

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

Date: 23 August 2022

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2022
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 Jun 2022 RM'000	As at 30 Jun 2021 RM'000 (Audited)
ASSETS			
Non-current Assets			
Goodwill		423	423
Property, plant and equipment		4,757	10,058
Right-of-use assets		3,336	7,886
Investment properties		1,180	1,180
Intangible assets		11,760	13
Development costs		-	20
Other investments		38,360	24,455
Deferred tax assets		594	1,485
		<u>60,410</u>	<u>45,520</u>
Current Assets			
Inventories		476	572
Trade and other receivables	A12	44,221	58,348
Contract assets		63,547	75,787
Tax recoverable		476	266
Short term investments		50,993	50,002
Cash and bank balances		77,332	42,449
		<u>237,045</u>	<u>227,424</u>
TOTAL ASSETS		<u>297,455</u>	<u>272,944</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	A7(a)	149,813	149,813
Treasury shares	A7(b)	(5,653)	(5,653)
Reserves		73,365	34,499
		<u>217,525</u>	<u>178,659</u>
Non-controlling interests		5,246	4,262
Total Equity		<u>222,771</u>	<u>182,921</u>
Non-current Liabilities			
Loans and borrowings	B8	1,213	1,317
Lease liabilities		1,076	2,367
		<u>2,289</u>	<u>3,684</u>
Current Liabilities			
Trade and other payables	A13	59,901	72,464
Contract liabilities		6,223	5,490
Loans and borrowings	B8	97	92
Lease liabilities		2,568	5,061
Provision for taxation		3,606	3,232
		<u>72,395</u>	<u>86,339</u>
Total Liabilities		<u>74,684</u>	<u>90,023</u>
TOTAL EQUITY AND LIABILITIES		<u>297,455</u>	<u>272,944</u>
Net assets per share (sen)		<u>28.14</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 FOURTH QUARTER ENDED 30 JUNE 2022
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 months ended		12 months ended	
		30 Jun 2022 RM'000	30 Jun 2021 RM'000	30 Jun 2022 RM'000	30 Jun 2021 RM'000 (Audited)
GROUP REVENUE		42,412	56,621	158,042	174,673
PROFIT FROM OPERATIONS		14,765	12,964	54,989	41,646
Investment related income		1,446	273	5,466	1,430
Investment related expenses		(45)	(8)	(3,526)	(8)
Finance costs	A11	(183)	(352)	(1,079)	(997)
PROFIT BEFORE TAX	B7	15,983	12,877	55,850	42,071
INCOME TAX EXPENSE	B6	(7,447)	(4,442)	(15,992)	(13,400)
PROFIT AFTER TAX		8,536	8,435	39,858	28,671
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		2,117	483	13,905	5,996
Total comprehensive income for the financial period		10,653	8,918	53,763	34,667
<u>Profit/(loss) attributable to:-</u>					
Owners of the Company		9,735	7,110	38,874	26,286
Non-controlling interests		(1,199)	1,325	984	2,385
		8,536	8,435	39,858	28,671
<u>Total comprehensive income attributable to:-</u>					
Owners of the Company		11,852	7,593	52,779	32,282
Non-controlling interests		(1,199)	1,325	984	2,385
		10,653	8,918	53,763	34,667
<u>Earnings per share attributable to owners of the parent (sen per share):</u>					
- Basic, for the period	B11	1.26	0.93	5.03	3.40

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 FOURTH QUARTER ENDED 30 JUNE 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
At 1 July 2021	149,813	(5,653)	(663)	641	5,846	28,675	178,659	4,262	182,921
Total comprehensive income	-	-	-	-	13,905	38,874	52,779	984	53,763
Transaction with owners:									
- Dividend paid	-	-	-	-	-	(13,913)	(13,913)	-	(13,913)
At 30 June 2022	149,813	(5,653)	(663)	641	19,751	53,636	217,525	5,246	222,771
At 1 July 2020	149,813	(5,653)	(663)	641	(150)	16,302	160,290	1,417	161,707
Total comprehensive income	-	-	-	-	5,996	26,286	32,282	2,385	34,667
Transactions with owners:									
- Capital contribution by non-controlling interest	-	-	-	-	-	-	-	500	500
- Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(40)	(40)
- Dividend paid	-	-	-	-	-	(13,913)	(13,913)	-	(13,913)
	-	-	-	-	-	(13,913)	(13,913)	460	(13,453)
At 30 June 2021	149,813	(5,653)	(663)	641	5,846	28,675	178,659	4,262	182,921

