

REDTONE DIGITAL BERHAD

Registration Number: 200201028701 (596364-U)

Date: 22 August 2024

Subject: **UNAUDITED QUARTERLY (Q4) FINANCIAL REPORT FOR
THE YEAR ENDED 30 JUNE 2024**

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REDTONE DIGITAL BERHAD

Registration Number: 200201028701 (596364-U)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 months ended		12 months ended	
		30 Jun 2024 RM'000	30 Jun 2023 RM'000	30 Jun 2024 RM'000	30 Jun 2023 RM'000 (Audited)
REVENUE		114,777	70,865	359,725	214,654
PROFIT FROM OPERATIONS		18,392	12,096	64,700	51,439
Investment related income		22,615	7,127	26,332	27,210
Investment related expenses		(20)	(12)	(6,094)	(22)
Finance costs	A11	(697)	(3,230)	(3,003)	(3,634)
PROFIT BEFORE TAX	B7	40,290	15,981	81,935	74,993
INCOME TAX EXPENSE	B6	(10,733)	(6,954)	(23,135)	(19,814)
PROFIT AFTER TAX		29,557	9,027	58,800	55,179
Other comprehensive item, net of tax					
<u>Items that will not be reclassified subsequently to profit or loss</u>					
Foreign currency translation		-	1	1	1
Net changes in fair value of investments at fair value through other comprehensive income		(20,253)	(13,403)	(879)	(7,907)
Total comprehensive income/(loss) for the period		9,304	(4,375)	57,922	47,273
<u>Profit/(loss) attributable to:-</u>					
Owners of the Company		29,496	11,798	58,246	57,465
Non-controlling interests		61	(2,771)	554	(2,286)
		29,557	9,027	58,800	55,179
<u>Total comprehensive income/(loss) attributable to:-</u>					
Owners of the Company		9,243	(1,604)	57,368	49,559
Non-controlling interests		61	(2,771)	554	(2,286)
		9,304	(4,375)	57,922	47,273
<u>Earnings per share attributable to owners of the parent (sen per share):</u>					
- Basic, for the period	B11	3.82	1.53	7.54	7.43

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 Jun 2024 RM'000	As at 30 Jun 2023 RM'000 (Audited)
ASSETS			
Non-current Assets			
Goodwill		423	423
Property, plant and equipment		18,654	18,678
Right-of-use assets		11,756	2,176
Investment properties		1,180	1,200
Intangible assets		20,436	32,145
Other investments		60,707	33,988
Deferred tax assets		5,714	3,155
		<u>118,870</u>	<u>91,765</u>
Current Assets			
Inventories		595	518
Trade and other receivables	A12	56,103	97,684
Contract assets		177,923	46,301
Tax recoverable		2,950	2,855
Short term investments		18,381	70,000
Cash and bank balances		63,475	116,989
		<u>319,427</u>	<u>334,347</u>
TOTAL ASSETS		<u>438,297</u>	<u>426,112</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		147,639	109,595
		<u>291,799</u>	<u>253,755</u>
Non-controlling interests		3,548	2,994
Total Equity		<u>295,347</u>	<u>256,749</u>
Non-current Liabilities			
Loans and borrowings	B8	1,007	1,112
Lease liabilities		10,253	1,547
Other payables	A13	20,174	23,056
Deferred tax liabilities		625	5,255
		<u>32,059</u>	<u>30,970</u>
Current Liabilities			
Trade and other payables	A13	94,481	83,537
Contract liabilities		3,363	49,758
Loans and borrowings	B8	3,918	102
Lease liabilities		2,040	1,228
Provision for taxation		7,089	3,768
		<u>110,891</u>	<u>138,393</u>
Total Liabilities		<u>142,950</u>	<u>169,363</u>
TOTAL EQUITY AND LIABILITIES		<u>438,297</u>	<u>426,112</u>
Net assets per share (sen)		<u>37.75</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 YEAR ENDED 30 JUNE 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
At 1 July 2023	149,813	(5,653)	(662)	641	8,530	101,086	253,755	2,994	256,749
Profit for the financial year	-	-	-	-	-	58,246	58,246	554	58,800
Other comprehensive income	-	-	1	-	(879)	-	(878)	-	(878)
Total comprehensive income	-	-	1	-	(879)	58,246	57,368	554	57,922
Transaction with owners:									
- Dividend paid	-	-	-	-	-	(19,324)	(19,324)	-	(19,324)
At 30 June 2024	149,813	(5,653)	(661)	641	7,651	140,008	291,799	3,548	295,347
At 1 July 2022	149,813	(5,653)	(663)	641	19,751	54,220	218,109	5,280	223,389
Profit for the financial year	-	-	-	-	-	57,465	57,465	(2,286)	55,179
Other comprehensive income	-	-	1	-	(7,907)	-	(7,906)	-	(7,906)
Total comprehensive income	-	-	1	-	(7,907)	57,465	49,559	(2,286)	47,273
Effect arising from the disposal of equity investments measured at FVTOCI	-	-	-	-	(3,314)	3,314	-	-	-
Transaction with owners:									
- Dividend paid	-	-	-	-	-	(13,913)	(13,913)	-	(13,913)
At 30 June 2023 (Audited)	149,813	(5,653)	(662)	641	8,530	101,086	253,755	2,994	256,749

