

REDTONE INTERNATIONAL BERHAD

Incorporated in Malaysia: 596364-U

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2014**

REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

The Directors are pleased to announce the unaudited results for the second quarter ended 30 November 2014.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2014**

	Note	UNAUDITED INDIVIDUAL QUARTER		AUDITED CUMULATIVE QUARTER	
		1 Sep 2014 to 30 Nov 2014	1 Sep 2013 to 30 Nov 2013	1 Jun 2014 to 30 Nov 2014	1 Jun 2013 to 30 Nov 2013
		CURRENT QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE
		RM'000	RM'000	RM'000	RM'000
Revenue	A14 (B)	44,807	30,454	78,978	66,564
Cost of sales		<u>(28,057)</u>	<u>(18,887)</u>	<u>(48,880)</u>	<u>(41,872)</u>
Gross profit		16,750	11,567	30,098	24,692
Other income	A15	605	5,506	4,294	6,286
General and administrative expenses		(9,667)	(8,284)	(19,486)	(15,473)
Provisions		(276)	(86)	(449)	(169)
Gain/(loss) on foreign exchange		<u>4</u>	<u>23</u>	<u>(68)</u>	<u>2</u>
Earnings Before Interest, Tax, Depreciation And Amortisation		7,416	8,726	14,389	15,338
Interest (expenses)/income (net)	A16	(35)	230	(110)	194
Depreciation and amortisation		<u>(1,853)</u>	<u>(1,901)</u>	<u>(3,739)</u>	<u>(3,821)</u>
Profit before taxation	A17	5,528	7,055	10,540	11,711
Taxation	A18	<u>(867)</u>	<u>(1,157)</u>	<u>(1,414)</u>	<u>(1,655)</u>
Profit for the period		4,661	5,898	9,126	10,056
Other comprehensive income/(expenses), net of tax - Foreign currency translation		<u>1,540</u>	<u>(373)</u>	<u>1,197</u>	<u>2,343</u>
Total comprehensive income for the financial period		<u>6,201</u>	<u>5,525</u>	<u>10,323</u>	<u>12,399</u>
<u>Profit for the period attributable to:-</u>					
Equity holders of the company		5,295	6,044	9,725	9,693
Non-controlling interests		<u>(634)</u>	<u>(146)</u>	<u>(599)</u>	<u>363</u>
		<u>4,661</u>	<u>5,898</u>	<u>9,126</u>	<u>10,056</u>
<u>Total comprehensive income attributable to :-</u>					
Equity holders of the company		6,789	5,687	10,836	11,887
Non-controlling interests		<u>(588)</u>	<u>(162)</u>	<u>(513)</u>	<u>512</u>
		<u>6,201</u>	<u>5,525</u>	<u>10,323</u>	<u>12,399</u>
Basic Profit per share (sen)	A19	<u>1.04</u>	<u>1.20</u>	<u>1.91</u>	<u>1.92</u>

The unaudited Condensed Consolidated Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2014.

REDTONE INTERNATIONAL BERHAD
(Company No: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2014

	Note	UNAUDITED AS AT 30 Nov 2014 RM'000	AUDITED AS AT 31 May 2014 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		29,147	30,285
Investment properties		1,275	1,274
Deferred tax assets		1,582	1,631
Other investments	A20	50	50
Goodwill		4,694	6,758
Intangible assets		37,312	35,110
Development costs		10,902	11,151
Other receivables		16,960	16,960
		<u>101,922</u>	<u>103,219</u>
Current Assets			
Inventories		392	841
Trade receivables	A22	87,118	54,134
Other receivables, deposits and prepayments		24,535	13,310
Tax recoverable		1,174	530
Other investments	A20	28	8
Deposits with licensed banks		31,831	25,054
Cash and bank balances		8,732	12,652
		<u>153,810</u>	<u>106,529</u>
TOTAL ASSETS		<u>255,732</u>	<u>209,748</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		52,077	50,822
Treasury shares		(1,883)	(1,741)
Reserves		95,230	77,806
Total Equity Attributable To Owners Of The Company		<u>145,424</u>	<u>126,887</u>
Non-controlling interests		9,741	10,004
Total Equity		<u>155,165</u>	<u>136,891</u>
Non-Current Liabilities			
Irredeemable convertible unsecured loan stocks ("ICULS")		2,229	2,424
Finance lease payables		146	197
Term loans		1,817	1,825
Deferred income- Government grant		5,306	-
Deferred tax liabilities		458	482
		<u>9,956</u>	<u>4,928</u>
Current Liabilities			
Deferred income		7,770	6,194
Trade payables		43,012	34,296
Other payables and accruals	A23	21,494	22,878
Finance lease payables		103	103
Term loans		9,937	65
Provision for taxation		3,418	2,757
Bank overdraft		4,877	1,636
		<u>90,611</u>	<u>67,929</u>
Total Liabilities		<u>100,567</u>	<u>72,857</u>
TOTAL EQUITY AND LIABILITIES		<u>255,732</u>	<u>209,748</u>
Net assets per share (sen)		<u>29.80</u>	<u>26.94</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2014.

REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2014

	6 MONTHS CURRENT FINANCIAL PERIOD 1 Jun 2014 to 30 Nov 2014 RM'000	6 MONTHS PRECEDING FINANCIAL PERIOD 1 Jun 2013 to 30 Nov 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,540	11,711
Adjustments for:		
Non-cash items	1,471	(439)
Non- operating items	111	(286)
Operating profit before working capital changes	<u>12,122</u>	<u>10,986</u>
Net changes in current assets	(39,735)	(12,315)
Net changes in current liabilities	9,290	14,003
	<u>(18,323)</u>	<u>12,674</u>
Interest paid	(585)	(402)
Tax refunded	-	2
Tax paid	(1,290)	(1,514)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	<u>(20,198)</u>	<u>10,760</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	475	688
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(591)
Disposal of subsidiary, net of cash and cash equivalents disposed	5,051	-
Purchase of property, plant and equipment	(1,677)	(1,776)
Purchase of intangible assets	(2,201)	-
Government grant received	5,306	-
Development costs paid	(990)	(1,089)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	<u>5,964</u>	<u>(2,768)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury shares	(141)	(54)
Proceeds from resale of treasury shares	-	3,938
Repayment of finance lease payables	(51)	(51)
Repayment of term loans	(32)	(31)
Drawdown of term loan	9,895	-
Proceeds from exercise of employee share options	377	1,050
Proceeds from exercise of warrants	2,456	1,134
Dividend paid	(55)	(7,587)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	<u>12,449</u>	<u>(1,601)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,785)	6,391
EFFECTS OF EXCHANGE RATE CHANGES	1,401	1,322
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	36,070	33,305
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>35,686</u>	<u>41,018</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	8,732	7,911
Deposits with licensed banks	31,831	34,285
	<u>40,563</u>	<u>42,196</u>
Bank overdraft	(4,877)	(1,178)
Total cash and cash equivalents	<u>35,686</u>	<u>41,018</u>

The unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2014.

REDTONE INTERNATIONAL BERHAD

(Co number: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2014

←-----NON DISTRIBUTABLE-----→

	SHARE CAPITAL	TREASURY SHARES	ICULS	SHARE PREMIUM	FOREIGN EXCHANGE TRANSLATION RESERVE	REVALUATION RESERVE	WARRANTS RESERVE	EMPLOYEES' SHARE OPTION RESERVE	DISTRIBUTABLE RETAINED PROFIT	ATTRIBUTABLE TO OWNERS OF THE THE COMPANY	NON- CONTROLLING INTERESTS	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 June 2014	50,822	(1,741)	8,438	16,767	(680)	418	18,663	3,369	30,831	126,887	10,004	136,891
Other comprehensive income for the financial period, net of tax:												
-Foreign currency translation	-	-	-	-	1,111	-	-	-	-	1,111	86	1,197
Profit for the financial period	-	-	-	-	-	-	-	-	9,725	9,725	(599)	9,126
Total comprehensive income/(expenses) for the period	-	-	-	-	1,111	-	-	-	9,725	10,836	(513)	10,323
Dividend paid	-	-	-	-	-	-	-	-	(55)	(55)	-	(55)
Treasury shares acquired	-	(142)	-	-	-	-	-	-	-	(142)	-	(142)
Exercise of warrants	983	-	-	2,643	-	-	(1,169)	-	-	2,457	-	2,457
Dilution of equity interest in a subsidiary	-	-	-	4,750	-	-	-	-	-	4,750	250	5,000
Issuance of shares, pursuant to conversion of ICULS	128	-	(128)	-	-	-	-	-	-	-	-	-
Employees' share options:-												
- Granted	-	-	-	-	-	-	-	314	-	314	-	314
- Exercised	144	-	-	445	-	-	-	(212)	-	377	-	377
Total transactions with owners	1,255	(142)	(128)	7,838	-	-	(1,169)	102	(55)	7,701	250	7,951
At 30 Nov 2014	52,077	(1,883)	8,310	24,605	431	418	17,494	3,471	40,501	145,424	9,741	155,165

