

# **REDTONE DIGITAL BERHAD**

Registration Number: 200201028701 (596364-U)

Date: 21 May 2024

Subject: **UNAUDITED QUARTERLY (Q3) FINANCIAL REPORT FOR  
THE PERIOD ENDED 31 MARCH 2024**

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REDTONE DIGITAL BERHAD

Registration Number: 200201028701 (596364-U)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2024  
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 months ended		9 months ended	
		31 Mar 2024 RM'000	31 Mar 2023 RM'000	31 Mar 2024 RM'000	31 Mar 2023 RM'000
REVENUE		100,062	51,318	244,948	146,961
PROFIT FROM OPERATIONS		19,861	15,537	46,308	41,683
Investment related income		741	3,962	3,717	20,083
Investment related expenses		-	-	(6,074)	-
Finance costs	A11	(548)	(132)	(2,306)	(399)
PROFIT BEFORE TAX	B7	20,054	19,367	41,645	61,367
INCOME TAX EXPENSE	B6	(5,767)	(4,444)	(12,402)	(12,034)
PROFIT AFTER TAX		14,287	14,923	29,243	49,333
Other comprehensive item, net of tax					
<u>Items that will not be reclassified subsequently to profit or loss</u>					
Foreign currency translation		1	-	1	-
Net changes in fair value of investments at fair value through other comprehensive income		5,700	(3,762)	19,374	5,483
<b>Total comprehensive income for the period</b>		<b>19,988</b>	<b>11,161</b>	<b>48,618</b>	<b>54,816</b>
<u>Profit/(loss) attributable to:-</u>					
Owners of the Company		14,316	13,687	28,750	49,039
Non-controlling interests		(29)	1,236	493	294
		<u>14,287</u>	<u>14,923</u>	<u>29,243</u>	<u>49,333</u>
<u>Total comprehensive income/(loss) attributable to:-</u>					
Owners of the Company		20,017	9,925	48,125	54,522
Non-controlling interests		(29)	1,236	493	294
		<u>19,988</u>	<u>11,161</u>	<u>48,618</u>	<u>54,816</u>
<u>Earnings per share attributable to owners of the parent (sen per share):</u>					
- Basic, for the period	B11	<u>1.85</u>	<u>1.77</u>	<u>3.72</u>	<u>6.34</u>

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2024**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 31 Mar 2024 RM'000	As at 30 Jun 2023 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Goodwill		423	423
Property, plant and equipment		18,931	18,678
Right-of-use assets		7,978	2,176
Investment properties		1,200	1,200
Intangible assets		8,812	32,145
Other investments		133,879	33,988
Deferred tax assets		3,155	3,155
		<u>174,378</u>	<u>91,765</u>
<b>Current Assets</b>			
Inventories		790	518
Trade and other receivables	A12	63,025	97,684
Contract assets		120,331	46,301
Tax recoverable		2,733	2,855
Short term investments		7,758	70,000
Cash and bank balances		44,768	116,989
		<u>239,405</u>	<u>334,347</u>
<b>TOTAL ASSETS</b>		<b><u>413,783</u></b>	<b><u>426,112</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		138,396	109,595
		<u>282,556</u>	<u>253,755</u>
Non-controlling interests		3,487	2,994
<b>Total Equity</b>		<b><u>286,043</u></b>	<b><u>256,749</u></b>
<b>Non-current Liabilities</b>			
Loans and borrowings	B8	1,031	1,112
Lease liabilities		6,364	1,547
Other payables	A13	-	23,056
Deferred tax liabilities		5,128	5,255
		<u>12,523</u>	<u>30,970</u>
<b>Current Liabilities</b>			
Trade and other payables	A13	91,304	83,537
Contract liabilities		11,897	49,758
Loans and borrowings	B8	3,914	102
Lease liabilities		1,572	1,228
Provision for taxation		6,530	3,768
		<u>115,217</u>	<u>138,393</u>
<b>Total Liabilities</b>		<b><u>127,740</u></b>	<b><u>169,363</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>413,783</u></b>	<b><u>426,112</u></b>
Net assets per share (sen)		<u>36.56</u>	<u>32.83</u>

The net assets per share is calculated based on the following:

Total equity less non-controlling interests divided by the number of ordinary shares in issue with voting rights.

