

# **REDTONE INTERNATIONAL BERHAD**

Incorporated in Malaysia: 596364-U

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 29 FEBRUARY 2008**

**REDTONE INTERNATIONAL BERHAD**

(Company No: 596364-U)

The Directors are pleased to announce the unaudited results for the third quarter ended 29 February 2008.

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD FROM 1 JUNE 2007 TO 29 FEBRUARY 2008**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		1 Dec 07 to 29 Feb 08	1 Dec 06 to 28 Feb 07	1 June 07 to 29 Feb 08	1 June 06 to 28 Feb 07
		CURRENT QUARTER RM'000	PRECEDING YEAR CORRESPONDING QUARTER RM'000	CURRENT YEAR TODATE RM'000	PRECEDING YEAR CORRESPONDING PERIOD RM'000
REVENUE	A11	27,502	27,111	93,560	82,304
PROFIT/(LOSS) FROM OPERATIONS		2,715	3,597	9,409	12,120
FINANCE INCOME, NET		50	128	88	507
DEPRECIATION AND AMORTISATION		(603)	(2,240)	(1,834)	(7,080)
PROFIT BEFORE TAX AND MINORITY INTEREST	B1	2,162	1,485	7,663	5,547
TAXATION	B5	(11)	(4)	(12)	(4)
PROFIT AFTER TAX AND BEFORE MINORITY INTEREST		2,151	1,481	7,651	5,543
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE PARENT		2,142	2,108	7,704	6,631
MINORITY INTEREST		9	(627)	(53)	(1,088)
		2,151	1,481	7,651	5,543
EARNINGS PER SHARE (SEN)	B10	0.83	0.80	2.99	2.84
ANNUALISED EARNINGS PER SHARE (SEN)	B10	3.33	3.19	3.99	3.79

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

	Unaudited	Audited
	AS AT END OF CURRENT QUARTER 29 Feb 2008	AS AT PRECEDING YEAR ENDED 31 May 2007
Note	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	25,642	23,638
Investment in associates	5,487	202
Investment in jointly controlled entity	1,499	1,494
Investment Property	790	790
Intangible Assets	14,113	5,188
Other investments	600	923
Deferred Tax Assets	4,104	4,104
	<u>52,235</u>	<u>36,339</u>
<b>Current Assets</b>		
Inventories	2,815	1,938
Trade and other receivables	29,669	34,922
Cash and cash equivalents	24,822	25,346
	<u>57,306</u>	<u>62,206</u>
<b>TOTAL ASSETS</b>	<b><u>109,541</u></b>	<b><u>98,545</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	25,765	25,213
Reserves	53,490	42,642
Reserve on Consolidation	-	-
	<u>79,255</u>	<u>67,855</u>
Minority Interest	5,507	2,529
<b>Total Equity</b>	<b><u>84,762</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	8,287	10,625
Other payable & accruals	14,081	15,900
Deferred income	2,363	2,484
Taxation	48	403
	<u>24,779</u>	<u>29,412</u>
<b>Total Liabilities</b>	<b><u>24,779</u></b>	<b><u>29,427</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>109,541</u></b>	<b><u>99,811</u></b>
Net assets per share (sen)	<u>32.90</u>	<u>27.41</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 29 FEBRUARY 2008**

<b>Group</b>	<b>Note</b>	<b>Non Distributable</b>			<b>Exchange reserve</b>	<b>Distributable Retained profits</b>	<b>Total</b>
		<b>Share Capital</b>	<b>Share premium</b>	<b>Share option reserve</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		-	-	-	-	7,704	7,704
Exchange reserve		-	-	-	554	-	554
ESOS issued		552	1,819	758	-	-	3,129
Dividend paid		-	-	-	-	-	-
At 29 February 2008		25,765	18,311	1,526	850	32,803	79,255

(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>9 MONTHS CURRENT FINANCIAL YEAR 1 June 07 to 29 Feb 08 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	7,663	2,585
Adjustments for:		
Non cash items	4,282	2,986
Non operating items	526	5,948
Operating profit before working capital changes	12,471	11,519
Net changes in current assets	904	1,288
Net changes in current liabilities	(999)	(7,317)
	12,376	5,490
Tax paid	(223)	(433)
<b>Net cash generated from operating activities</b>	<b>12,153</b>	<b>5,057</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	233	751
Investment in associate	-	(1,078)
Investment in joint venture	(5)	(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	(3,066)	(606)
Purchase of property, plant and equipment	(3,769)	(7,846)
Expenditure on intangible assets	(8,993)	(1,535)
Purchase of other investment	-	(600)
<b>Net cash used in investing activities</b>	<b>(15,600)</b>	<b>(13,323)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(10,080)
Cash received from issuance of shares	2,369	85
Cash received from minority interest	-	450
<b>Net cash generated from financing activities</b>	<b>2,369</b>	<b>(9,545)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,078)</b>	<b>(17,811)</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>554</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>24,822</b>	<b>25,346</b>
Cash and cash equivalents comprise:		
Cash and bank balances	19,730	17,575
Deposits with licensed bank	5,092	7,771
	<b>24,822</b>	<b>25,346</b>

(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 29 FEBRUARY 2008

#### 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. However, subsequent to the quarter, Redtone entered into the transaction disclosed below:-

##### REDTONE TO VENTURE INTO HOTEL INFORMATION & COMMUNICATIONS TECHNOLOGY ("ICT") SOLUTION IN CHINA

On 25 March 2008, Redtone announced that Redtone has on 25 March 2008 venture into hotel information and communications technology ("ICT") solutions in China.

