

REDTONE DIGITAL BERHAD

Registration Number: 200201028701 (596364-U)

Date: 27 November 2024

Subject: **UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR
THE PERIOD ENDED 30 SEPTEMBER 2024**

<u>Table of Contents</u>	Page
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flows	4
Notes to the Unaudited Interim Financial Report	5 - 7
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities LR")	8 - 10

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

	Note	3 months ended	
		30 Sep 2024 RM'000	30 Sep 2023 RM'000
REVENUE		100,322	55,182
PROFIT FROM OPERATIONS		16,643	11,412
Investment related income		700	847
Investment related expenses		-	(6,074)
Finance costs	A11	(852)	(860)
PROFIT BEFORE TAX	B7	16,491	5,325
INCOME TAX EXPENSE	B6	(5,625)	(2,087)
PROFIT AFTER TAX		10,866	3,238
Other comprehensive item, net of tax			
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Foreign currency translation		(4)	-
Net changes in fair value of investments at fair value through other comprehensive income		(3,671)	5,522
Total comprehensive income for the period		7,191	8,760
<u>Profit/(loss) attributable to:-</u>			
Owners of the Company		11,003	2,717
Non-controlling interests		(137)	521
		10,866	3,238
<u>Total comprehensive income/(loss) attributable to:-</u>			
Owners of the Company		7,328	8,239
Non-controlling interests		(137)	521
		7,191	8,760
<u>Earnings per share attributable to owners of the parent (sen per share):</u>			
- Basic, for the period	B11	1.42	0.35

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2024
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 Sep 2024 RM'000	As at 30 Jun 2024 RM'000 (Audited)
ASSETS			
Non-current Assets			
Goodwill		423	423
Property, plant and equipment		18,602	18,654
Right-of-use assets		15,778	12,003
Investment properties		1,180	1,180
Intangible assets		15,069	20,436
Other investments		95,610	60,707
Deferred tax assets		5,714	5,714
		152,376	119,117
Current Assets			
Inventories		778	632
Trade and other receivables	A12	136,405	80,461
Contract assets		163,239	182,320
Tax recoverable		10,828	2,616
Short term investments		-	18,381
Cash and bank balances		25,498	63,475
		336,748	347,885
TOTAL ASSETS		489,124	467,002
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		134,739	150,600
		278,899	294,760
Non-controlling interests		3,107	3,262
Total Equity		282,006	298,022
Non-current Liabilities			
Loans and borrowings	B8	979	1,007
Lease liabilities		13,824	10,507
Other payable	A13	20,174	20,174
Deferred tax liabilities		-	625
		34,977	32,313
Current Liabilities			
Trade and other payables	A13	134,349	120,546
Contract liabilities		4,500	3,460
Loans and borrowings	B8	21,958	3,918
Lease liabilities		2,402	2,041
Tax payable		8,932	6,702
		172,141	136,667
Total Liabilities		207,118	168,980
TOTAL EQUITY AND LIABILITIES		489,124	467,002
Net assets per share (sen)		36.08	38.13

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 30 SEPTEMBER 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 2024	149,813	(5,653)	(661)	641	8,425	142,195	294,760	3,262	298,022
Profit/(loss) for the period	-	-	-	-	-	11,003	11,003	(137)	10,866
Other comprehensive income	-	-	(4)	-	(3,671)	-	(3,675)	-	(3,675)
Total comprehensive income	-	-	(4)	-	(3,671)	11,003	7,328	(137)	7,191
Transactions with owners:									
- Arising from increase in equity interest in subsidiary company	-	-	-	-	-	-	-	(18)	(18)
- Dividend payable	-	-	-	-	-	(23,189)	(23,189)	-	(23,189)
At 30 September 2024	149,813	(5,653)	(665)	641	4,754	130,009	278,899	3,107	282,006
At 1 July 2023	149,813	(5,653)	(662)	641	8,530	101,086	253,755	2,994	256,749
Profit for the period	-	-	-	-	-	2,717	2,717	521	3,238
Other comprehensive income	-	-	-	-	5,522	-	5,522	-	5,522
Total comprehensive income	-	-	-	-	5,522	2,717	8,239	521	8,760
Transaction with owners:									
- Dividend payable	-	-	-	-	-	(19,324)	(19,324)	-	(19,324)
At 30 September 2023	149,813	(5,653)	(662)	641	14,052	84,479	242,670	3,515	246,185