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

**REDTONE DIGITAL BERHAD**

Registration Number: 200201028701 (596364-U)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2024  
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 2023</b>	149,813	(5,653)	(662)	641	8,530	101,086	253,755	2,994	256,749
Profit for the period	-	-	-	-	-	28,750	28,750	493	29,243
Other comprehensive income	-	-	1	-	19,374	-	19,375	-	19,375
Total comprehensive income	-	-	1	-	19,374	28,750	48,125	493	48,618
Transaction with owners:									
- Dividend paid	-	-	-	-	-	(19,324)	(19,324)	-	(19,324)
<b>At 31 March 2024</b>	<b>149,813</b>	<b>(5,653)</b>	<b>(661)</b>	<b>641</b>	<b>27,904</b>	<b>110,512</b>	<b>282,556</b>	<b>3,487</b>	<b>286,043</b>
<b>At 1 July 2022</b>	149,813	(5,653)	(663)	641	19,751	54,220	218,109	5,280	223,389
Profit for the period	-	-	-	-	-	49,039	49,039	294	49,333
Other comprehensive income	-	-	-	-	5,483	-	5,483	-	5,483
Total comprehensive income	-	-	-	-	5,483	49,039	54,522	294	54,816
Transaction with owners:									
- Dividend paid	-	-	-	-	-	(13,913)	(13,913)	-	(13,913)
<b>At 31 March 2023</b>	<b>149,813</b>	<b>(5,653)</b>	<b>(663)</b>	<b>641</b>	<b>25,234</b>	<b>89,346</b>	<b>258,718</b>	<b>5,574</b>	<b>264,292</b>

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

**REDTONE DIGITAL BERHAD**

Registration Number: 200201028701 (596364-U)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2024  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	9 months ended	
	31 Mar 2024 RM'000	31 Mar 2023 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from operations	166,808	124,659
Payment for operating expenses	(162,987)	(123,678)
Net tax payment	(14,691)	(12,647)
Other receipts/(payments)	6	(28)
Net cash used in operating activities	<u>(10,864)</u>	<u>(11,694)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease/(increase) in deposits and short term investments	51,117	(279)
Proceeds from disposal of short term investment	-	3,120
Proceeds from disposal of quoted shares	7,007	-
Acquisition of quoted shares	(75,318)	(2,997)
Acquisition of property, plant and equipment	(3,203)	(15,724)
Payment of intangible assets	(21,542)	(3,660)
Interest received	1,485	792
Dividend received	266	415
Net cash used in investing activities	<u>(40,188)</u>	<u>(18,333)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liabilities	(1,451)	(2,376)
Repayment of bank borrowings and other loans	(79)	(73)
Placement of deposits with licensed bank not available for use	(431)	(320)
Dividend paid	(19,324)	(13,913)
Interest paid	(2,306)	(399)
Net cash used in financing activities	<u>(23,591)</u>	<u>(17,081)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(74,643)	(47,108)
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<u>88,506</u>	<u>50,363</u>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u>13,863</u>	<u>3,255</u>
<b>The closing cash and cash equivalents comprise of the following:</b>		
Deposits with financial institutions	31,120	28,275
Cash in hand and at banks	13,648	6,756
Bank overdrafts	-	(3,501)
	<u>44,768</u>	<u>31,530</u>
Less:		
Deposits pledged to financial institutions	<u>(30,905)</u>	<u>(28,275)</u>
	<u>13,863</u>	<u>3,255</u>

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2024**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**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 2023. 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 unaudited 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 2023.

The initial application of the 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 current quarter under review.

**A4. Changes in estimates**

There were no material changes in estimate of amount reported in the prior financial year which have a material effect in the current financial period ended 31 March 2024.

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

There were no changes in the composition of the Group for the current financial period ended 31 March 2024.

**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 financial period ended 31 March 2024:

(a) Share capital	<b>Number of Ordinary Shares</b>	<b>RM</b>
Share capital as at 1 July 2023/31 March 2024	782,453,885	149,812,475

(b) Share buy-back

There was no share buy back transacted during the financial period ended 31 March 2024 and the number of treasury shares held in hand as at 31 March 2024 are as follows:

	Average price per share RM	Number of shares	Amount RM'000
<b>Total treasury shares as at 31 March 2024</b>	0.595	9,502,000	5,653

As at 31 March 2024, the number of outstanding shares in issue with voting rights was 772,951,885 (30 June 2023: 772,951,885) ordinary shares.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2024**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**A8. Contingent liability and performance bond**

(a) There is no contingent liability as at 31 March 2024 (30 June 2023: Nil).

(b) Bank guarantees of the Group are as follows:

	<b>As at 31 Mar 2024 RM'000</b>	<b>As at 30 Jun 2023 RM'000 (Audited)</b>
Performance bonds in favour of various government and statutory bodies and private companies	157,615	153,632

**A9. Dividends paid**

An interim dividend of 2.5 sen per share amounting to RM19.324 million in respect of the financial year ended 30 June 2023 was paid on 16 October 2023 (Period ended 31 March 2023: 1.8 sen per share).

