

# **REDTONE INTERNATIONAL BERHAD**

Incorporated in Malaysia: 596364-U

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 31 MAY 2007**

**REDTONE INTERNATIONAL BERHAD**

(Company No: 596364-U)

The Directors are pleased to announce the unaudited results for the fourth quarter ended 31 May 2007.

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD FROM 1 JUNE 2006 TO 31 MAY 2007**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		1 Mar 07 to 31 May 07	1 Mar 06 to 31 May 06	1 June 06 to 31 May 07	1 June 05 to 31 May 06
		CURRENT QUARTER RM'000	PRECEDING YEAR CORRESPONDING QUARTER RM'000	CURRENT YEAR TODATE RM'000	PRECEDING YEAR CORRESPONDING PERIOD RM'000
REVENUE	A11	25,215	N/A	107,519	N/A
PROFIT/(LOSS) FROM OPERATIONS		557	N/A	10,502	N/A
FINANCE INCOME, NET		37	N/A	544	N/A
DEPRECIATION AND AMORTISATION	B1	2,372	N/A	(2,533)	N/A
PROFIT BEFORE TAX AND MINORITY INTEREST		2,966	N/A	8,513	N/A
TAXATION	B5	472	N/A	468	N/A
PROFIT AFTER TAX AND BEFORE MINORITY INTEREST		3,438	N/A	8,981	N/A
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE PARENT		3,365	N/A	10,525	N/A
MINORITY INTEREST		73	N/A	(1,544)	N/A
		3,438	-	8,981	-
EARNINGS PER SHARE (SEN)	B10	1.33	N/A	4.18	N/A
ANNUALISED EARNINGS PER SHARE (SEN)	B10	5.34	N/A	4.18	N/A

The financial year end of the Company has been changed from 28 February to 31 May commencing financial period ended 31 May 2006 and thereafter to end on 31 May of every subsequent year. Accordingly, there are no comparative figures for the current quarter ended 31 May 2007 and the preceding year corresponding period. However, the previously announced results for the fifth quarter (March 2006 to May 2006) is attached herewith as reference

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for year ended 31 May 2006.

# REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

## Condensed Consolidated Balance Sheet

	Unaudited	Audited
	AS AT END OF CURRENT QUARTER 31 May 2007	AS AT PRECEDING YEAR ENDED 31 May 2006
Note	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	26,671	20,992
Intangible Assets	2,231	2,169
Marketable securities	1,266	1,892
Deferred Tax Assets	1,920	1,142
	32,088	26,195
<b>Current Assets</b>		
Inventories	2,253	2,123
Trade and other receivables	32,362	40,184
Cash and cash equivalents	26,451	41,428
	61,066	83,735
<b>TOTAL ASSETS</b>	<b>93,154</b>	<b>109,930</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	25,213	25,200
Reserves	36,892	38,397
Reserve on Consolidation	3,788	6,038
	65,893	69,635
Minority Interest	2,750	3,565
<b>Total Equity</b>	<b>68,643</b>	<b>73,200</b>
<b>Non-current Liabilities</b>		
Deferred Income	-	283
Deferred Tax Liabilities	15	15
	15	298
<b>Current Liabilities</b>		
Trade payables	9,507	19,664
Other payable & accruals	13,480	14,164
Deferred income	1,509	2,579
Taxation	-	25
	24,496	36,432
<b>Total Liabilities</b>	<b>24,511</b>	<b>36,730</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>93,154</b>	<b>109,930</b>
Net assets per share (sen)	27.23	29.05

(The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with

the audited financial statements for year ended 31 May 2006)

# REDTONE INTERNATIONAL BERHAD

(Co number: 596364-U)

## Condensed Consolidated Statement of Changes in Equity

### MONTH ENDED 31 MAY 2007

Group	Note	Non Distributable		Exchange reserve RM'000	Distributable	Total RM'000
		Share Capital RM'000	Share premium RM'000		Retained profits RM'000	
At 1 June 2006		25,200	16,421	(370)	22,346	63,597
Net profit for the period		-	-	(1,110)	10,525	9,415
Exchange reserve				(0)		(0)
ESOS issued		13	72	-	-	85
Dividend paid		-	-	-	(10,992)	(10,992)
At 31 May 2007		<u>25,213</u>	<u>16,493</u>	<u>(1,480)</u>	<u>21,879</u>	<u>62,105</u>

Due to the change in financial year end from 28 February to 31 May the results for the corresponding period in the prior year are not presented as it is not comparable.

