

**REDTONE DIGITAL BERHAD**  
(Company No. 200201028701 (596364-U))  
(Incorporated in Malaysia)

Date: 19 May 2022

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE THIRD QUARTER ENDED 31 MARCH 2022**

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2022**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 31 Mar 2022 RM'000	As at 30 Jun 2021 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Goodwill		423	423
Property, plant and equipment		9,482	10,058
Right-of-use assets		5,487	7,886
Investment properties		1,180	1,180
Intangible assets		-	13
Development costs		-	20
Other investments		36,243	24,455
Deferred tax assets		1,485	1,485
		<u>54,300</u>	<u>45,520</u>
<b>Current Assets</b>			
Inventories		579	572
Trade and other receivables	A12	86,840	58,348
Contract assets		53,375	75,787
Tax recoverable		476	266
Short term investments		67,156	50,002
Cash and bank balances		34,970	42,449
		<u>243,396</u>	<u>227,424</u>
<b>TOTAL ASSETS</b>		<b><u>297,696</u></b>	<b><u>272,944</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	A7(a)	149,813	149,813
Treasury shares	A7(b)	(5,653)	(5,653)
Reserves		61,513	34,499
		<u>205,673</u>	<u>178,659</u>
Non-controlling interests		6,445	4,262
<b>Total Equity</b>		<b><u>212,118</u></b>	<b><u>182,921</u></b>
<b>Non-current Liabilities</b>			
Loans and borrowings	B8	1,245	1,317
Lease liabilities		1,378	2,367
		<u>2,623</u>	<u>3,684</u>
<b>Current Liabilities</b>			
Trade and other payables	A13	69,523	72,464
Contract liabilities		6,906	5,490
Loans and borrowings	B8	96	92
Lease liabilities		3,357	5,061
Provision for taxation		3,073	3,232
		<u>82,955</u>	<u>86,339</u>
<b>Total Liabilities</b>		<b><u>85,578</u></b>	<b><u>90,023</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>297,696</u></b>	<b><u>272,944</u></b>
Net assets per share (sen)		<u>26.61</u>	<u>23.11</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2021.

The annexed notes form an integral part of this interim financial report.

**REDTONE DIGITAL BERHAD**  
(Company No. 200201028701 (596364-U))

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2022**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	3 months ended		9 months ended	
		31 Mar 2022 RM'000	31 Mar 2021 RM'000	31 Mar 2022 RM'000	31 Mar 2021 RM'000
GROUP REVENUE		36,715	44,161	115,630	120,475
PROFIT FROM OPERATIONS		15,013	9,690	40,224	26,559
Investment related income		294	189	4,020	1,157
Investment related expenses		(3,473)	-	(3,481)	-
Finance costs	A11	(333)	(253)	(896)	(655)
PROFIT BEFORE TAX	B7	11,501	9,626	39,867	27,061
INCOME TAX EXPENSE	B6	(987)	(3,202)	(8,545)	(6,981)
PROFIT AFTER TAX		10,514	6,424	31,322	20,080
Other comprehensive item, net of tax					
<u>Item that will not be reclassified subsequently to profit or loss</u>					
Net changes in fair value of investments at fair value through other comprehensive income		10,930	2,026	11,788	5,513
<b>Total comprehensive income for the financial period</b>		<b>21,444</b>	<b>8,450</b>	<b>43,110</b>	<b>25,593</b>
<u>Profit attributable to:-</u>					
Owners of the Company		10,122	6,144	29,139	18,930
Non-controlling interests		392	280	2,183	1,150
		<u>10,514</u>	<u>6,424</u>	<u>31,322</u>	<u>20,080</u>
<u>Total comprehensive income attributable to:-</u>					
Owners of the Company		21,052	8,170	40,927	24,443
Non-controlling interests		392	280	2,183	1,150
		<u>21,444</u>	<u>8,450</u>	<u>43,110</u>	<u>25,593</u>
<u>Earnings per share attributable to owners of the parent (sen per share):</u>					
- Basic, for the period	B11	1.31	0.79	3.77	2.44

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2021.

The annexed notes form an integral part of this interim financial report.