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 FOURTH QUARTER ENDED 30 JUNE 2022
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	12 months ended	
	30 Jun 2022	30 Jun 2021
	RM'000	RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operations	181,803	157,228
Payment for operating expenses	(101,195)	(124,287)
Net tax payment	(14,937)	(10,449)
Other payments	(77)	(137)
Net cash generated from operating activities	<u>65,594</u>	<u>22,355</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of property, plant and equipment	11	1
(Increase)/decrease in deposits and short term investments	(341)	19,542
Acquisition of quoted shares	-	(11,336)
Acquisition of property, plant and equipment	(1,626)	(923)
Acquisition of intangible asset	(11,760)	-
Interest received	681	928
Investment income received	3,137	-
Dividend received	331	215
Net cash (used in)/generated from investing activities	<u>(9,567)</u>	<u>8,427</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(6,396)	(6,469)
Repayment of bank borrowings and other loans	(99)	(96)
Dividend paid to non-controlling interest	-	(40)
Dividend paid	(13,913)	(13,913)
Interest paid	(1,079)	(997)
Net cash used in financing activities	<u>(21,487)</u>	<u>(21,515)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	34,540	9,267
OPENING CASH AND CASH EQUIVALENTS	14,837	5,570
CLOSING CASH AND CASH EQUIVALENTS	49,377	14,837
The closing cash and cash equivalents comprise of the following:		
Deposits with licensed banks	27,955	27,612
Cash on hand and at banks	49,377	14,837
	<u>77,332</u>	<u>42,449</u>
Less:		
Deposits pledged to licensed banks	(27,955)	(27,612)
	<u>49,377</u>	<u>14,837</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
(Company No. 200201028701 (596364-U))

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 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 year 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 30 June 2022:

(a) Share capital

	Number of Ordinary Shares	RM
Share capital as at 1 July 2021/30 June 2022	782,453,885	149,812,475

(b) Share buy-back

There was no share buy back transacted during the quarter ended 30 June 2022 and the number of treasury shares held in hand as at 30 June 2022 are as follows:

	Average price per share RM	Number of shares	Amount RM'000
Total treasury shares as at 30 June 2022	0.595	9,502,000	5,653

As at 30 June 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 30 Jun 2022 RM'000	As at 30 Jun 2021 RM'000 (Audited)
Performance bonds in favour of various customers	38,634	38,326

A9. Dividends paid

An interim dividend of 1.8 sen per share amounting to RM13.913 million in respect of the financial year ended 30 June 2021 was paid on 18 November 2021 (Year ended 30 June 2020: 1.8 sen per share).

A10. Segment information

The segment information for the reportable segments by line of business for the year ended 30 June 2022 are as follows:-

	Year to date 30 Jun 2022 RM'000
<u>Revenue</u>	
Telecommunication services	73,666
Managed telecommunication network services ("MTNS")	80,053
Industry digital services	4,323
Total revenue	158,042
<u>Results</u>	
Telecommunication services	30,016
MTNS	31,005
Industry digital services	(4,290)
	56,731
Indirect corporate expenses	(1,742)
Profit from operations	54,989
Investment related income	5,466
Investment related expenses	(3,526)
Finance costs	(1,079)
Profit before tax	55,850
Income tax expense	(15,992)
Profit after tax	39,858

A11. Finance costs

	3 months ended		12 months ended	
	30 Jun 2022 RM'000	30 Jun 2021 RM'000	30 Jun 2022 RM'000	30 Jun 2021 RM'000 (Audited)
Interest expense on:				
- bank overdrafts	1	-	1	13
- term loans	9	9	58	61
- lease liabilities	74	139	418	628
- others	22	31	78	77
Bank guarantee fee	77	173	524	218
	183	352	1,079	997

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 30 Jun 2022 RM'000	As at 30 Jun 2021 RM'000 (Audited)
Trade receivables	37,357	48,435
Other receivables		
- Third parties, associates and sundry receivables	2,994	5,990
- Deposits	2,223	2,442
- Prepayments	1,647	1,481
	6,864	9,913
Total	44,221	58,348

A13. Trade and other payables

Payables of the Group are as follows:

	As at 30 Jun 2022 RM'000	As at 30 Jun 2021 RM'000 (Audited)
Trade payables	45,589	57,190
Other payables		
- Provision for Universal Service Fund Contribution	6,122	6,671
- Accruals	4,818	5,844
- Deposits payable	1,796	1,777
- Sundry payables	1,576	982
	14,312	15,274
Total	59,901	72,464

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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 30 June 2022

	3 months ended			12 months ended		
	30 Jun 2022 RM'000	30 Jun 2021 RM'000	% + / (-)	30 Jun 2022 RM'000	30 Jun 2021 RM'000 (Audited)	% + / (-)
Revenue	42,412	56,621	-25.09	158,042	174,673	-9.52
Profit from operations	14,765	12,964	13.89	54,989	41,646	32.04
Profit before tax	15,983	12,877	24.12	55,850	42,071	32.75

Review of results for the quarter

For the quarter under review, the Group reported a revenue of RM42.41 million which was 25.09% lower than RM56.62 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 RM15.98 million, which was 24.12% higher than RM12.88 million reported in the previous year corresponding quarter mainly due to higher gross profit contributed by MTNS segment.