REDTONE INTERNATIONAL BERHAD

(Co number: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2014 (AUDITED)

<-----NON DISTRIBUTABLE----->

	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	ICULS RM'000	SHARE PREMIUM RM'000	FOREIGN EXCHANGE TRANSLATION RESERVE RM'000	REVALUATION RESERVE RM'000	WARRANTS RESERVE RM'000	EMPLOYEES' SHARE OPTION RESERVE RM'000	DISTRIBUTABLE RETAINED PROFITS RM'000	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 June 2013	48,298	(1,950)	9,696	11,765	(1,427)	418	19,331	3,291	16,244	105,666	7,394	113,060
Profit after taxation for the financial year	-	-	-	-	-	-	-	-	22,174	22,174	1,114	23,288
Other comprehensive income for the financial year, net of tax:-												
- Foreign currency translation	-	-	-	-	747	-	-	-	-	747	668	1,415
Total comprehensive income for the period	-	-	-	-	747	-	-	-	22,174	22,921	1,782	24,703
Dividend paid	-	-	-	-	-	-	-	-	(7,587)	(7,587)	-	(7,587)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	828	828
Treasury shares:												
- Acquired	-	(1,741)	-	-	-	-	-	-	-	(1,741)	-	(1,741)
- Disposed of	-	1,950	-	1,988	-	-	-	-	-	3,938	-	3,938
Issuance of shares, pursuant to conversion of ICULS	1,259	-	(1,258)	(1)	-	-	-	-	-	-	-	-
Exercise of warrants	560	-	-	1,507	-	-	(668)	-	-	1,399	-	1,399
Employees' share options:-												
- Granted	-	-	-	-	-	-	-	1,213	-	1,213	-	1,213
- Exercised	705	-	-	1,508	-	-	-	(1,135)	-	1,078	-	1,078
Total transactions with owners	2,524	209	(1,258)	5,002	-	-	(668)	78	(7,587)	(1,700)	828	(872)
At 31 May 2014	50,822	(1,741)	8,438	16,767	(680)	418	18,663	3,369	30,831	126,887	10,004	136,891

REDTONE INTERNATIONAL BERHAD
(Co number:596364-U)

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2014

A1. Basis of preparation

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

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 May 2014.

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. Changes in accounting policies

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

MFRS 9 (2009 & 2010) Financial Instruments
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS7, MFRS9, and MFRS139)
MFRS 14 Regulatory Deferral Accounts
Amendments to MFRS9 and MFRS 7: Mandatory Effective Date of MFRS9 and Transition Disclosures
Amendments to MFRS 10, MFRS 12 and MFRS 127(2011) : Investment Entities
Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 116 and MFRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 119 : Defined Benefit Plans - Employee Contributions
Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136 : Recoverable Amount Disclosures for Non-financial Assets
Amendments to MFRS 139 : Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 Levies
Annual Improvements to MFRSs 2010-2012 Cycle
Annual Improvements to MFRSs 2011-2013 Cycle

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations.

A3. Qualification of financial statements

In our submission of the Audited Financial Statements of REDTONE for the financial year ended 31 May 2014, the Company's External Auditors have expressed an "except for" qualified opinion in their report in respect of a debt owing by a third party.

On 28 November 2014, the Group announced that the said third party debtor has signed a major contract recently which will facilitate its repayment to the Group. This supports the Board's opinion and its confidence in the full recoverability of the said debt.

A4. Nature and amount of exceptional and extraordinary items

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

A5. Changes in estimates

There were no material changes in estimates for the quarter ended 30 November 2014.

