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### **Redstone revenues go up and goes shopping ... again** *Restructure of Group brings stability, growth and success*

**4<sup>th</sup> December 2006** - Redstone (AIM:RED.L), a leading provider of IT and communications solutions in the UK and Ireland, announced its financial results for the six months ended 30 September 2006, and announces a recommended offer for IDN Telecom plc.

During the period, Redstone also successfully acquired Symphony Telecom Holdings plc and the Tolerant group of companies. Further highlights include:

- Revenue up by 42% to £47.4m\*\*
- Gross Profit up by 43% to £17.5m\*\*
- Gross Profit percentage up to 36.8% from 36.4%\*\*
- As a result of continued cost control EBITDA increased to £2.9m\* for the period compared with a £2.0m loss for the corresponding period last year
- Profit after tax for the period of £1.0m (second profitable half in succession)
- Net cash generated from operating activities of £1.8m underpinning a strong balance sheet.
- Redstone has achieved significant customer wins across divisions with organisations such as Xansa and examination boards from England, Northern Ireland and Wales.

The recommended offer for IDN Telecom announced separately, will add not only additional critical mass to the fixed line Redstone Telecom business, but will also bring with it in excess of 2,000 B2B customers and a strategic alliance with the Federation of Small Businesses. Redstone will continue to seek acquisition opportunities that add scale and skills and extend the customer base.

Martin Balaam, chief executive officer, Redstone, commented: "Following the transformation of the Group last year, I am delighted to report that the Group has continued to build on the sound fundamentals of generating profits, growth and cash. We have focused on reducing expenditure to allow the business to generate cash from its existing revenue base and this has been achieved by the re-organisation which has also given us a firm footing from which to develop its strategy for growth. We believe that the outlook for the Group is positive and the Board remains committed to delivering growth both organically and acquisitively in the developing and consolidating telecoms and IT sector."

Balaam added: "The strategic acquisitions to date, including the recommended offer for IDN Telecom, are key parts of a growth strategy that is designed to take full advantage of the developments within the Group's target market. Of particular note is the requirement for companies to IP-enable their telecoms networks."

- ends -

\* before IFRS 2 charges and holiday pay accrual

\*\* compared with six months ended 30 September 2005

Full 15 pp RNS release available

**About Redstone plc** – Redstone is a leading provider of IT and Communications solutions for businesses and organisations of all types and sizes. Redstone is uniquely positioned as the only IT and Communications provider within the UK and Ireland to be able to offer all core competencies in house. Each division is recognised as a market leader in its own right: **Redstone Telecom** offers fixed line telephony, **Redstone Mobile** offers mobile telephony, **Redstone Converged Solutions** offers Contact Centre solutions, IP Communications and IP Networks. **Redstone Managed Solutions** offers Microsoft applications, server/desktop and network integrity and **Redstone Technology** offers enterprise server and storage area networks.  
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