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2024
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	30 Sep 2024	30 Sep 2023
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	64,788	45,080
Payments of operating expenses	(86,697)	(51,577)
Payment of taxes	(12,232)	(4,650)
Other (payments)/receipts	(190)	29
Net cash used in operating activities	(34,331)	(11,118)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease/(increase) in deposits and short term investments	5,497	(7,125)
Proceeds from disposal of equity instrument	13,792	7,007
Acquisition of quoted shares	(33,580)	(57,694)
Acquisition of property, plant and equipment	(1,058)	(1,239)
Interest received	85	735
Dividend received	117	150
Net cash used in investing activities	(15,147)	(58,166)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings and other loans	18,040	-
Payment of principal portion of lease liabilities	(660)	(441)
Repayment of bank borrowings and other loans	(28)	(25)
Placement of deposits with licensed bank not available for use	-	(159)
Interest paid	(458)	(100)
Net cash generated from/(used in) financing activities	16,894	(725)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(32,584)	(70,009)
OPENING CASH AND CASH EQUIVALENTS	41,089	88,506
CLOSING CASH AND CASH EQUIVALENTS	8,505	18,497
The closing cash and cash equivalents comprise the following:		
Deposits with financial institutions	16,993	33,976
Cash in hand and at banks	8,505	13,163
	25,498	47,139
Less:		
Deposits pledged to licensed bank	(16,993)	(28,642)
	8,505	18,497

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 2024. 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 2024.

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 30 September 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 30 September 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 30 September 2024:

(a) Share capital

	Number of Ordinary Shares	RM
Share capital as at 1 July 2024/30 September 2024	782,453,885	149,812,475

(b) Share buy-back

There was no share buy back transacted during the financial period ended 30 September 2024 and the number of treasury shares held in hand as at 30 September 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 September 2024, the number of outstanding shares in issue with voting rights was 772,951,885 (30 June 2024: 772,951,885) ordinary shares.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2024
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A8. Contingent liability and performance bond

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

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

	As at 30 Sep 2024 RM'000	As at 30 Jun 2024 RM'000 (Audited)
Performance bonds in favour of various government and statutory bodies and private companies	147,189	147,308

A9. Dividends paid

There was no dividend paid during the period under review (Period ended 30 September 2023: RM Nil).

A10. Segment information

The segment information for the reportable segments by line of business for the period ended 30 September 2024 are as follows:-

	Year to date 30 Sep 2024 RM'000
<u>Revenue</u>	
Telecommunication services	26,937
Managed telecommunication network services ("MTNS")	68,459
Cloud and Internet of Things ("Cloud & IOT")	4,926
Total revenue	100,322
<u>Results</u>	
Telecommunication services	9,222
MTNS	10,150
Cloud & IOT	(2,367)
	17,005
Unallocated corporate expenses	(362)
Profit from operations	16,643
Investment related income	700
Finance costs	(852)
Profit before tax	16,491
Income tax expense	(5,625)
Profit after tax	10,866

A11. Finance costs

	3 months ended 30 Sep 2024 RM'000	30 Sep 2023 RM'000
Interest expense on:		
- term loans	13	16
- invoice financing	166	-
- lease liabilities	262	59
- others	411	785
	852	860

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 development, maintenance, and operation of large-scale telecom engineering projects, WiFi hotspots, base stations, and fiber optic infrastructure.

Receivables of the Group are as follows:

	As at 30 Sep 2024 RM'000	As at 30 Jun 2024 RM'000 (Audited)
Trade receivables	87,171	17,542
Other receivables		
- Third parties, associated companies and sundry receivables	3,451	3,493
- Deposits	1,950	1,760
- Prepayments	43,833	57,666
	49,234	62,919
Total	136,405	80,461

A13. Trade and other payables

Payables of the Group are as follows:

	As at 30 Sep 2024 RM'000	As at 30 Jun 2024 RM'000 (Audited)
Non-current		
Other payable		
- Sundry payables	20,174	20,174
Current		
Trade payables	68,981	79,960
Other payables		
- Provision for Universal Service Fund Contribution	7,151	7,214
- Accruals	8,503	6,516
- Deposits payable	1,879	1,799
- Dividend payable	23,189	-
- Sundry payables	24,646	25,057
	65,368	40,586
Total	134,349	120,546

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

B1. Review of group performance for the quarter ended 30 September 2024

	3 months ended		% +/(-)
	30 Sep 2024 RM'000	30 Sep 2023 RM'000	
Revenue	100,322	55,182	81.80
Profit from operations	16,643	11,412	45.84
Profit before tax	16,491	5,325	209.69

Review of results for the quarter

For the quarter under review, the Group reported a revenue of RM100.32 million which was 81.80% higher than RM55.18 million reported in the previous year corresponding quarter mainly due to higher revenue registered by the MTNS and Cloud & IOT segments.