**A10. Segment information**

The segment information for the reportable segments by line of business for the financial period ended 31 March 2024 are as follows:-

	<b>Period to date 31 Mar 2024 RM'000</b>
<b>Revenue</b>	
Telecommunication services	84,684
Managed telecommunication network services ("MTNS")	143,539
Cloud and Internet of Things ("Cloud & IOT")	16,725
Total revenue	244,948
<b>Results</b>	
Telecommunication services	22,413
MTNS	26,910
Cloud & IOT	(1,056)
	48,267
Unallocated corporate expenses	(1,959)
Profit from operations	46,308
Investment related income	3,717
Investment related expenses	(6,074)
Finance costs	(2,306)
Profit before tax	41,645
Income tax expense	(12,402)
Profit after tax	29,243

**A11. Finance costs**

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>31 Mar 2024 RM'000</b>	<b>31 Mar 2023 RM'000</b>	<b>31 Mar 2024 RM'000</b>	<b>31 Mar 2023 RM'000</b>
Interest expense on:				
- bank overdrafts	-	-	1	-
- term loans	14	17	44	48
- lease liabilities	125	36	264	126
- others	399	21	1,971	58
Bank guarantee fee	10	58	26	167
	548	132	2,306	399

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2024**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**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 telco engineering projects, Wi-Fi hotspots, base stations and fiber optic infrastructure.

Receivables of the Group are as follows:

	<b>As at 31 Mar 2024 RM'000</b>	<b>As at 30 Jun 2023 RM'000 (Audited)</b>
Trade receivables	17,008	51,330
Other receivables		
- Third parties, associates and sundry receivables	3,531	11,110
- Deposits	2,055	2,061
- Prepayments	40,431	33,183
	<u>46,017</u>	<u>46,354</u>
<b>Total</b>	<u>63,025</u>	<u>97,684</u>

**A13. Trade and other payables**

Payables of the Group are as follows:

	<b>As at 31 Mar 2024 RM'000</b>	<b>As at 30 Jun 2023 RM'000 (Audited)</b>
<b>Non-current</b>		
Other payables		
- Sundry payables	-	23,056
<b>Current</b>		
Trade payables	54,389	45,562
Other payables		
- Provision for Universal Service Fund Contribution	7,155	7,010
- Accruals	3,586	4,823
- Deposits payable	1,734	1,740
- Sundry payables	24,440	24,402
	<u>36,915</u>	<u>37,975</u>
<b>Total</b>	<u>91,304</u>	<u>83,537</u>



**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2024**  
**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES LR**

**B1. Review of group performance for the quarter ended 31 March 2024**

	3 months ended			9 months ended		
	31 Mar 2024 RM'000	31 Mar 2023 RM'000	% +/(-)	31 Mar 2024 RM'000	31 Mar 2023 RM'000	% +/(-)
Revenue	100,062	51,318	94.98	244,948	146,961	66.68
Profit from operations	19,861	15,537	27.83	46,308	41,683	11.10
Profit before tax	20,054	19,367	3.55	41,645	61,367	(32.14)

**Review of results for the quarter**

For the quarter under review, the Group reported a revenue of RM100.06 million which was 94.98% higher than RM51.32 million reported in the previous year corresponding quarter mainly due to higher revenue registered by the MTNS and Cloud & IOT segment. The increase in MTNS revenue was mainly attributed to a higher project activities under the Universal Service Provision projects, whereas the increase in Cloud & IOT revenue was mainly due to the Information and Communications Technology ("ICT") project.

With a 94.98% increase in revenue, the Group posted a profit from operations for the current quarter of RM19.86 million. The 27.83% increase in profit from operations was mainly due to lower gross profit margin contributed by MTNS and Cloud & IOT segment.

The Group posted a profit before tax for the current quarter of RM20.05 million, which was 3.55% higher than RM19.37 million reported in the previous year corresponding quarter. The low growth rate in profit before tax was mainly due to lower fair value gain from investment under FVTPL category.

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

The Group reported a revenue of RM244.95 million which was 66.68% higher than RM146.96 million reported in the previous year corresponding period mainly due to higher revenue contributed by MTNS and Cloud & IOT segment.

The Group posted a profit from operations for the current period of RM46.31 million which was only 11.10% higher than the RM41.68 million reported in the previous year corresponding period mainly due to lower gross profit margin contributed by MTNS segment and higher amortisation of intangible assets.

Despite the increase in revenue, the profit before tax for the current period was 32.14% lower than that of the previous year corresponding period mainly due to the fair value loss of RM4.40 million from investment under FVTPL category, compared to a fair value gain of RM18.10 million in the previous year corresponding period.

**B2. Review of results of current quarter vs preceding quarter**

	3 months ended		% +/(-)
	31 Mar 2024 RM'000	31 Dec 2023 RM'000	
Revenue	100,062	89,704	11.55
Profit from operations	19,861	15,035	32.10
Profit before tax	20,054	16,266	23.29

**Commentary on revenue**

The Group reported a revenue of RM100.06 million in this current quarter which was 11.55% higher than RM89.70 million reported in the preceding quarter mainly due to higher revenue contributed by the Cloud & IOT segment.

