

### XIII PROFORMA CONSOLIDATED BALANCE SHEETS OF RIB AND THE REPORTING ACCOUNTANTS' LETTER THEREON

#### 1. PROFORMA CONSOLIDATED BALANCE SHEETS

The table below sets out a summary of the proforma consolidated balance sheets of the RIB Group as at 30 June 2003, for illustrative purposes only, to show the effects of the Increase in Share Capital, Share Split, Dividends, Acquisitions, Rights Issue, Bonus Issue I, Acquisition of RTC II, Public Issue, Bonus Issue II and the proposed utilisation of the proceeds from the Rights Issue and Public Issue in conjunction with the Listing on the assumption that the Listing was completed on 30 June 2003 and should be read in conjunction with the notes and assumptions to the proforma consolidated balance sheets of the RIB Group as set out in Part XIII(2) of this Prospectus.

	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	
	Audited accounts as at 30 June 2003 RM 000	After increase in share capital and share split RM 000	After Proforma I and Acquisitions RM 000	After Proforma II, Rights Issue and Bonus Issue RM 000	After Proforma III and Acquisition of RTC II RM 000	After Proforma IV, Public Issue, Bonus II and Utilisation of Proceeds RM 000
<b>Non-current assets</b>						
Property, plant and equipment	-	-	4,365	4,365	4,365	4,365
Investment	350	350	-	-	-	-
Trade receivables	-	-	48	48	48	48
Deferred tax asset	-	-	1,117	1,117	1,117	1,117
Intangible assets	-	-	2,128	2,128	2,128	2,128
	350	350	7,658	7,658	7,658	7,658
<b>Current assets</b>						
Inventories	-	-	210	210	210	210
Trade receivables	-	-	6,843	6,843	6,843	6,843
Other receivables and prepayments	522	522	1,709	1,709	1,709	1,187
Marketable securities	-	-	5,500	5,500	5,500	5,500
Cash and bank balances	*	6,240	9,934	16,034	16,034	43,060
	522	6,762	24,196	30,296	30,296	56,800
<b>Current liabilities</b>						
Trade payables	-	-	7,271	7,271	7,271	7,271
Other payables and accrued expenses	881	881	10,503	10,503	10,503	9,981
Tax payable	-	-	34	34	34	34
Deferred income	-	-	2,090	2,090	2,090	2,090
	881	881	19,898	19,898	19,898	19,376

**XIII PROFORMA CONSOLIDATED BALANCE SHEETS OF RIB AND THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	
	Audited accounts as at 30 June 2003 RM 000	After increase in share capital and share split RM 000	After Proforma I and Acquisitions RM 000	After Proforma II, Rights Issue and Bonus Issue RM 000	After Proforma III and Acquisition of RTC II RM 000	After Proforma IV, Public Issue, Bonus II and Utilisation of Proceeds RM 000
<b>Net current (liabilities)/assets</b>	(359)	5,881	4,298	10,398	10,398	37,424
<b>Net (liabilities)/assets</b>	(9)	6,231	11,956	18,056	18,056	45,082
<b>Represented/ Financed by:</b>						
Share capital	**	6,240	7,574	13,657	13,692	25,200
Share premium	-	-	-	17	17	15,535
Capital reserve	-	-	2,983	2,983	3,104	3,104
Accumulated loss	(9)	(9)	(9)	(9)	(9)	(9)
<b>Shareholders' (deficit)/ equity</b>	(9)	6,231	10,548	16,648	16,804	43,830
MI	-	-	207	207	51	51
Deferred income	-	-	1,181	1,181	1,181	1,181
Deferred tax liability	-	-	20	20	20	20
	(9)	6,231	11,956	18,056	18,056	45,082
<b>NTA per share (RM)</b>	-	0.10	0.11	0.11	0.11	0.17

**Notes:**\* *Less than RM1,000.*\*\* *This represents RM2 comprising 2 ordinary shares of RM1.00 each.*

**XIII PROFORMA CONSOLIDATED BALANCE SHEETS OF RIB AND THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**



**- 4 DEC 2003**

The Board of Directors  
Redtone International Berhad  
Suite 22-28, 5<sup>th</sup> Floor, IOI Business Park,  
47100 Puchong,  
Selangor Darul Ehsan, Malaysia

■ Chartered Accountants  
22nd Floor, MWE Plaza  
No. 8, Lebuhr Farquhar  
10200 Penang, Malaysia.

