Account For Charles Ross Mckinnon	171,000	0.28
15.	Chai Ai Li	160,000	0.26
16.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Low Khong See	155,200	0.26
17.	Wang Jianping	153,750	0.25
18.	Lim Jit Hai	152,500	0.25
19.	Loh Chun Lin	150,000	0.25
20.	Lim Thiam Wan	150,000	0.25
21.	Tan Soon Leong	150,000	0.25
22.	Woon Wee Juang	143,800	0.24
23.	Teo Kwee Hock	143,800	0.24
24.	Wei Hui Kim	133,500	0.22
25.	Lim Suey Hock	110,000	0.18
26.	Chua Yok Wan	110,000	0.18
27.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Belinda Wong Kah Hung	109,700	0.18
28.	Yong Kim Meng	102,250	0.17
29.	Teoh Han Chong	100,400	0.16
30.	Ng Wee Mian	100,300	0.16
		50,235,050	82.95

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CDS Account No.

No. of Shares held

REDtone

REDTONE INTERNATIONAL BERHAD
(Company No. 596364-U)
(Incorporated in Malaysia)

FORM OF PROXY

(before completing this Form of Proxy, please refer to the notes below)

I/We .... NRIC No./Passport No./Company No. ....

of ....
(FULL ADDRESS)

being a member/members of **REDtone International Berhad** ("the Company"), hereby appoint:-

.... (Proxy 1) NRIC No./Passport No. ....
(FULL NAME IN BLOCK LETTERS)

of .... and/or*
(FULL ADDRESS)

.... (Proxy 2) NRIC No./Passport No. ....
(FULL NAME IN BLOCK LETTERS)

of ....
(FULL ADDRESS)

as *my/our proxy to vote for *me/us and on *my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 16 October 2018 at 10:00 a.m. and at any adjournment thereof.

	ORDINARY RESOLUTION	FOR	AGAINST
1.	Approval for the payment of Directors' fees payable to the Non-Executive Directors of the Company for the period from 17 October 2018 until the next Annual General Meeting of the Company to be held in year 2019.		
2.	Approval for the payment of Directors' benefits to the Directors of the Company for the period from 17 October 2018 until the next Annual General Meeting of the Company to be held in year 2019.		
3.	Re-election of Loh Paik Yoong as Director.		
4.	Re-election of Dato' Mohd Zaini Bin Hassan as Director.		
5.	Re-election of Lau Bik Soon as Director.		
6.	Re-appointment of Messrs. Ernst & Young as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
7.	Proposed retention of Mathew Thomas A/L Vargis Mathews as Independent Non-Executive Director.		
8.	Authority to Issue Shares pursuant to the Companies Act 2016.		
9.	Proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("**Proposed Mandate I**").		
10.	Proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("**Proposed Mandate II**").		
11.	Proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("**Proposed Mandate III**").		

Please indicate with an "X" in the spaces above on how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.

Dated this .... day of...........................2018

For appointment of two (2) proxies, percentage of shareholding to be represented by each proxy		
	No. of shares	%
Proxy 1		
Proxy 2		
Total		

....
* Signature of Member/Common Seal

* Delete whichever if not applicable

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 October 2018 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting or appoint proxy(ies) to attend and vote in his stead.*
2. *A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. A proxy may but need not be a member or a qualified legal practitioner or an approved company auditor or a person approved by the Registrar.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.*
5. *The instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company at Lot 10-04A & 10-04B, Level 10, West, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjourned meeting.*

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Stamp

Share Registrar
REDtone International Berhad (596364-U)
Lot 10-04A & 10-04B, Level 10, West,
Berjaya Times Square,
No. 1, Jalan Imbi,
55100 Kuala Lumpur,
Wilayah Persekutuan.

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REDtone

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