A6. Property, plant and equipment

During the quarter under review, the Group did not revalue any of its property, plant and equipment.

A7. Changes in the composition of the group

There are no changes in the composition of the Group during the quarter except for the following:

a) The Group announced that it had on 11 November 2014 incorporated a new subsidiary by subscribing 90% equity interest comprising 90 ordinary shares of RM1.00 each in REDtone IOT Sdn. Bhd. ("REDtone IOT") for a cash consideration of RM90.00 ("Incorporation").

The principal activity of REDtone IOT is to build a IOT (Internet of Things) platform and network for sensing devices to interconnect within the existing internet infrastructure and communication gateways evolving into a ubiquitous smart sensing IOT eco-system.

b) On 18 September 2014, the Group announced that its indirect subsidiary, REDtone Telecommunications China Limited, had via its wholly owned subsidiary, Shanghai Huitong Telecommunications Co., Ltd., subscribed for the equity interests in the following new subsidiaries as follows:-

(i) subscription of 49.8% equity interest in Shanghai YuZhong Financial Information Service Co., Ltd for share subscription for RMB398,000 on 11 September 2014; and

(ii) subscription of 20% equity interest in Shanghai YuGuang Automobile Inspection Technology Co., Ltd for share subscription of RMB200,000 on 11 September 2014.

A8. Seasonality or cyclicity of interim operations

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

A9. Debt and equity securities

There were no issuances and repayment of debts and equity securities, share buy-back, share cancellation, shares held as treasury shares for the quarter ended 30 November 2014 except for the following:

(a) Share capital

	Ordinary share of RM0.10 each No of shares	RM
Share capital - issued and fully paid up as at 1 September 2014	513,898,365	51,389,837
Arising from conversion of ICULS	840,440	84,044
Arising from exercise of Warrants	5,783,200	578,320
Arising from exercise of ESOS	245,500	24,550
Share capital as at 30 November 2014	<u>520,767,505</u>	<u>52,076,751</u>

(b) Share buy-back

During the quarter ended 30 November 2014, the Company purchased a total of 192,500 shares under the share buyback scheme at an average cost of RM0.73 per ordinary share for a total cash consideration of RM141,254 which includes transaction costs, which were financed by Company's internally generated funds. They are held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and are stated at cost. At as the end of the quarter under review, a total 2,827,000 shares of RM 0.10 each were held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

A10. Contingent liability

Contingent liability of the Group comprise the following:-

	RM'000
Secured	
Corporate guarantee given by subsidiaries to third parties	<u>13,546</u>

A11. Off balance sheet financial instruments

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

A12. Dividends

At the Annual General Meeting held on 29 November 2014, the shareholders have approved the final single tier dividend of 1.10 sen per ordinary share in respect of financial year ended 31 May 2014. The ex-date of the final single tier dividend is on 22 January 2015 and will be paid on 24 February 2015.

Financial statements for the year ended 31 May 2014 do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in financial year ending 31 May 2015.

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

There were no material transactions or events subsequent to the current quarter ended 30 Nov 2014 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

A14. Segment information

A) The segment information for the reportable segments by country for the six months ended 30 November 2014 and its comparative figures are as follows:-

	Malaysia RM'000	Singapore RM'000	The People's Republic Of China RM'000	Total RM'000
For the 6 months ended 30 November 2014				
Revenue	64,188	1	14,789	78,978
Cost of sales	(37,236)	-	(11,644)	(48,880)
Gross profit	26,952	1	3,145	30,098
Other income	941	-	3,353	4,294
Expenses	(16,820)	(27)	(3,156)	(20,003)
EBITDA	11,073	(26)	3,342	14,389
Interest (expense)/income, net	(317)	-	207	(110)
Depreciation and amortisation	(3,090)	-	(649)	(3,739)
Profit/(loss) before taxation	7,666	(26)	2,900	10,540
Income tax expenses	(1,438)	-	24	(1,414)
Profit/(loss) after taxation	6,228	(26)	2,924	9,126