**REDTONE DIGITAL BERHAD**  
(Company No. 200201028701 (596364-U))

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2022**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital	Treasury shares	Foreign exchange reserve	Revaluation reserve	FVTOCI reserve	Distributable Retained profits	Total	Non- controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 July 2021</b>	149,813	(5,653)	(663)	641	5,846	28,675	178,659	4,262	182,921
Total comprehensive income	-	-	-	-	11,788	29,139	40,927	2,183	43,110
Transaction with owners:									
- Dividend paid	-	-	-	-	-	(13,913)	(13,913)	-	(13,913)
<b>At 31 March 2022</b>	<b>149,813</b>	<b>(5,653)</b>	<b>(663)</b>	<b>641</b>	<b>17,634</b>	<b>43,901</b>	<b>205,673</b>	<b>6,445</b>	<b>212,118</b>
<b>At 1 July 2020</b>	149,813	(5,653)	(663)	641	(150)	16,302	160,290	1,417	161,707
Total comprehensive income	-	-	-	-	5,513	18,930	24,443	1,150	25,593
Transactions with owners:									
- Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(40)	(40)
- Dividend paid	-	-	-	-	-	(13,913)	(13,913)	-	(13,913)
	-	-	-	-	-	(13,913)	(13,913)	(40)	(13,953)
<b>At 31 March 2021</b>	<b>149,813</b>	<b>(5,653)</b>	<b>(663)</b>	<b>641</b>	<b>5,363</b>	<b>21,319</b>	<b>170,820</b>	<b>2,527</b>	<b>173,347</b>

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2021.

The annexed notes form an integral part of this interim financial report.

**REDTONE DIGITAL BERHAD**  
(Company No. 200201028701 (596364-U))

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2022  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>9 months ended</b>	
	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from operations	116,312	135,622
Payment for operating expenses	(68,811)	(95,279)
Net tax payment	(8,914)	(5,228)
Other payments	(71)	(142)
Net cash generated from operating activities	<u>38,516</u>	<u>34,973</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of property, plant and equipment	11	1
Increase in deposits and short term investments	(17,358)	(5,959)
Acquisition of quoted shares	-	(11,336)
Acquisition of property, plant and equipment	(791)	(731)
Interest received	498	819
Investment income received	3,137	-
Dividend received	138	35
Other payments	(11,760)	-
Net cash used in investing activities	<u>(26,125)</u>	<u>(17,171)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liabilities	(5,197)	(4,879)
Repayment of bank borrowings and other loans	(68)	(65)
Dividend paid to non-controlling interest	-	(40)
Dividend paid	(13,913)	(13,913)
Interest paid	(896)	(655)
Net cash used in financing activities	<u>(20,074)</u>	<u>(19,552)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(7,683)</u>	<u>(1,750)</u>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<u>14,837</u>	<u>5,570</u>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u>7,154</u>	<u>3,820</u>
<b>The closing cash and cash equivalents comprise of the following:</b>		
Deposits with licensed banks	27,816	34,435
Cash on hand and at banks	7,154	3,820
	<u>34,970</u>	<u>38,255</u>
Less:		
Deposits pledged to licensed banks	(27,816)	(34,435)
	<u>7,154</u>	<u>3,820</u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2021.

The annexed notes form an integral part of this interim financial report.

**REDTONE DIGITAL BERHAD**  
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**A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2022**

**A1. Basis of preparation**

The condensed consolidated interim financial report is not audited and has been prepared in compliance with MFRS 134, Interim Financial Reporting Standards in Malaysia, International Accounting Standards 34 - Interim Financial Reporting, the Companies Act 2016 in Malaysia and applicable disclosure provision of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2021. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions which are significant for understanding the changes in the financial position and performance of the Group since the end of the last annual reporting period.

**A2. Changes in accounting policies**

The accounting policies and method of computation adopted in the preparation of the interim financial report are consistent with those adopted in the audited financial statements for the previous financial year.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the Group's accounting period beginning 1 July 2021. The initial application of these MFRSs, Amendments to MFRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption.

**A3. Nature and amount of unusual items**

There were no unusual items during the financial period under review.

**A4. Changes in estimates**

There were no material changes in estimate of amount reported in the prior financial period which have a material effect in the current interim period.

**A5. Changes in the composition of the group**

There were no changes in the composition of the Group during the period under review.

**A6. Seasonality or cyclicity of interim operations**

The Group's operations are not significantly affected by any seasonal or cyclical factors.

**A7. Debt and equity securities**

There were no issuances and repayment of debt and equity securities, share buy-back and share cancellation for the quarter ended 31 March 2022:

(a) Share capital	Number of Ordinary Shares	RM
Share capital as at 1 July 2021/31 March 2022	782,453,885	149,812,475

(b) Share buy-back

There was no share buy back transacted during the quarter ended 31 March 2022 and the number of treasury shares held in hand as at 31 March 2022 are as follows:

	Average price per share RM	Number of shares	Amount RM'000
<b>Total treasury shares as at 31 March 2022</b>	0.595	9,502,000	5,653

As at 31 March 2022, the number of outstanding shares in issue with voting rights was 772,951,885 (30 June 2021: 772,951,885) ordinary shares.

