

# **REDTONE INTERNATIONAL BERHAD**

Incorporated in Malaysia: 596364-U

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FIRST QUARTER ENDED 31 AUGUST 2007**

**REDTONE INTERNATIONAL BERHAD**

(Company No: 596364-U)

The Directors are pleased to announce the unaudited results for the first quarter ended 31 August 2007.

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		1 June 07 to 31 Aug 07	1 June 06 to 31 Aug 06	1 June 07 to 31 Aug 07	1 June 06 to 31 Aug 06
		CURRENT QUARTER RM'000	PRECEDING YEAR CORRESPONDING QUARTER RM'000	CURRENT YEAR TODATE RM'000	PRECEDING YEAR CORRESPONDING PERIOD RM'000
REVENUE	A11	37,119	28,675	37,119	28,675
PROFIT/(LOSS) FROM OPERATIONS		3,498	4,378	3,498	4,378
FINANCE INCOME, NET		33	145	33	145
DEPRECIATION AND AMORTISATION		(732)	(2,440)	(732)	(2,440)
PROFIT BEFORE TAX AND MINORITY INTEREST	B1	2,799	2,083	2,799	2,083
TAXATION	B5	-	-	-	-
PROFIT AFTER TAX AND BEFORE MINORITY INTEREST		2,799	2,083	2,799	2,083
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE PARENT		2,708	2,544	2,708	2,544
MINORITY INTEREST		91	(461)	91	(461)
		2,799	2,083	2,799	2,083
EARNINGS PER SHARE (SEN)	B10	1.07	0.83	1.07	0.83
ANNUALISED EARNINGS PER SHARE (SEN)	B10	4.30	3.31	4.30	3.31

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for year ended 31 May 2007.

# REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

## Condensed Consolidated Balance Sheet

	<b>Unaudited</b>	<b>Audited</b>
	<b>AS AT END OF CURRENT QUARTER 31 Aug 2007</b>	<b>AS AT PRECEDING YEAR ENDED 31 May 2007</b>
Note	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	26,227	23,638
Investment in associates	207	202
Investment in jointly controlled entity	1,494	1,494
Investment Property	790	790
Intangible Assets	5,681	5,188
Other investments	600	923
Deferred Tax Assets	4,104	4,104
	<u>39,103</u>	<u>36,339</u>
<b>Current Assets</b>		
Inventories	2,028	1,938
Trade and other receivables	46,765	34,922
Marketable Securities	2,881	1,266
Cash and cash equivalents	20,281	25,346
	<u>71,955</u>	<u>63,472</u>
<b>TOTAL ASSETS</b>	<b><u>111,058</u></b>	<b><u>99,811</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	25,213	25,213
Share premium	16,492	16,492
Other reserves	1,097	1,065
Retained earnings	27,807	25,085
	<u>70,609</u>	<u>67,855</u>
Minority Interest	5,651	2,529
<b>Total Equity</b>	<b><u>76,260</u></b>	<b><u>70,384</u></b>
<b>Non-current Liabilities</b>		
Deferred Tax Liabilities	-	15
	<u>-</u>	<u>15</u>
<b>Current Liabilities</b>		
Trade payables	17,802	10,625
Other payable & accruals	11,596	15,900
Deferred income	5,268	2,484
Taxation	132	403
	<u>34,798</u>	<u>29,412</u>
<b>Total Liabilities</b>	<b><u>34,798</u></b>	<b><u>29,427</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>111,058</u></b>	<b><u>99,811</u></b>
Net assets per share (sen)	<u>30.25</u>	<u>27.92</u>

(The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for year ended 31 May 2007)

**REDTONE INTERNATIONAL BERHAD**

(Co number: 596364-U)

**Condensed Consolidated Statement of Changes in Equity****MONTH ENDED 31 AUGUST 2007**

<b>Group</b>	<b>Note</b>	<b>Non Distributable</b>			<b>Distributable</b>		<b>Total</b>
		<b>Share Capital</b>	<b>Share premium</b>	<b>Share option reserve</b>	<b>Exchange reserve</b>	<b>Retained profits</b>	
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 June 2007		25,213	16,492	768	296	25,099	67,868
Net profit for the period		-	-	-	-	2,708	2,708
Exchange reserve		-	-	-	33	-	33
ESOS issued		-	-	-	-	-	-
Dividend paid		-	-	-	-	-	-
At 31 Aug 2007		25,213	16,492	768	329	27,807	70,609

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for year ended 31 May 2007)

**REDTONE INTERNATIONAL BERHAD**

(Co number:596364-U)