Mail Address:  
P.O. Box 148,  
10710 Penang, Malaysia.

■ Phone : (04) 264 1878  
(04) 263 0033  
Fax : (04) 262 1812  
(04) 263 0099  
www.ey.com/my

Dear Sirs

**REDTONE INTERNATIONAL BERHAD (“RIB”)  
PRO FORMA CONSOLIDATED BALANCE SHEETS  
AS AT 30<sup>TH</sup> JUNE 2003**

We report on the pro forma consolidated balance sheets set out in section XIII of the Prospectus to be dated **- 9 DEC 2003**, which have been prepared for illustrative purposes only, to provide information about how the pro forma consolidated balance sheets of Redtone International Berhad and its subsidiaries as at 30<sup>th</sup> June 2003 that have been presented might have been affected by the following transactions and proposals, had the transactions and proposals been completed on that date:

- (a) Increase in its issued and fully paid-up share capital from RM2.00 to RM6,240,002 through the subscription of 6,240,000 new ordinary shares of RM1.00 each in RIB for a total consideration of RM6,240,000 by way of cash, at RM1.00 per ordinary share of RM1.00 each in RIB.
- (b) Share split involving a change in the par value of the ordinary shares of RIB from RM1.00 each to RM0.10 each, by way of sub-division of par value of the existing ordinary shares in RIB.
- (c) Declaration of interim tax-exempt dividend of RM400,000 to the existing shareholders of Redtone Telecommunications Sdn. Bhd. for the financial year ending 29 February 2004.
- (d) Acquisitions of Redtone Telecommunications Sdn. Bhd. (“RTC”) (Acquisition of RTC I), Redtone Technology Sdn. Bhd. (“RT”), Redtone Marketing Sdn. Bhd. (“RMSB”), Redtone Network Sdn. Bhd. (“RN”) and VMS Technology Limited (“VMSTL”).
- (e) Renounceable Rights Issue of 20,333,230 new ordinary shares of RM0.10 each in RIB to the existing shareholders of RIB at an issue price of RM0.30 per ordinary share of RM0.10 each on the basis of approximately 2.6847 new ordinary shares of RM0.10 each in RIB for every 10 existing ordinary shares of RM0.10 each in RIB held after the Distribution in Specie And Reorganisation.

**XIII PROFORMA CONSOLIDATED BALANCE SHEETS OF RIB AND THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**



**Redtone International Berhad**

**- 4 DEC 2003**

- (f) Bonus Issue I of 40,500,000 new ordinary shares of RM0.10 each in RIB, to the existing shareholders of RIB on the basis of approximately 4.22 new ordinary shares of RM0.10 each in RIB for every 10 existing ordinary shares of RM0.10 each in RIB held after the renounceable Rights Issue.
- (g) Acquisition of the remaining 2.25% of the issued and fully paid-up share capital of RTC (Acquisition of RTC II) comprising 36,000 ordinary shares of RM1.00 each in RTC, not already owned by RIB, for a total purchase consideration of RM35,000 satisfied by the issuance of 350,000 new ordinary shares of RM0.10 each in RIB at RM0.10 per ordinary share of RM0.10 each.
- (h) Public Issue of 31,080,000 new ordinary shares of RM0.10 each in RIB to be issued to the Malaysian public and identified investors, at the issue price of RM0.95 per Public Issue share.
- (i) Bonus Issue II of 84,000,000 new ordinary shares of RM0.10 each in RIB to be issued to all the shareholders of RIB prior to the Listing on the basis of 1 new ordinary share of RM0.10 each in RIB for every 2 existing ordinary shares of RM0.10 each in RIB held after the Public Issue.

It is the responsibility solely of the directors of Redtone International Berhad to prepare the pro forma consolidated balance sheets in accordance with paragraphs 19 to 21, Chapter 13 of the Securities Commission Prospectus Guidelines (Revised 1 April 2003) in respect of Public Offerings (“the Guidelines”).