**A8. Contingent liability**

Bank guarantees of the Group are as follows:

	As at 31 Mar 2022 RM'000	As at 30 Jun 2021 RM'000 (Audited)
Performance bonds in favour of various customers	38,407	38,326

**A9. Dividends paid**

An interim dividend of 1.8 sen per share in respect of the financial year ended 30 June 2021 was paid on 18 November 2021 (Period ended 31 March 2021: 1.8 sen per share).

**A10. Segment information**

The segment information for the reportable segments by line of business for the period ended 31 March 2022 are as follows:-

	<u>Year to date</u> 31 Mar 2022 RM'000
<u>Revenue</u>	
Telecommunication services	54,564
Managed telecommunication network services ("MTNS")	58,229
Industry digital services	2,837
Total revenue	<u>115,630</u>
<u>Results</u>	
Telecommunication services	25,977
MTNS	17,747
Industry digital services	<u>(1,581)</u>
	42,143
Indirect corporate expenses	<u>(1,919)</u>
Profit from operations	40,224
Investment related income	4,020
Investment related expenses	(3,481)
Finance costs	<u>(896)</u>
Profit before tax	39,867
Income tax expense	<u>(8,545)</u>
Profit after tax	<u>31,322</u>

**A11. Finance costs**

	<u>3 months ended</u>		<u>9 months ended</u>	
	31 Mar 2022 RM'000	31 Mar 2021 RM'000	31 Mar 2022 RM'000	31 Mar 2021 RM'000
Interest expense on:				
- bank overdrafts	-	13	-	13
- term loans	16	17	49	52
- lease liabilities	88	167	344	489
- others	19	19	56	56
Bank guarantee fee	210	37	447	45
	<u>333</u>	<u>253</u>	<u>896</u>	<u>655</u>

**A12. Trade and other receivables**

Trade receivables mainly consist of progress billings for government projects for MTNS, which includes building, maintaining and operating large scale Wifi hotspots, radio access network infrastructure and fibre optic infrastructure.

Receivables of the Group are as follows:

	As at 31 Mar 2022 RM'000	As at 30 Jun 2021 RM'000 (Audited)
Trade receivables	67,300	48,435
Other receivables		
- Third parties, associates and sundry receivables	14,985	5,990
- Deposits receivables	2,512	2,442
- Prepayments	2,043	1,481
	<u>19,540</u>	<u>9,913</u>
Total	<u>86,840</u>	<u>58,348</u>

**A13. Trade and other payables**

Payables of the Group are as follows:

	As at 31 Mar 2022 RM'000	As at 30 Jun 2021 RM'000 (Audited)
Trade payables	56,602	57,190
Other payables		
- Provision for Universal Service Fund Contribution	6,407	6,671
- Accruals	3,332	5,844
- Deposits payable	1,782	1,777
- Sundry payables	1,400	982
	<u>12,921</u>	<u>15,274</u>
Total	<u>69,523</u>	<u>72,464</u>



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**B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD (ACE MARKET) LISTING REQUIREMENTS**

**B1. Review of group performance for the quarter ended 31 March 2022**

	<u>3 months ended</u>		%	<u>9 months ended</u>		%
	<u>31 Mar 2022</u>	<u>31 Mar 2021</u>		<u>31 Mar 2022</u>	<u>31 Mar 2021</u>	
	RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue	36,715	44,161	-16.86	115,630	120,475	-4.02
Profit from operations	15,013	9,690	54.93	40,224	26,559	51.45
Profit before tax	11,501	9,626	19.48	39,867	27,061	47.32

**Review of results for the quarter**

For the quarter under review, the Group reported a revenue of RM36.72 million which was 16.86% lower than RM44.16 million reported in the previous year corresponding quarter mainly due to lower revenue registered by the MTNS segment.

The Group posted a profit before tax for the current quarter of RM11.50 million, which was 19.48% higher than RM9.63 million reported in the previous year corresponding quarter mainly due to higher gross profit contributed by MTNS segment.

**Review of results for the 9-month period**

For the 9-month period under review, the Group reported a revenue of RM115.63 million which was 4.02% lower than RM120.48 million reported in the previous year corresponding period mainly due to lower revenue contributed by telecommunication services and MTNS segments.

The Group posted a profit before tax for the current period of RM39.87 million which was 47.32% higher than the RM27.06 million reported in the previous year corresponding period mainly due to higher gross profit contributed by MTNS segment and higher investment related income earned.