**Unaudited Condensed Consolidated Cash Flow Statement**

	<b>3 MONTHS CURRENT FINANCIAL YEAR 1 June 07 to 31 Aug 07 RM'000</b>	<b>12 MONTHS PRECEDING YEAR 1 June 06 to 31 May 07 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,799	2,585
Adjustments for:		
Non cash items	1,943	2,986
Non operating items	92	5,948
Operating profit before working capital changes	4,834	11,519
Net changes in current assets	(11,215)	1,288
Net changes in current liabilities	4,532	(7,317)
	(1,849)	5,490
Tax paid	-	(433)
<b>Net cash generated from operating activities</b>	<b>(1,849)</b>	<b>5,057</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	45	751
Investment in associate	-	(1,078)
Investment in joint venture	-	(1,500)
Acquisition of a subsidiary	-	(271)
Dividend paid to minority interest	-	(912)
Proceed from disposal of property, plant and equipment	-	274
Proceeds from disposal of subsidiary	-	-
Purchase of marketable securities	(2,421)	(606)
Purchase of property, plant and equipment	(352)	(7,846)
Expenditure on intangible assets	(522)	(1,535)
Purchase of other investment	-	(600)
<b>Net cash used in investing activities</b>	<b>(3,250)</b>	<b>(13,323)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(10,080)
Cash received from issuance of shares	-	85
Cash received from minority interest	-	450
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>(9,545)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(5,099)</b>	<b>(17,811)</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>34</b>	<b>1,729</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>25,346</b>	<b>41,428</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>20,281</b>	<b>25,346</b>
Cash and cash equivalents comprise:		
Cash and bank balances	15,997	17,575
Deposits with licensed bank	4,284	7,771
	20,281	25,346

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for year ended 31 May 2007)

# REDTONE INTERNATIONAL BERHAD

(Co number:596364-U)

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

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 2007.

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 2007.

### 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 June 2007 to 31 Aug 2007	1 June 2006 to 31 Aug 2006	1 June 2007 to 31 Aug 2007	1 June 2006 to 31 Aug 2006
	RM'000	RM'000	RM'000	RM'000
<u>Revenue by Types of Products:-</u>				
Communication Services	34,813	28,060	34,813	28,060
Computer-telephony and other related products and services	2,306	615	2,306	615
	<u>37,119</u>	<u>28,675</u>	<u>37,119</u>	<u>28,675</u>
 <u>Profit Before Tax:-</u>				
Communication Services	2753	2,046	2753	2,046
Computer-telephony and other related products and services	46	37	46	37
	<u>2,799</u>	<u>2,083</u>	<u>2,799</u>	<u>2,083</u>

**A12. Dividend**

There were no dividends declared or paid by the Group for the current quarter under review.

**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.

## REDTONE INTERNATIONAL BERHAD

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

#### B1. Review of group results for the first quarter ended 31 August 2007

For the current quarter ended 31 August 2007, the Group registered a profit before tax of RM2.8 million despite the provision for diminution value of investment amounting to RM0.8 million.

#### B2. Current year prospects

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

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

	1st Quarter ended #REF! RM'000	4th Quarter ended 31 May 2007 RM'000
Revenue	<u>37,119</u>	<u>24,825</u>
Profit Before Taxation and Minority Interest	<u>2,799</u>	<u>(2,662)</u>
Profit After Taxation and After Minority Interest	<u>2,708</u>	<u>(1,298)</u>

For the current quarter under review, the Group's recorded revenue of RM37.1 million, which is a increase of about RM12.3 million or 49.5% as compared to the immediate preceding quarter of RM24.8 million due to increase in the revenue contribution from overseas operations.

The increase in PAT is in-line with the increase in revenue.

#### B4. Profit forecast

No profit forecast was announced.

#### B5. Taxation

	Individual Quarter		Cumulative Quarter	
	1 June 2007 to 31 Aug 2007 RM'000	1 June 2006 to 31 Aug 2006 RM'000	1 June 2007 to 31 Aug 2007 RM'000	1 June 2006 to 31 Aug 2006 RM'000
Within Malaysia				
Current period estimated tax recoverable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 August 2007.

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

The investment in quoted shares as at 31 August 2007 are summarised as follows;

	<b>RM'000</b>
Total investment at cost	4,919
Total investment at carrying value	2,881
Total investment at market value	<u>2,881</u>

The Group has provided for a further diminution in value of investment of RM0.8 million during the current financial period while RM1.23 million has been provided in the previous financial year.

**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 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 USD310,000 being loss and damages. The case is now pending filing of witness statements by RT before 29 November 2007.

2 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 loss and damages. RTPL has also applied to the Director of KLRC to be included as a co-claimant in RT's arbitration proceedings against Ashraf. The case is now pending filing of witness statements by RTPL before 29 November 2007.

**B10. Earnings per share**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>1 June 2007 to 31 Aug 2007</b>	<b>1 June 2006 to 31 Aug 2006</b>	<b>1 June 2007 to 31 Aug 2007</b>	<b>1 June 2006 to 31 Aug 2006</b>
<b>Basic earnings per share</b>				
Profit attributable to equity holders of parent (RM'000)	2,708	2,083	2,708	2,083
Weighted average number of ordinary shares in issue ('000)	252,135	252,000	252,034	252,000
Basic earnings per share (sen)	<u>1.07</u>	<u>0.83</u>	<u>1.07</u>	<u>0.83</u>
<b>Annualized earnings per share</b>				
Annualized profit attributable to equity holders of parent (RM'000)	10,832	8,332	10,832	8,332
Weighted average number of ordinary shares in issue ('000)	252,135	252,000	252,135	252,000
Annualized earnings per share (sen)	<u>4.30</u>	<u>3.31</u>	<u>4.30</u>	<u>3.31</u>
<b>Fully diluted annualized earnings per share</b>	<u>4.26</u>	<u>3.30</u>	<u>4.26</u>	<u>3.30</u>

**B11. Corporate proposals**

There are no corporate developments since the last quarter.

**B12. Group borrowings**

There are no Group borrowings.