VMS Technology Limited ("VMS") and REDtone Telecommunications Sdn Bhd ("RTC"), wholly owned subsidiaries of RIB had on 25 March 2008 entered into the following agreements:

i)

Business Agreement between VMS, Hotgate Holdings Ltd ("HHL"), Michael Yang Chee Hong ("MY"), Hotgate Technology (M) Sdn Bhd ("HTM"), Beijing Sino Zhaotong Public Information Network Development Co. Ltd ("CCPI"), Beijing Chenghuaitang Advertising Art Co Ltd, Ma Xiaotian, Hoon Heh, Song Lianyu and Suzhou Kangyu Communication Equipment Co. Ltd. (collectively known as "CCPI's Shareholders");

ii) BTB Agreement between VMS, CCPI and HTM; and

iii) Shareholders Agreement between HHL, MY, RTC, Pang Wee Tak, Alvin James and CCPI's Shareholders.

(collectively known as "Agreements")

In this agreement, HHL shall acquire the entire issued and fully paid-up share capital of VMS from RTC for a total purchase consideration of USD300,000 satisfied by the issuance of 30,000,000 new ordinary shares of USD0.01 each in HHL. Thus, VMS shall cease to be a subsidiary of RIB.

#### 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 Dec 2007 to 29 Feb 2008	1 Dec 2006 to 28 Feb 2007	1 June 2007 to 29 Feb 2008	1 June 2006 to 28 Feb 2007
	RM'000	RM'000	RM'000	RM'000
<u>Revenue by Types of Products:-</u>				
Communication Services	24,730	22,607	86,836	76,161
Computer-telephony and other related products and services	2,772	4,504	6,724	6,143
	<u>27,502</u>	<u>27,111</u>	<u>93,560</u>	<u>82,304</u>
<u>Profit Before Tax:-</u>				
Communication Services	1,910	1,053	7,088	4,965
Computer-telephony and other related products and services	252	432	575	582
	<u>2,162</u>	<u>1,485</u>	<u>7,663</u>	<u>5,547</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 except as disclosed in Note A6 above.

**A14. Reserve on consolidation**

	As at	As at
	29 Feb 2008	28 Feb 2007
	RM'000	RM'000
Goodwill on consolidation	-	-
Reserve on consolidation	-	-
	<u>-</u>	<u>-</u>

Pursuant to FRS 3, the Reserve on Consolidation has been added to Retained Profit.

## 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 third quarter ended 29 February 2008

For the current quarter ended 29 February 2008, the Group registered a consolidated revenue of RM27.5 million and profit before tax of RM2.16 million .

#### B2. Current year prospects

Baring 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

	3rd Quarter ended 29 Feb 2008 RM'000	2nd Quarter ended 30 Nov 2007 RM'000
Revenue	<u>27,502</u>	<u>28,939</u>
Profit Before Taxation and Minority Interest	<u>2,162</u>	<u>2,702</u>
Profit After Taxation and After Minority Interest	<u>2,142</u>	<u>2,854</u>

For the current quarter under review, the Group's recorded revenue of RM27.5 million, which is a decrease of about RM1.4 million or 4.8% as compared to the immediate preceding quarter of RM28.9 million due to year end festivities in the quarter.

In tandem, the Group's Profit Before Tax has also decreased by about RM0.54 million or 19.9% as compared to previous quarter.

#### B4. Profit forecast

No profit forecast was announced.

#### B5. Taxation

	Individual Quarter		Cumulative Quarter	
	1 Dec 2007 to 29 Feb 2008 RM'000	1 Dec 2006 to 28 Feb 2007 RM'000	1 June 2007 to 29 Feb 2008 RM'000	1 June 2006 to 28 Feb 2007 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 29 February 2008.



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

The investment in quoted shares as at 29 February 2008 are summarised as follows;

	RM'000
Total investment at cost	4,919
Total investment at carrying value	4,919
Total investment at market value	<u>6,304</u>

**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 Points of Claim has been filed on 28 March 2008. The case is now pending the fixing of preliminary meeting date by the Arbitrator.

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 KLRCA to be included as a co-claimant in RT's arbitration proceedings against Ashraf. The Points of Claim has been filed on 28 March 2008. The case is now pending the fixing of preliminary meeting date by the Arbitrator.

**B10. Earnings per share**

	Individual Quarter		Cumulative Quarter	
	1 Dec 2007 to 29 Feb 2008	1 Dec 2006 to 28 Feb 2007	1 June 2007 to 29 Feb 2008	1 June 2006 to 28 Feb 2007
<b>Basic earnings per share</b>				
Profit attributable to equity holders of parent (RM'000)	2,142	2,108	7,704	6,631
Weighted average number of ordinary shares in issue ('000)	257,645	252,000	257,645	252,000
Basic earnings per share (sen)	<u>0.83</u>	<u>0.84</u>	<u>2.99</u>	<u>2.63</u>
<b>Annualized earnings per share</b>				
Annualized profit attributable to equity holders of parent (RM'000)	8,568	4,216	10,272	13,262
Weighted average number of ordinary shares in issue ('000)	257,645	252,000	257,645	252,000
Annualized earnings per share (sen)	<u>3.33</u>	<u>1.67</u>	<u>3.99</u>	<u>5.26</u>
<b>Fully diluted earnings per share</b>	<u>3.33</u>	<u>Not applicable</u>	<u>3.99</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.