**B2. Review of results of third quarter vs second quarter for the financial year ending 30 June 2022**

	<u>3 months ended</u>		%
	<u>31 Mar 2022</u>	<u>31 Dec 2021</u>	
	RM'000	RM'000	+ / (-)
Revenue	36,715	40,393	-9.11
Profit from operations	15,013	12,747	17.78
Profit before tax	11,501	15,914	-27.73

**Commentary on revenue**

The Group reported a revenue of RM36.72 million in this current quarter under review which was 9.11% lower than the RM40.39 million reported in the preceding quarter mainly due to lower revenue contributed by MTNS and telecommunication services segments.

**Commentary on pre-tax profit**

The Group reported a profit before tax of RM11.50 million which was 27.73% lower than the preceding quarter mainly due to investment income earned from short term investment in the preceding quarter.

**B3. Prospects and business outlook**

The Board of Directors is of the view that the business and operating performance of the Group for the remaining quarter of the financial year ending 30 June 2022 will remain challenging and competitive. The Group will continue to adopt measures to improve operational efficiencies and profitability in its core businesses. The Board expects the contribution from its MTNS segment will remain significant while data services for enterprise market would continue to be the main segment of growth from recurring businesses.

**B4. Profit forecast**

No profit forecast was announced.

**B5. Corporate proposals**

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

**B6. Income tax expense**

	3 months ended		9 months ended	
	31 Mar 2022 RM'000	31 Mar 2021 RM'000	31 Mar 2022 RM'000	31 Mar 2021 RM'000 (Audited)
Current income tax:				
Provision in current period				
- Malaysian income tax	(2,470)	(3,367)	(10,028)	(7,146)
Over provision in prior years	1,483	165	1,483	165
Total	(987)	(3,202)	(8,545)	(6,981)

The disproportionate tax charge of the Group for the current quarter was mainly due to utilization of unabsorbed losses in subsidiary company.

**B7. Profit before tax**

	3 months ended		9 months ended	
	31 Mar 2022 RM'000	31 Mar 2021 RM'000	31 Mar 2022 RM'000	31 Mar 2021 RM'000
Profit before tax is arrived at after charging/(crediting):-				
Audit fee - Statutory audit	100	89	290	259
Amortisation of intangible asset	-	13	13	38
Amortisation of development cost	-	20	20	59
Depreciation of property, plant and equipment	431	569	1,349	1,813
Depreciation of right-of-use assets	1,405	1,609	4,902	4,775
(Gain)/loss on foreign exchange	(10)	30	(5)	62
(Writeback of)/allowance for doubtful debts on:				
- trade receivables	(20)	(8)	(186)	139
- associate company	3,473	-	3,473	-
Provision for Universal Service Fund Contribution	221	335	783	952
Expenses relating to leases				
- short term leases	190	189	573	666
- leases of low value assets	47	44	137	129
Staff cost:				
- salaries, bonus, wages and allowances	3,365	5,643	14,955	16,739
- defined contribution plan	381	695	1,768	2,037
- net provision of annual leave	(67)	(5)	122	78
Interest income	(205)	(136)	(615)	(1,034)
Investment income	-	-	(3,137)	-
Other income	(345)	(70)	(916)	(146)

There were no disposal of quoted or unquoted investments or properties and gain or loss on derivatives included in the results of the current period.

**B8. Loans and borrowings**

Loans and borrowings of the Group are as follows:

	As at 31 Mar 2022 RM'000	As at 30 Jun 2021 RM'000 (Audited)
<b>Current</b>		
<u>Secured</u>		
Term loan facilities, which are denominated in Ringgit Malaysia	96	92
<b>Non current</b>		
<u>Secured</u>		
Term loan facilities, which are denominated in Ringgit Malaysia	1,245	1,317
Total	1,341	1,409

**B9. Material litigation**

There is no material litigation since the last annual reporting date up to the date of this announcement.

**B10. Dividend**

The Board does not recommend any dividend for the current quarter under review.

## B11. Earnings per share

Basic earnings per share is calculated as follows:

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to owners of the Company	10,122	6,144	29,139	18,930
Weighted average number of ordinary shares in issue with voting rights ('000)	772,952	772,952	772,952	772,952
Basic earnings per share (sen)	<u>1.31</u>	<u>0.79</u>	<u>3.77</u>	<u>2.44</u>

There are no potential ordinary shares outstanding as at 31 March 2022. As such, the fully diluted earnings per share of the Group is not presented.