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for year ended 31 May 2006)

# REDTONE INTERNATIONAL BERHAD

(Co number:596364-U)

## Unaudited Condensed Consolidated Cash Flow Statement

	<b>12 MONTHS CURRENT FINANCIAL YEAR 1 June 06 to 31 May 07 RM'000</b>	<b>15 MONTHS PRECEDING FINANCIAL YEAR 1 Mar 05 to 31 May 06 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	8,513	18,839
Adjustments for:		
Non cash items	6,103	9,950
Non operating items	(685)	(6,265)
Operating profit before working capital changes	13,931	22,524
Net changes in current assets	6,606	(15,043)
Net changes in current liabilities	(13,520)	5,688
	7,017	13,169
Tax paid	(557)	(1,072)
<b>Net cash generated from operating activities</b>	<b>6,460</b>	<b>12,097</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceed from disposal of marketable securities	-	3,898
Proceed from disposal of property, plant and equipment	-	11
Proceeds from disposal of subsidiary	-	1,067
Purchase of marketable securities	(606)	(3,536)
Purchase of property, plant and equipment	(8,212)	(13,238)
Intangible assets incurred	(181)	(1,714)
Acquisition of equity interest in subsidiaries	(2,216)	-
Purchase consideration for the remaining equity interest in a subsidiary	-	(239)
Interest received	685	987
<b>Net cash used in investing activities</b>	<b>(10,530)</b>	<b>(12,764)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(10,992)	(15,120)
Cash received from issuance of shares	85	-
Cash received from minority interest	-	3,448
<b>Net cash generated from financing activities</b>	<b>(10,907)</b>	<b>(11,672)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(14,977)</b>	<b>(12,339)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>41,428</b>	<b>53,767</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>26,451</b>	<b>41,428</b>
Cash and cash equivalents comprise:		
Cash and bank balances	12,106	10,248
Deposits with licensed bank	14,345	31,180
	26,451	41,428

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the unaudited financial statements for year ended 31 May 2006)

# REDTONE INTERNATIONAL BERHAD

(Co number:596364-U)

## A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2007

### A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of the Financial Reporting Standard (FRS) 134: Interim Financial Reporting (previously known as MASB 26) issued by the Malaysian Accounting Standards Board ("MASB") and MESDAQ Listing Requirements of the BMSB.

The interim financial report should be read in conjunction with the audited financial statements for the period ended 31 May 2006.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited financial statements for the period ended 31 May 2006 except for the depreciation policy for the gateway equipments which was changed from 3 years to 10 years with effect from June 2006.

The following notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

### A2. Qualification of financial statements

There were no audit qualification on the audited financial statements for company and the subsidiaries for the financial period ended 31 May 2006.

### A3. Nature and amount of exceptional and extraordinary items

There were no exceptional or extraordinary items during the current quarter under review.

### A4. Changes in estimates

There were no material changes in the nature and amount of estimates reported in prior financial period that have a material effect in the quarter under review.

### A5. Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment.

### A6. Changes in the composition of the Group

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

### A7. Seasonality or cyclicity of interim operations

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

### A8. Debt and equity securities

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

### A9. Contingent liabilities

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

### A10. Off Balance Sheet Financial Instruments

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

**A11. Segmental Information**

	Individual Quarter		Cumulative Quarter	
	1 Mar 2007 to 31 May 2007	1 Mar 2006 to 31 May 2006	1 June 2006 to 31 May 2007	1 June 2005 to 31 May 2006
	RM'000	RM'000	RM'000	RM'000
<u>Revenue by Types of Products:-</u>				
Communication Services	24,285	N/A	100,446	N/A
Computer-telephony and other related products and services	930	N/A	7,073	N/A
	<u>25,215</u>	<u>-</u>	<u>107,519</u>	<u>-</u>
<u>Profit Before Tax:-</u>				
Communication Services	2,401	N/A	7,366	N/A
Computer-telephony and other related products and services	565	N/A	1,147	N/A
	<u>2,966</u>	<u>-</u>	<u>8,513</u>	<u>-</u>

**A12. Dividend**

On 15 September 2006, the Company paid an interim tax exempt dividend of RM0.04 per ordinary share amounting to RM10.08 million for the financial period ended 31 May 2006.

During the year, the Group's subsidiary, Redtone Mytel Sdn Bhd declared an interim gross dividend of RM3.12 million, of which RM0.9 million was paid out to minority shareholder.

**A13. Material events subsequent to the end of the reporting period**

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

**A14. Reserve on consolidation**

	As at	As at
	31 May 2007	31 May 2006
	RM'000	RM'000
Goodwill on consolidation	3,591	N/A
Reserve on consolidation	(7,379)	N/A
	<u>(3,788)</u>	<u>-</u>

**A15. Change of financial year end**

The financial year end of the Company has been changed from 28 February to 31 May commencing financial period ended 31 May 2006 and thereafter to end on 31 May of every subsequent year.

## REDTONE INTERNATIONAL BERHAD

(Co number:596364-U)

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

#### B1. Review of group results for the fourth quarter ended 31 May 2007

For the current quarter ended 31 May 2007, the Group registered a consolidated revenue of RM25.2 million and profit before tax of RM2 million less the provision for diminution value of investment amounting to RM1.23 million. Due to the change in depreciation rate, to streamline its practice, there was a depreciation write back of RM2.49 million.

For the cumulative quarter to Q4, there was a depreciation consolidation adjustment of RM2.2 million in relation to the inter-company share not adjusted in Q3. This adjustment if included in Q3 would reduce Q3's profit from operations by RM2.2 million, however it does not affect Profit Before Tax.