	Malaysia RM'000	Singapore RM'000	The People's Republic Of China RM'000	Total RM'000
For the 6 months ended 30 November 2013				
Revenue	57,214	10	9,340	66,564
Cost of sales	(37,910)	-	(3,962)	(41,872)
Gross profit	19,304	10	5,378	24,692
Other income	6,180	-	106	6,286
Expenses	(13,241)	(57)	(2,342)	(15,640)
EBITDA	12,243	(47)	3,142	15,338
Interest (expenses)/income, net	(170)	-	364	194
Depreciation and amortisation	(2,984)	-	(837)	(3,821)
Profit/(loss) before taxation	9,089	(47)	2,669	11,711
Income tax expenses	(1,425)	-	(230)	(1,655)
Profit/(loss) after taxation	7,664	(47)	2,439	10,056

B) The segment information for the reportable segments by line of business for the six months ended 30 November 2014 and its comparative figures are as follows:-

	UNAUDITED Individual Quarter 1 Sep 2014 to 30 Nov 2014 RM'000	AUDITED Individual Quarter 1 Sep 2013 to 30 Nov 2013 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2014 to 30 Nov 2014 RM'000	AUDITED Cumulative Quarter 1 Jun 2013 to 30 Nov 2013 RM'000
<u>Revenue by line of business:-</u>				
Voice	16,681	13,220	32,644	26,840
Data	27,657	17,107	42,026	39,543
Others	469	127	4,308	181
	<u>44,807</u>	<u>30,454</u>	<u>78,978</u>	<u>66,564</u>
<u>Gross profit by line of business:-</u>				
Voice	3,409	5,434	6,285	9,246
Data	12,985	6,006	19,654	15,288
Others	357	127	4,159	158
	<u>16,750</u>	<u>11,567</u>	<u>30,098</u>	<u>24,692</u>

A15 Other income

	UNAUDITED Individual Quarter 1 Sep 2014 to 30 Nov 2014 RM'000	AUDITED Individual Quarter 1 Sep 2013 to 30 Nov 2013 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2014 to 30 Nov 2014 RM'000	AUDITED Cumulative Quarter 1 Jun 2013 to 30 Nov 2013 RM'000
Gain on disposal of subsidiary/associate company	50	5,000	3,132	5,000
Gain on conversion and amortisation of irredeemable convertible unsecured loan stock ("ICULS")	103	236	195	544
Miscellaneous income	452	270	967	742
	<u>605</u>	<u>5,506</u>	<u>4,294</u>	<u>6,286</u>

A16 Interest (expenses)/income (net)

	UNAUDITED Individual Quarter 1 Sep 2014 to 30 Nov 2014 RM'000	AUDITED Individual Quarter 1 Sep 2013 to 30 Nov 2013 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2014 to 30 Nov 2014 RM'000	AUDITED Cumulative Quarter 1 Jun 2013 to 30 Nov 2013 RM'000
Breakdown:				
Finance income	288	477	475	688
Interest charges	(131)	(83)	(221)	(176)
Term loan interest	(47)	(36)	(70)	(48)
Leasing interest	(5)	-	(10)	-
ICULS interest	(140)	(128)	(284)	(270)
	(323)	(247)	(585)	(494)
	<u>(35)</u>	<u>230</u>	<u>(110)</u>	<u>194</u>

A17 Profit before taxation

	UNAUDITED Individual Quarter 1 Sep 2014 to 30 Nov 2014 RM'000	AUDITED Individual Quarter 1 Sep 2013 to 30 Nov 2013 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2014 to 30 Nov 2014 RM'000	AUDITED Cumulative Quarter 1 Jun 2013 to 30 Nov 2013 RM'000
Audit fee	165	106	220	192
Amortisation of development cost	492	469	1,003	933
Depreciation of property, plant and equipment	1,361	1,431	2,736	2,888
Loss on foreign exchange				
- realised	(17)	4	45	35
- unrealised	14	(26)	23	(37)
Impairment loss on trade receivables	21	-	28	-
Salaries, wages and allowances	4,282	3,403	8,595	6,604
	<u>6,328</u>	<u>5,439</u>	<u>12,347</u>	<u>10,652</u>

A18 Taxation

	UNAUDITED Individual Quarter 1 Sep 2014 to 30 Nov 2014 RM'000	AUDITED Individual Quarter 1 Sep 2013 to 30 Nov 2013 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2014 to 30 Nov 2014 RM'000	AUDITED Cumulative Quarter 1 Jun 2013 to 30 Nov 2013 RM'000
Tax refunded	-	-	-	2
Current period provision	(865)	(1,157)	(1,389)	(1,657)
Deferred taxation	(2)	-	(25)	-
	<u>(867)</u>	<u>(1,157)</u>	<u>(1,414)</u>	<u>(1,655)</u>