It is our responsibility to form an opinion, as required by paragraph 22, Chapter 13 of the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the pro forma consolidated balance sheets with responsible officers of Redtone International Berhad. Our work involved no independent examination of any of the underlying financial information.

In our opinion:

- (a) the pro forma consolidated balance sheets have been properly compiled on the bases stated; and
- (b) within the context of the assumed date of the Increase in Share Capital, Rights Issue, Bonus Issues and the Acquisitions:
  - (i) such bases are consistent with the accounting policies of Redtone International Berhad; and
  - (ii) the adjustments set out are appropriate for the purposes of the pro forma consolidated balance sheets pursuant to paragraphs 19 to 21, Chapter 13 of the Guidelines.

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XIII PROFORMA CONSOLIDATED BALANCE SHEETS OF RIB AND THE REPORTING  
ACCOUNTANTS' LETTER THEREON (CONT'D)

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**Redtone International Berhad**

**- 4 DEC 2003**

The accompanying pro forma consolidated balance sheets and this letter have been prepared solely for the purposes stated above, in connection with the aforementioned transactions and proposals. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

ERNST & YOUNG  
AF: 0039  
Chartered Accountants


Penang, Malaysia

A handwritten signature in black ink that reads 'Habibah Bte Abdul'.

HABIBAH BTE ABDUL  
No. 1210/05/04(J)  
Partner

Signed copies of this document have been prepared in English and Bahasa Malaysia versions. In event of any inconsistency between these, the English version shall prevail.

**XIII PROFORMA CONSOLIDATED BALANCE SHEETS OF RIB AND THE REPORTING ACCOUNTANTS' LETTER THEREON**  
(CONT'D)

											
		<b>REDTONE INTERNATIONAL BERHAD</b> <b>PROFORMA CONSOLIDATED BALANCE SHEETS</b> <b>AS AT 30<sup>TH</sup> JUNE 2003</b>									
		<b>Company audited as at 30<sup>th</sup> June 2003</b>									
	RM'000	Adjustment (I)	Pro forma (I)	Adjustment (II)	Pro forma (II)	Adjustment (III)	Pro forma (III)	Adjustment (IV)	Pro forma (IV)	Adjustment (V)	Pro forma (V)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>NON-CURRENT ASSETS</b>											
Property, plant and equipment	-	-	-	4,365	4,365	-	4,365	-	4,365	-	4,365
Investment	350	350	350	(350)	-	-	-	-	-	-	-
Intangible assets	-	-	-	2,128	2,128	-	2,128	-	2,128	-	2,128
Deferred tax asset	-	-	-	1,117	1,117	-	1,117	-	1,117	-	1,117
Trade receivables	-	-	-	48	48	-	48	-	48	-	48
	<u>350</u>		<u>350</u>		<u>7,658</u>		<u>7,658</u>		<u>7,658</u>		<u>7,658</u>
<b>CURRENT ASSETS</b>											
Inventories	-	-	-	210	210	-	210	-	210	-	210
Trade receivables	-	-	-	6,843	6,843	-	6,843	-	6,843	-	6,843
Other receivables	522	522	522	1,187	1,709	-	1,709	-	1,709	(522)	1,187
Market securities	-	-	-	5,500	5,500	-	5,500	-	5,500	-	5,500
Cash and bank balances	*	6,240	6,240	3,694	9,934	6,100	16,034	-	16,034	27,026	43,060
	<u>522</u>		<u>6,762</u>		<u>24,196</u>		<u>30,296</u>		<u>30,296</u>		<u>56,800</u>
<b>CURRENT LIABILITIES</b>											
Trade payables	-	-	-	7,271	7,271	-	7,271	-	7,271	-	7,271
Other payables	881	881	881	9,622	10,503	-	10,503	-	10,503	(522)	9,981
Deferred income	-	-	-	2,090	2,090	-	2,090	-	2,090	-	2,090
Tax payable	-	-	-	34	34	-	34	-	34	-	34
	<u>881</u>		<u>881</u>		<u>19,898</u>		<u>19,898</u>		<u>19,898</u>		<u>19,376</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>											
	(359)	5,881	5,881	4,298	4,298	-	10,398	-	10,398	-	37,424
	<u>(9)</u>	<u>6,231</u>	<u>6,231</u>	<u>11,956</u>	<u>18,056</u>		<u>18,056</u>		<u>18,056</u>		<u>45,082</u>