Due to change of financial year end from 28 February to 31 May, no comparative figures are presented.

#### B2. Current year prospects

Barring unforeseen circumstances, the Directors expect the Group will continue to operate profitably and therefore the performance of the Group is satisfactory for the current financial year.

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

	<b>4th Quarter ended 31 May 2007 RM'000</b>	<b>3rd Quarter ended 28 Feb 2007 RM'000</b>
Revenue	25,215	27,111
Profit Before Taxation and Minority Interest	2,966	1,485
Profit After Taxation and After Minority Interest	3,365	2,010

For the current quarter under review, the Group's recorded revenue of RM25.2 million, which is a decrease of about RM1.8 million or 6.6% from the immediate preceding quarter of RM27.1 million is due to the lower selling price for the quarter.

There was an increase in the Group's Profit After Tax of 67.41% to RM3.365 million due to the change in depreciation rate and policy, reversal of RM2.49 million to the financial statements.

#### B4. Profit forecast

No profit forecast was announced.

#### B5. Taxation

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>1 Mar 2007 to 31 May 2007 RM'000</b>	<b>1 Mar 2006 to 31 May 2006 RM'000</b>	<b>1 June 2006 to 31 May 2007 RM'000</b>	<b>1 June 2005 to 31 May 2006 RM'000</b>
Within Malaysia				
Current period estimated tax recoverable	(472)	N/A	(468)	N/A

There are no tax charge for the quarter due to subsidiaries which have been granted MSC status which exempt 100% income from income tax.

#### B6. Profit on sale of unquoted investments and/or properties

There were no disposal of unquoted investment and/or properties for the year ended 31 May 2007.

**B7. Purchase or disposal of quoted securities**

The investment in quoted shares as at 31 May 2007 are summarised as follows:

	<b>RM'000</b>
Total investment at cost	2,497
Total investment at carrying value	1,266
Total investment at market value	<u>1,266</u>

The Group has provided for a diminution in value of investment of RM1.23 million

**B8. Off balance sheet financial instruments**

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

**B9. Material litigation**

- 1 REDtone Telecommunications Sdn Bhd ("RTC") vs. Shermont Graduate Studies  
Recovery of debts of RM49,556 for services rendered. The Court has on 6 July 2007 dismissed the case by Judgement in Default of debtor.
- 2 RT vs Ashraf  
The Notice of Arbitration was filed on 18 May 2005 and served on Ashraf on 21 May 2005. RT is claiming for the amount of USD1 and damages. The arbitrator has fixed the arbitration meeting between both parties to be held on 26 July 2007.
- 3 RTPL vs Ashraf  
The Notice of Arbitration was filed on 7 June 2005 and served on Ashraf. RTPL is claiming for the amount of USD290,000 being 1 and damages and the arbitration meeting between both parties to be held on 26 July 2007.

**B10. Earnings per share**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>1 Mar 2007 to 31 May 2007</b>	<b>1 Mar 2006 to 31 May 2006</b>	<b>1 June 2006 to 31 May 2007</b>	<b>1 June 2005 to 31 May 2006</b>
<b>Basic earnings per share</b>				
Profit attributable to equity holders of parent (RM'000)	3,365	N/A	10,525	N/A
Weighted average number of ordinary shares in issue ('000)	252,135	N/A	252,034	N/A
Basic earnings per share (sen)	<u>1.33</u>	<u>N/A</u>	<u>4.18</u>	<u>N/A</u>
<b>Annualized earnings per share</b>				
Annualized profit attributable to equity holders of parent (RM'000)	13,460	N/A	10,525	N/A
Weighted average number of ordinary shares in issue ('000)	252,135	N/A	252,034	N/A
Annualized earnings per share (sen)	<u>5.34</u>	<u>N/A</u>	<u>4.18</u>	<u>N/A</u>
<b>Fully diluted earnings per share</b>	<u>5.34</u>	<u>Not applicable</u>	<u>4.18</u>	<u>Not applicable</u>

**B11. Corporate proposals**

There are no corporate developments since the last quarter.

**B12. Group borrowings**

There are no Group borrowings.

**B13. Utilization of Proceeds**

The Company had by end February 2007 fully utilised the total proceeds raised from the Initial Public Offering in the following manner:

<b>Details of Utilization</b>	<b>Total amount of RM'000</b>	<b>Utilized as at 31 May 2007 RM'000</b>	<b>Amount unutilized RM'000</b>
Replication of business model overseas	10,000	10,000	0
Marketing expansion of products locally and	10,000	10,000	0
Research and development	10,000	10,000	0
Working capital (*)	3,126	4,034	(908)
Listing expenses (*)	2,500	1,592	908
<b>Total</b>	<b>35,626</b>	<b>35,626</b>	<b>0</b>

Note:

\* The unused proceeds to defray listing expenses has been utilized for working capital purposes.

2.97 million despite  
th common industry

ale of asset which was  
ffect the Group's Q3

e Group will be

9% as compared to

sulting in a write-

ne tax.

due to absence of the

310,000 being loss

loss and