The Group posted a profit from operations of RM16.64 million which was 45.84% higher than RM11.41 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 RM16.49 million which was 209.69% higher than RM5.33 million reported in the previous year corresponding quarter. The increase in profit before tax was mainly due to higher gross profit from MTNS segment and fair value gain of RM0.4 million from investment under FVTPL category, whereas the Group incurred a fair value loss of RM6.08 million in the previous year corresponding quarter.

B2. Review of results of current quarter vs preceding quarter

	3 months ended		% +/(-)
	30 Sep 2024 RM'000	30 Jun 2024 RM'000	
Revenue	100,322	114,777	-12.59
Profit from operations	16,643	18,392	-9.51
Profit before tax	16,491	40,290	-59.07

Commentary on revenue

The Group reported a revenue of RM100.32 million in this current quarter which was 12.59% lower than RM114.78 million reported in the preceding quarter mainly due to lower revenue contributed by Cloud & IOT segment.

Commentary on results

The Group reported a profit from operations of RM16.64 million which was 9.51% lower than the RM18.39 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 RM16.49 million, which was 59.07% lower than RM40.29 million reported in the preceding quarter. The lower profit before tax was mainly due to lower fair value gain from investment under FVTPL category.

B3. Prospects and business outlook

The Board of Directors anticipates the business outlook for the remaining quarters to remain challenging due to the volatilities and uncertainties of the market. Nevertheless, the Group continues to exercise caution and remains steadfast in its determination to maintain the momentum to boost its profitability by prioritizing its operational efficiency and adopt measures to enhance its core business.

The Management is confident that it will be able to adapt to the dynamic business environment. As part of its business strategy moving forward, the Group will continue to explore new opportunities to expand the Group's business and strategise towards digitalisation to strengthen the Group's market positioning and ensure sustainable revenue streams. The Group has participated in various tenders in government and government-linked agencies to grow the Group's businesses.

B4. Profit forecast

No profit forecast was announced.

B5. Corporate proposal

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

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

B6. Income tax expense

	3 months ended	
	30 Sep 2024	30 Sep 2023
	RM'000	RM'000
Current income tax:		
Provision in current period		
- Malaysian income tax	(6,250)	(7,162)
Deferred tax		
- Origination and reversal of temporary differences	625	5,075
Total	(5,625)	(2,087)

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

B7. Profit before tax

	3 months ended	
	30 Sep 2024	30 Sep 2023
	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):-		
Amortisation of intangible assets	5,367	7,778
Depreciation of:		
- property, plant and equipment	1,110	939
- right-of-use assets	563	196
Impairment of property, plant and equipment	-	14
Property, plant and equipment written off	-	4
(Gain)/loss on foreign exchange	(214)	67
Allowance for/(write back of) doubtful debts on trade receivables	595	(39)
Expenses relating to leases		
- short term leases	220	217
- leases of low value assets	24	39
Interest income	(162)	(676)
Dividend income	(117)	(150)
Rental income	(24)	(21)
Fair value (gain)/loss on short term investment	(379)	6,074

There were no disposal of 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 which are denominated in Ringgit Malaysia are as follows:

	As at	As at
	30 Sep 2024	30 Jun 2024
	RM'000	RM'000
		(Audited)
Current		
<u>Secured</u>		
Term loans	107	107
Invoice financing	21,851	3,811
	<u>21,958</u>	<u>3,918</u>
Non current		
<u>Secured</u>		
Term loans	979	1,007
Total	<u>22,937</u>	<u>4,925</u>

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

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 declared in respect of the current quarter under review (Quarter ended 30 September 2023: Nil).

B11. Earnings per share

Basic earnings per share is calculated as follows:

	3 months ended	
	30 Sep 2024 RM'000	30 Sep 2023 RM'000 (Audited)
Profit attributable to owners of the Company	11,003	2,717
Weighted average number of ordinary shares in issue with voting rights ('000)	772,952	772,952
Basic earnings per share (sen)	<u>1.42</u>	<u>0.35</u>

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