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 YEAR ENDED 30 JUNE 2024
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	12 months ended	
	30 Jun 2024	30 Jun 2023
	RM'000	RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operations	214,802	264,068
Payment for operating expenses	(237,559)	(155,421)
Net tax payment	(27,098)	(19,337)
Other receipts/(payments)	301	(98)
Net cash (used in)/generated from operating activities	<u>(49,554)</u>	<u>89,212</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of property, plant and equipment	3	-
Decrease/(increase) in deposits and short term investments	60,077	(271)
Proceeds from disposal of short term investments	83,945	3,120
Acquisition of quoted shares	(93,276)	(10,555)
Acquisition of property, plant and equipment	(3,928)	(16,147)
Payment of intangible assets	(21,542)	(10,942)
Interest received	1,516	1,194
Investment income received	-	1,896
Dividend received	560	1,610
Net cash generated from/(used in) investing activities	<u>27,355</u>	<u>(30,095)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(2,109)	(2,803)
Repayment of bank borrowings and other loans	(100)	(96)
Placement of deposits with licensed bank not available for use	(682)	(528)
Dividend paid	(19,324)	(13,913)
Interest paid	(3,003)	(3,634)
Net cash used in financing activities	<u>(25,218)</u>	<u>(20,974)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(47,417)	38,143
OPENING CASH AND CASH EQUIVALENTS	88,506	50,363
CLOSING CASH AND CASH EQUIVALENTS	<u>41,089</u>	<u>88,506</u>
The closing cash and cash equivalents comprise the following:		
Deposits with financial institutions	22,490	30,658
Cash in hand and at banks	40,985	86,331
	<u>63,475</u>	<u>116,989</u>
Less:		
Deposits pledged to licensed bank	(22,386)	(28,483)
	<u>41,089</u>	<u>88,506</u>

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 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/year 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 year ended 30 June 2024.

A5. Changes in the composition of the group

There were no changes in the composition of the Group for the current financial year ended 30 June 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 year ended 30 June 2024:

(a) Share capital	Number of Ordinary Shares	RM
Share capital as at 1 July 2023/30 June 2024	782,453,885	149,812,475

(b) Share buy-back

There was no share buy back transacted during the financial year ended 30 June 2024 and the number of treasury shares held in hand as at 30 June 2024 are as follows:

	Average price per share RM	Number of shares	Amount RM'000
Treasury shares	0.595	9,502,000	5,653

As at 30 June 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 YEAR ENDED 30 JUNE 2024
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A8. Contingent liability and performance bond

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

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

	As at 30 Jun 2024 RM'000	As at 30 Jun 2023 RM'000 (Audited)
Performance bonds in favour of various government and statutory bodies and private companies	147,288	153,632

A9. Dividends paid

An interim dividend of 2.5 sen per share amounting to RM19.324 million was paid on 16 October 2023 in respect of the financial year ended 30 June 2023 (Financial year ended 30 June 2022: 1.8 sen per share was paid on 22 November 2022).