Review of results for the financial year

For the financial year under review, the Group reported a revenue of RM158.04 million which was 9.52% lower than RM174.67 million reported in the previous year mainly due to lower revenue contributed by MTNS segment.

The Group posted a profit before tax for the current year of RM55.85 million which was 32.75% higher than the RM42.07 million reported in the previous year mainly due to higher gross profit contributed by MTNS segment and higher investment related income earned.

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

	3 months ended		% + / (-)
	30 Jun 2022 RM'000	31 Mar 2022 RM'000	
Revenue	42,412	36,715	15.52
Profit from operations	14,765	15,013	-1.65
Profit before tax	15,983	11,501	38.97

Commentary on revenue

The Group reported a revenue of RM42.41 million in this current quarter under review which was 15.52% higher than the RM36.72 million reported in the preceding quarter mainly due to higher revenue contributed by telecommunication services and MTNS segments.

Commentary on pre-tax profit

The Group reported a profit before tax of RM15.98 million which was 38.97% higher than the RM11.50 million in the preceding quarter mainly due to higher gross profit contributed by MTNS segment.

B3. Prospects and business outlook

The Board of Directors is of the view that the business and operating performance of the Group for the next financial year ending 30 June 2023 will be challenging and competitive especially for telecommunication services segment. 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 increase its contribution to the Group 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		12 months ended	
	30 Jun 2022 RM'000	30 Jun 2021 RM'000	30 Jun 2022 RM'000	30 Jun 2021 RM'000 (Audited)
Current income tax:				
Provision in current period				
- Malaysian income tax	(6,556)	(4,442)	(16,584)	(12,526)
Over provision in prior years	-	-	1,483	165
	(6,556)	(4,442)	(15,101)	(12,361)
Deferred tax				
- Origination and reversal of temporary differences	(891)	-	(891)	(638)
- Under provision of deferred tax in prior years	-	-	-	(401)
	(891)	-	(891)	(1,039)
Total	(7,447)	(4,442)	(15,992)	(13,400)

The disproportionate tax charge of the Group for the current quarter ended 30 June 2022 was mainly due to certain expenses being disallowed for tax purposes and the non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies.

B7. Profit before tax

	3 months ended		12 months ended	
	30 Jun 2022 RM'000	30 Jun 2021 RM'000	30 Jun 2022 RM'000	30 Jun 2021 RM'000 (Audited)
Profit before tax is arrived at after charging/(crediting):-				
Audit fee - Statutory audit	123	155	413	365
Amortisation of intangible asset	-	12	13	50
Amortisation of development cost	-	20	20	78
Depreciation of property, plant and equipment	3,751	554	5,100	2,349
Depreciation of right-of-use assets	1,409	1,519	6,311	6,295
Fair value loss on investment properties	-	-	-	8
(Gain)/loss on foreign exchange	(81)	(28)	(86)	34
Allowance for/(write back of) doubtful debts on:				
- trade receivables	4,602	(118)	4,416	-
- associate company	53	-	3,526	1,980
- other receivables	-	-	-	18
Provision for Universal Service Fund Contribution	312	264	1,095	1,217
Impairment of:				
- plant and equipment	1,775	-	1,775	-
- right-of-use assets	850	-	850	-
Expenses relating to leases				
- short term leases	220	221	793	887
- leases of low value assets	45	54	182	183
Staff cost:				
- salaries, bonus, wages and allowances	6,200	5,891	21,155	22,630
- defined contribution plan	747	668	2,515	2,705
- net provision of annual leave	85	141	207	219
Interest income	(204)	(105)	(819)	(1,139)
Investment income	-	-	(3,137)	-
Other income	(1,283)	(402)	(2,199)	(548)

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 30 Jun 2022 RM'000	As at 30 Jun 2021 RM'000 (Audited)
Current		
<u>Secured</u>		
Term loan facilities, which are denominated in Ringgit Malaysia	97	92
Non current		
<u>Secured</u>		
Term loan facilities, which are denominated in Ringgit Malaysia	1,213	1,317
Total	1,310	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 has declared an interim dividend of 1.8 sen per share (previous financial year ended 30 June 2021: 1.8 sen per share) in respect of the financial year ended 30 June 2022 and payable on 22 November 2022. The entitlement date has been fixed on 1 November 2022.

B11. Earnings per share

Basic earnings per share is calculated as follows:

	3 months ended		12 months ended	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	9,735	7,110	38,874	26,286
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>1.26</u>	<u>0.93</u>	<u>5.03</u>	<u>3.40</u>

There are no potential ordinary shares outstanding as at 30 June 2022. As such, the fully diluted earnings per share of the Group is not presented.