A19. Profit per share

Basic profit per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	UNAUDITED Individual Quarter 1 Sep 2014 to 30 Nov 2014	AUDITED Individual Quarter 1 Sep 2013 to 30 Nov 2013	UNAUDITED Cumulative Quarter 1 Jun 2014 to 30 Nov 2014	AUDITED Cumulative Quarter 1 Jun 2013 to 30 Nov 2013
Basic profit per share				
Profit attributable to equity holders of the company (RM'000)	5,295	6,044	9,725	9,693
Weighted average number of ordinary shares in issue ('000)	509,818	506,753	509,818	506,753
Basic profit per share (sen)	1.04	1.20	1.91	1.92

A20. Other investments

	UNAUDITED 30 Nov 2014 RM'000	AUDITED 31 May 2014 RM'000
At Cost:		
Non-current		
Unquoted shares in Malaysia	50	50
Current		
Unquoted shares outside Malaysia	28	8
	<u>78</u>	<u>58</u>

A21. Group Borrowings

Total borrowings of the Group are as follows:

	UNAUDITED 30 Nov 2014 RM'000	AUDITED 31 May 2014 RM'000
<u>Total Secured Borrowings:-</u>		
Finance lease facility from Cisco System Capital Sdn. Bhd. which are denominated in Ringgit Malaysia	249	300
Term loan facility from Public Bank Bhd. which are denominated in Ringgit Malaysia	1,859	1,890
Term loan facility from China Construction Bank Corporation which are denominated in US dollar	9,895	-
Bank overdraft from HSBC Bank Malaysia Berhad, which are denominated in Ringgit Malaysia	4,877	1,636
	<u>16,880</u>	<u>3,826</u>

A22. Trade receivables

Receivables mainly due from progressive billings for major government projects as well as data projects.

A23. Other payables and accruals

Other payables and accruals of the Group are as follows:

	UNAUDITED 30 Nov 2014 RM'000	AUDITED 31 May 2014 RM'000
Other payables	4,792	4,507
Accruals	5,278	6,340
USP fund	5,906	6,513
Advances for projects	5,518	5,518
	<u>21,494</u>	<u>22,878</u>

The advances for projects comprise receipts for future projects which, on completion of those projects, will be recognised as revenue.

REDTONE INTERNATIONAL BERHAD

(Co number:596364-U)

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

B1. Review of group performance for second quarter ended 30 November 2014

For the quarter under review, the Group 's revenue increased by RM14.36 million to RM44.81 million as compared to Q2 FYE 2014 due to higher data project revenue. The Group's profit before taxation for Q2 FYE 2015 decreased by RM1.53 million compared to the preceding year's corresponding quarter was mainly due to the gain on disposal of 35% shareholding in REDtone Mobile Sdn Bhd recognised in the preceding year corresponding quarter.

B2. Prospects and business outlook

Data, broadband and managed services continue to support the Group's earnings potential. Our corporate data services and government data projects continue to grow steadily, strengthening our position as a value-added services, integrated telecom solutions provider.

We expect positive contributions in the future from our managed value-added services sector, namely teleradiology and healthcare solutions initiatives under REDtone MEX Sdn. Bhd.

The traditional voice business segment will continue to contribute to the Group's cashflow. We will continue to maintain the revenue contribution from this sector.

B3. Material changes in profit before taxation compared to the preceding quarter

	2nd Quarter 30 Nov 2014 RM'000	1st Quarter 31 Aug 2014 RM'000
Revenue	44,807	34,171
Profit before taxation and non-controlling interest	5,528	5,012

The Group recorded a profit before tax of RM5.53 million for Q2 FYE 2015 as compared to profit before tax of RM5.01 million for Q1FYE 2015. The increase in profit of RM0.52 million was mainly due to higher data project revenue.

B4. Profit forecast

No profit forecast was announced.

B5. Profit on sale of unquoted investments and/or properties

There were no disposal of unquoted investment and/or properties for the current quarter and financial year to date.

B6. Corporate proposals

There are no corporate developments for the current quarter under review.