A10. Segment information

The segment information for the reportable segments by line of business for the financial year ended 30 June 2024 are as follows:-

	Year to date 30 Jun 2024 RM'000
Revenue	
Telecommunication services	111,979
Managed telecommunication network services ("MTNS")	212,209
Cloud and Internet of Things ("Cloud & IOT")	35,537
Total revenue	359,725
Results	
Telecommunication services	29,477
MTNS	41,163
Cloud & IOT	(3,448)
	67,192
Unallocated corporate expenses	(2,492)
Profit from operations	64,700
Investment related income	26,332
Investment related expenses	(6,094)
Finance costs	(3,003)
Profit before tax	81,935
Income tax expense	(23,135)
Profit after tax	58,800

A11. Finance costs

	3 months ended		12 months ended	
	30 Jun 2024 RM'000	30 Jun 2023 RM'000	30 Jun 2024 RM'000	30 Jun 2023 RM'000 (Audited)
Interest expense on:				
- bank overdrafts	-	8	1	8
- term loans	20	17	64	65
- lease liabilities	207	37	471	168
- others	409	3,118	2,380	3,176
Bank guarantee fee	7	50	33	217
	697	3,230	3,003	3,634

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 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:

	As at 30 Jun 2024 RM'000	As at 30 Jun 2023 RM'000 (Audited)
Trade receivables	17,451	51,330
Other receivables		
- Third parties, associates and sundry receivables	3,493	11,110
- Deposits	1,760	2,061
- Prepayments	33,399	33,183
	<u>38,652</u>	<u>46,354</u>
Total	<u>56,103</u>	<u>97,684</u>

A13. Trade and other payables

Payables of the Group are as follows:

	As at 30 Jun 2024 RM'000	As at 30 Jun 2023 RM'000 (Audited)
Non-current		
Other payables		
- Sundry payables	20,174	23,056
Current		
Trade payables	55,910	45,562
Other payables		
- Provision for Universal Service Fund Contribution	7,214	7,010
- Accruals	6,516	4,823
- Deposits payable	1,799	1,740
- Sundry payables	23,042	24,402
	<u>38,571</u>	<u>37,975</u>
Total	<u>94,481</u>	<u>83,537</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES LR

B1. Review of group performance for the quarter/year ended 30 June 2024

	3 months ended		%	12 months ended		%
	30 Jun 2024	30 Jun 2023		30 Jun 2024	30 Jun 2023	
	RM'000	RM'000	+ / (-)	RM'000	RM'000 (Audited)	+ / (-)
Revenue	114,777	70,865	61.97	359,725	214,654	67.58
Profit from operations	18,392	12,096	52.05	64,700	51,439	25.78
Profit before tax	40,290	15,981	152.11	81,935	74,993	9.26

Review of results for the quarter

For the quarter under review, the Group reported a revenue of RM114.78 million which was 61.97% higher than RM70.87 million reported in the previous year corresponding quarter due to higher revenue registered by the MTNS and Cloud & IOT segments.

The Group posted a profit from operations of RM18.39 million which was 52.05% higher than RM12.10 million reported in the previous year corresponding quarter mainly due to higher revenue recorded during the quarter under review.

The Group posted a profit before tax for the current quarter of RM40.29 million, which was 152.11% higher than RM15.98 million reported in the previous year corresponding quarter. The higher increase in profit before tax recorded was mainly due to higher fair value gain from investment under FVTPL category.

Review of results for the financial year

The Group reported a revenue of RM359.73 million which was 67.58% higher than RM214.65 million reported in the previous financial year mainly due to higher revenue contributed by MTNS and Cloud & IOT segments.

The Group posted a profit from operations for the current year of RM64.70 million which was 25.78% higher than the RM51.44 million reported in the previous financial year mainly due to higher gross profit contributed by MTNS and cloud & IOT segments.

In spite of the higher profit from operations in this financial year, the profit before tax was only 9.26% higher than the previous financial year mainly due to lower fair value gain from investment reported for the current financial year.

B2. Review of results of current quarter vs preceding quarter

	3 months ended		%
	30 Jun 2024	31 Mar 2024	
	RM'000	RM'000	+ / (-)
Revenue	114,777	100,062	14.71
Profit from operations	18,392	19,861	-7.40
Profit before tax	40,290	20,054	100.91

Commentary on revenue

The Group reported a revenue of RM114.78 million in this current quarter which was 14.71% higher than RM100.06 million reported in the preceding quarter mainly due to higher revenue contributed by MTNS and Cloud & IOT segments.