**XIII PROFORMA CONSOLIDATED BALANCE SHEETS OF RIB AND THE REPORTING ACCOUNTANTS' LETTER THEREON**  
(CONT'D)

**REDTONE INTERNATIONAL BERHAD**  
**PROFORMA CONSOLIDATED BALANCE SHEETS**  
**AS AT 30<sup>TH</sup> JUNE 2003**

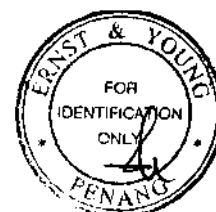


	Company audited										
	30 <sup>th</sup> June 2003	Adjustment (I)	Pro forma (I)	Adjustment (II)	Pro forma (II)	Adjustment (III)	Pro forma (III)	Adjustment (IV)	Pro forma (IV)	Adjustment (V)	Pro forma (V)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>FINANCED BY:</b>											
Share capital	**	6,240	6,240	1,334	7,574	6,083	13,657	35	13,692	11,508	25,200
Reserves	(9)		(9)	2,983	2,974	17	2,991	121	3,112	15,518	18,630
Shareholders' equity	(9)		6,231	207	10,548		16,648		16,804		43,830
Minority interest	-		-		207		207	(156)	51		51
	(9)		6,231		10,755		16,855		16,855		43,881
Deferred income	-		-	1,181	1,181		1,181		1,181		1,181
Deferred tax liability	-		-	20	20		20		20		20
	-		-		1,201		1,201		1,201		1,201
	(9)		6,231		11,956		18,056		18,056		45,082
Net (liabilities)/tangible assets	(9)		6,231		8,420		14,520		14,676		41,702
Net (liabilities)/tangible assets per share (RM)	(4,500)		0.100		0.111		0.106		0.107		0.165
Par value of ordinary shares (RM)	1.00		0.10		0.10		0.10		0.10		0.10

\* Amount less than RM1,000.00.

\*\* Share capital of RM2.00 only.

**XIII PROFORMA CONSOLIDATED BALANCE SHEETS OF RIB AND THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**



**NOTES TO THE PRO FORMA CONSOLIDATED BALANCE SHEETS**

- (a) The pro forma consolidated balance sheets of RIB have been prepared for illustrative purposes only to show the effects on the audited balance sheet as at 30<sup>th</sup> June 2003 of the transactions and proposals as stated in the following Notes (b),(c),(d), (e) and (f), had the transactions and proposals been implemented and completed on that date, and by application of the accounting policies of RIB as disclosed in its audited financial statements for the period ended 30<sup>th</sup> June 2003.
- (b) Adjustment column I reflects the increase in its issued and fully paid-up share capital from RM2.00 to RM6,240,002 through the subscription of 6,240,000 new ordinary shares of RM1.00 each in RIB for a total consideration of RM6,240,000 by way of cash and the share split which involves a change in the par value of the ordinary shares of RIB from RM1.00 each to RM0.10 each, by way of sub-division of par value of the existing ordinary shares in RIB.
- (c) Adjustment column II reflects the Acquisitions of the following companies:-

SUBSIDIARY	EQUITY (%)	← CONSIDERATION →		
		ISSUANCE OF SHARES OF RM0.10 EACH UNITS	CASH RM	TOTAL RM
<b>BY RIB: -</b>				
<b>REDTONE TELECOMMUNICATION SDN. BHD. ("RTC") (Acquisition of RTC I)</b>				
BHD. ("RTC") (Acquisition of RTC I)	95.5	13,336,690	-	1,333,669
REDTONE TECHNOLOGY SDN. BHD. ("RT")	100	20	-	2
REDTONE MARKETING SDN. BHD. ("RMSB")	100	20	-	2
REDTONE NETWORK SDN. BHD. ("RN")	51	20	-	2
<b>BY RTC: -</b>				
VMS TECHNOLOGY LIMITED ("VMSTL")	40	-	553,500	553,500
<b>TOTAL</b>		<b>13,336,750</b>	<b>553,500</b>	<b>1,887,175</b>

The Acquisitions are after accounting for Redtone Telecommunications Sdn. Bhd.'s declaration of interim tax exempt dividend of RM400,000 to its existing shareholders for the financial year ending 29 February 2004.