**Commentary on results**

The Group reported a profit from operations of RM19.86 million which was 32.10% higher than the RM15.04 million registered in the preceding quarter mainly due to higher gross profit contributed by telecommunication services, Cloud & IOT and lower operating expenses.

The Group posted a profit before tax for the current quarter of RM20.05 million, which was 23.29% higher than RM16.27 million reported in the preceding quarter. The higher profit before tax was mainly due to higher gross profit contributed by telecommunication services, Cloud & IOT and lower operating expenses.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2024**  
**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES LR**

**B3. Prospects and business outlook**

In February 2024, the Group secured a 5-year Unified Communication contract from the Jabatan Digital Negara ("JDN") (formerly known as Malaysian Administrative Modernisation and Management Planning Unit ("MAMPU")) for a total contract value of approximately RM398 million ("ICT Project"). This is a significant milestone for the Group in its ICT segment. However, the Board of Directors anticipates business outlook for the remaining quarter to remain competitive in particular its telecommunication services segment due to current intense competition. Nevertheless, the Group remains cautiously optimistic and will continue to improve its operational efficiency and adopt measures to enhance its core business profitability. Barring any unforeseen circumstances, in addition to the contribution from the ICT Project, the Management expects its MTNS and data services for enterprise market segments to continue contribute positively to the Group.

**B4. Profit forecast**

No profit forecast was announced.

**B5. Corporate proposal**

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

**B6. Income tax expense**

	3 months ended		9 months ended	
	31 Mar 2024 RM'000	31 Mar 2023 RM'000	31 Mar 2024 RM'000	31 Mar 2023 RM'000
Current income tax:				
Provision in current period				
- Malaysian income tax	(5,305)	(4,256)	(16,991)	(11,846)
Under provision in prior years	(584)	(188)	(584)	(188)
	(5,889)	(4,444)	(17,575)	(12,034)
Deferred tax				
- Origination and reversal of temporary differences	122	-	5,173	-
Total	(5,767)	(4,444)	(12,402)	(12,034)

The disproportionate tax charge of the Group for the current period was mainly due to investment related expenses being disallowed for tax purposes, non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies, and non-recognition of deferred tax asset on the said tax losses.

**B7. Profit before tax**

	3 months ended		9 months ended	
	31 Mar 2024 RM'000	31 Mar 2023 RM'000	31 Mar 2024 RM'000	31 Mar 2023 RM'000
Profit before tax is arrived at after charging/(crediting):-				
Amortisation of intangible assets	7,778	1,653	23,333	4,593
Depreciation of:				
- property, plant and equipment	1,025	981	2,932	1,263
- right-of-use assets	384	378	810	2,041
Impairment of property, plant and equipment	-	-	14	-
Property, plant and equipment written off	-	-	4	-
Loss on foreign exchange	208	302	285	94
Allowance for/(write back of) doubtful debts on trade receivables	482	(32)	572	(198)
Expenses relating to leases				
- short term leases	255	250	701	667
- leases of low value assets	36	38	106	116
Interest income	(375)	(264)	(1,548)	(854)
Dividend income	(50)	(749)	(419)	(1,060)
Rental income	(24)	(22)	(71)	(65)
Fair value (gain)/loss on short term investments	(292)	(2,927)	4,395	(18,104)

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2024**  
**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES LR**

**B8. Loans and borrowings**

Loans and borrowings of the Group are as follows:

	<b>As at 31 Mar 2024 RM'000</b>	<b>As at 30 Jun 2023 RM'000 (Audited)</b>
<b>Current</b>		
<u>Secured</u>		
Term loan facilities, which are denominated in Ringgit Malaysia	103	102
Trade financing, which are denominated in Ringgit Malaysia	3,811	-
	3,914	102
<b>Non current</b>		
<u>Secured</u>		
Term loan facilities, which are denominated in Ringgit Malaysia	1,031	1,112
<b>Total</b>	4,945	1,214

**B9. Material litigation**

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

**B10. Dividend**

No dividend is declared in respect of the current quarter under review (Quarter ended 31 March 2023: Nil).

**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 2024 RM'000</b>	<b>31 Mar 2023 RM'000</b>	<b>31 Mar 2024 RM'000</b>	<b>31 Mar 2023 RM'000</b>
Profit attributable to owners of the Company	14,316	13,687	28,750	49,039
Weighted average number of ordinary shares in issue with voting rights ('000)	772,952	772,952	772,952	772,952
<b>Basic earnings per share (sen)</b>	<b>1.85</b>	<b>1.77</b>	<b>3.72</b>	<b>6.34</b>

There are no potential ordinary shares outstanding as at 31 March 2024. As such, the fully diluted earnings per share of the Group is not presented.