Commentary on results

In spite of the increase in revenue, the Group reported a profit from operations of RM18.39 million which was 7.40% lower than the RM19.86 million registered in the preceding quarter mainly due to lower gross profit contributed by MTNS segment.

The Group posted a profit before tax for the current quarter of RM40.29 million, which was 100.91% higher than RM20.05 million reported in the preceding quarter. The higher profit before tax was mainly due to higher fair value gain from investment under FVTPL category.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES LR

B3. Prospects and business outlook

The Board of Directors anticipates the business outlook for the next financial year ending 30 June 2025 to remain challenging 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 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		12 months ended	
	30 Jun 2024 RM'000	30 Jun 2023 RM'000	30 Jun 2024 RM'000	30 Jun 2023 RM'000 (Audited)
Current income tax:				
Provision in current period				
- Malaysian income tax	(12,749)	(4,730)	(29,740)	(16,932)
Under provision in prior years	-	-	(584)	(188)
	<u>(12,749)</u>	<u>(4,730)</u>	<u>(30,324)</u>	<u>(17,120)</u>
Deferred tax				
- Origination and reversal of temporary differences	2,016	(2,224)	7,189	(2,598)
- Under provision in prior years	-	-	-	(96)
	<u>2,016</u>	<u>(2,224)</u>	<u>7,189</u>	<u>(2,694)</u>
Total	<u>(10,733)</u>	<u>(6,954)</u>	<u>(23,135)</u>	<u>(19,814)</u>

The disproportionate tax charge of the Group for the current year 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		12 months ended	
	30 Jun 2024 RM'000	30 Jun 2023 RM'000	30 Jun 2024 RM'000	30 Jun 2023 RM'000 (Audited)
Profit before tax is arrived at after charging/(crediting):-				
Amortisation of intangible assets	7,777	25,482	31,110	30,075
Depreciation of:				
- property, plant and equipment	992	894	3,924	2,156
- right-of-use assets	619	352	1,429	2,390
Impairment of:				
- property, plant and equipment	10	67	24	67
- right-of-use assets	618	704	618	704
- intangible assets	-	5,086	-	5,086
Property, plant and equipment written off	-	3	4	3
(Gain)/loss on foreign exchange	(609)	32	(323)	126
Allowance for/(write back of) doubtful debts on trade receivables	214	(1,811)	786	(2,011)
Expenses relating to leases				
- short term leases	253	253	954	920
- leases of low value assets	36	39	142	155
Interest income	(379)	(422)	(1,927)	(1,276)
Dividend income	(294)	(446)	(713)	(1,506)
Rental income	(26)	(26)	(97)	(91)
Fair value gain on short term investment	(21,913)	(6,213)	(17,518)	(22,421)

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 YEAR ENDED 30 JUNE 2024
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES LR

B8. Loans and borrowings

Loans and borrowings of the Group are as follows:

	As at 30 Jun 2024 RM'000	As at 30 Jun 2023 RM'000 (Audited)
Current		
<u>Secured</u>		
Term loan facilities, which are denominated in Ringgit Malaysia	107	102
Trade financing, which are denominated in Ringgit Malaysia	3,811	-
	3,918	102
Non current		
<u>Secured</u>		
Term loan facilities, which are denominated in Ringgit Malaysia	1,007	1,112
Total	4,925	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

The Board has declared an interim dividend of 3.0 sen per share (financial year ended 30 June 2023: 2.5 sen per share) in respect of the financial year ended 30 June 2024 and payable on 18 October 2024. The entitlement date has been fixed on 27 September 2024.

B11. Earnings per share

Basic earnings per share is calculated as follows:

	3 months ended		12 months ended	
	30 Jun 2024 RM'000	30 Jun 2023 RM'000	30 Jun 2024 RM'000	30 Jun 2023 RM'000 (Audited)
Profit attributable to owners of the Company	29,496	11,798	58,246	57,465
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)	3.82	1.53	7.54	7.43

There are no potential ordinary shares outstanding as at 30 June 2024. As such, the fully diluted earnings per share of the Group is not presented.