- (d) Adjustment column III reflects:-
- (i) the renounceable Rights Issue of 20,333,230 new ordinary shares of RM0.10 each in RIB at the issue price of RM0.30 per ordinary share of RM0.10 each to the existing shareholders of RIB on the basis of approximately 2.6847 new ordinary shares for every 10 existing ordinary shares of RM0.10 each in RIB held after the Distribution in Specie And Reorganisation.
- (ii) the Bonus Issue I of 40,500,000 new ordinary shares of RM0.10 each in RIB to the existing shareholders of RIB on the basis of approximately 4.22 new ordinary shares of RM0.10 each in RIB for every 10 existing ordinary shares of RM0.10 each in RIB held after the renounceable Rights Issue.

The share premium account arising from the renounceable Rights Issue is used for the Bonus Issue I.

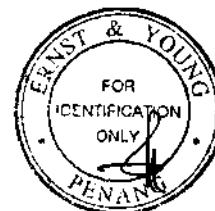
- (e) Adjustment column IV reflects the acquisition of the remaining 2.25% of the issued and fully paid-up share capital of RTC (Acquisition of RTC II) comprising 36,000 ordinary shares of RM1.00 each in RTC, not already owned by RIB for a total purchase consideration of RM35,000 satisfied by issuance of 350,000 new ordinary shares of RM0.10 each in RIB at RM0.10 per ordinary share of RM0.10 each.



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**XIII PROFORMA CONSOLIDATED BALANCE SHEETS OF RIB AND THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

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(f) Adjustment column V reflects:-

- (i) the Public Issue of 31,080,000 new ordinary shares of RM0.10 each in RIB to be issued to the Malaysian Public and identified investors at the issue price of RM0.95 per Public Issue share.

The listing expenses of RM2.5 million are set off against the share premium account arising from the Public Issue.

- (ii) the Bonus Issue II of 84,000,000 new ordinary shares of RM0.10 each in RIB to all the shareholders of RIB prior to the Listing on the basis of approximately 1 new bonus share for every 2 existing RIB shares held after the Public Issue.

The share premium account arising from the Public Issue will be used for the Bonus Issue II.

#### XIV. DIRECTORS' REPORT

*(Prepared for inclusion in this Prospectus)*

www.redtone.com

**REDtone International Berhad** (596364-U)

20th Floor, East Wing, Plaza Permata, Jalan Kampar,

Off Jalan Tun Razak, 50400 Kuala Lumpur.

T 603-4043 9411 F 603-4043 1233

**REDtone**  
expect innovation

**04 DEC 2003**

**Registered Office**

20th Floor, East Wing  
Plaza Permata  
Jalan Kampar  
Off Jalan Tun Razak  
50400 Kuala Lumpur

The Shareholders  
REDtone International Berhad

Dear Sir/Madam

On behalf of the Board of Directors of REDtone International Berhad (the "Company"), I report that after making due enquiries in relation to the interval between 30 June 2003, being the date to which the last audited accounts of the Company and its subsidiaries ("Group") have been made up to 30 November 2003, being a date not earlier than 14 days before the issue of this Prospectus:

- (a) The business of the Group has, in the opinion of the Board of Directors, been satisfactorily maintained;
- (b) In the opinion of the Board of Directors of the Company, save as disclosed in this Prospectus, no circumstances have arisen since the last audited accounts of the Group which have adversely affected the trading or the value of the assets of the Group;
- (c) The current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) Save as disclosed in this Prospectus, no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Group;
- (e) Save as disclosed in this Prospectus, the Board of Directors of the Company are not aware of any default or any known events that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Group since the last audited accounts of the Group; and
- (f) Save as disclosed in the Accountants' Report as set out in Section XII of this Prospectus, there have been no changes to the published reserves or any unusual factors affecting the profits of the Group since the last audited accounts of the Group.

Yours faithfully  
For and on behalf of the Board of Directors of  
REDtone International Berhad

  
Wei Chan Beng  
Managing Director