

REDTONE DIGITAL BERHAD

Registration Number: 200201028701 (596364-U)

Date: 20 February 2025

Subject: **UNAUDITED QUARTERLY (Q2) FINANCIAL REPORT FOR
THE PERIOD ENDED 31 DECEMBER 2024**

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REDTONE DIGITAL BERHAD

Registration Number: 200201028701 (596364-U)

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

	Note	3 months ended		6 months ended	
		31 Dec 2024 RM'000	31 Dec 2023 RM'000	31 Dec 2024 RM'000	31 Dec 2023 RM'000
REVENUE		74,818	89,704	175,140	144,886
PROFIT FROM OPERATIONS		8,402	15,035	25,045	26,447
Investment related income		2,648	2,129	3,348	2,976
Investment related expenses		-	-	-	(6,074)
Finance costs	A11	(1,296)	(898)	(2,148)	(1,758)
PROFIT BEFORE TAX	B7	9,754	16,266	26,245	21,591
INCOME TAX EXPENSE	B6	(1,897)	(4,548)	(7,522)	(6,635)
PROFIT AFTER TAX		7,857	11,718	18,723	14,956
Other comprehensive item, net of tax					
<u>Items that will not be reclassified subsequently to profit or loss</u>					
Foreign currency translation		2	-	(2)	-
Net changes in fair value of investments at fair value through other comprehensive income		(9,838)	8,152	(13,509)	13,674
Total comprehensive (loss)/income for the period		(1,979)	19,870	5,212	28,630
<u>Profit/(loss) attributable to:-</u>					
Owners of the Company		7,800	11,717	18,803	14,434
Non-controlling interests		57	1	(80)	522
		7,857	11,718	18,723	14,956
<u>Total comprehensive (loss)/income attributable to:-</u>					
Owners of the Company		(2,036)	19,869	5,292	28,108
Non-controlling interests		57	1	(80)	522
		(1,979)	19,870	5,212	28,630
<u>Earnings per share attributable to owners of the parent (sen per share):</u>					
- Basic, for the period	B11	1.01	1.52	2.43	1.87

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

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

	Note	As at 31 Dec 2024 RM'000	As at 30 Jun 2024 RM'000 (Audited)
ASSETS			
Non-current Assets			
Goodwill		423	423
Property, plant and equipment		20,642	18,654
Right-of-use assets		16,017	12,003
Investment properties		1,180	1,180
Intangible assets		12,589	20,436
Other investments		93,730	60,707
Deferred tax assets		5,649	5,714
		150,230	119,117
Current Assets			
Inventories		773	632
Trade and other receivables	A12	128,192	80,461
Contract assets		105,108	182,320
Tax recoverable		7,896	2,616
Short term investments		20,014	18,381
Cash and bank balances		29,765	63,475
		291,748	347,885
TOTAL ASSETS		441,978	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		132,721	150,600
		276,881	294,760
Non-controlling interests		3,164	3,262
Total Equity		280,045	298,022
Non-current Liabilities			
Loans and borrowings	B8	951	1,007
Lease liabilities		13,875	10,507
Other payable	A13	-	20,174
Deferred tax liabilities		-	625
		14,826	32,313
Current Liabilities			
Trade and other payables	A13	133,671	120,546
Contract liabilities		3,325	3,460
Loans and borrowings	B8	6,163	3,918
Lease liabilities		2,504	2,041
Tax payable		1,444	6,702
		147,107	136,667
Total Liabilities		161,933	168,980
TOTAL EQUITY AND LIABILITIES		441,978	467,002
Net assets per share (sen)		35.82	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.

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REDTONE DIGITAL BERHAD

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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	-	-	-	-	-	18,803	18,803	(80)	18,723
Other comprehensive income	-	-	(2)	-	(13,509)	-	(13,511)	-	(13,511)
Total comprehensive income	-	-	(2)	-	(13,509)	18,803	5,292	(80)	5,212
Effect arising from the disposal of equity investments measured at FVTOCI	-	-	-	-	(256)	256	-	-	-
Transactions with owners:									
- Arising from increase in equity interest in subsidiary company	-	-	-	-	-	18	18	(18)	-
- Dividend paid	-	-	-	-	-	(23,189)	(23,189)	-	(23,189)
At 31 December 2024	149,813	(5,653)	(663)	641	(5,340)	138,083	276,881	3,164	280,045
At 1 July 2023	149,813	(5,653)	(662)	641	8,530	101,086	253,755	2,994	256,749
Profit for the period	-	-	-	-	-	14,434	14,434	522	14,956
Other comprehensive income	-	-	-	-	13,674	-	13,674	-	13,674
Total comprehensive income	-	-	-	-	13,674	14,434	28,108	522	28,630
Transaction with owners:									
- Dividend paid	-	-	-	-	-	(19,324)	(19,324)	-	(19,324)
At 31 December 2023	149,813	(5,653)	(662)	641	22,204	96,196	262,539	3,516	266,055

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

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

	6 months ended	
	31 Dec 2024 RM'000	31 Dec 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	241,355	123,294
Payments of operating expenses	(159,302)	(101,511)
Payment of taxes	(18,620)	(8,280)
Other payments	(235)	(38)
Net cash generated from operating activities	<u>63,198</u>	<u>13,465</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in deposits and short term investments	(19,910)	15,601
Proceeds from disposal of equity instrument	20,055	7,007
Acquisition of quoted shares	(45,305)	(71,519)
Acquisition of property, plant and equipment	(1,273)	(1,731)
Payment of intangible assets	(20,228)	(21,542)
Interest received	209	1,197
Dividend received	138	216
Net cash used in investing activities	<u>(66,314)</u>	<u>(70,771)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings and other loans	57,199	-
Payment of principal portion of lease liabilities	(1,419)	(954)
Repayment of bank borrowings and other loans	(61,066)	(52)
Net withdrawal from/(placement with) banks as security pledged for borrowings and other facilities	5,192	(296)
Dividend paid	(23,189)	(19,324)
Interest paid	(2,148)	(1,758)
Net cash used in financing activities	<u>(25,431)</u>	<u>(22,384)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(28,547)	(79,690)
OPENING CASH AND CASH EQUIVALENTS	<u>41,089</u>	<u>88,506</u>
CLOSING CASH AND CASH EQUIVALENTS	<u>12,542</u>	<u>8,816</u>
The closing cash and cash equivalents comprise the following:		
Deposits with financial institutions	17,194	28,779
Cash in hand and at banks	12,571	8,816
	<u>29,765</u>	<u>37,595</u>
Less:		
Bank overdrafts	(29)	-
Deposits pledged to licensed bank	(17,194)	(28,779)
	<u>12,542</u>	<u>8,816</u>

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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 31 December 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 December 2024 except as described below:

REdtone XArmour Sdn Bhd (formerly known as REDtone Mytel Sdn Bhd) has ceased to be a 60%-owned subsidiary of SEA Telco Technology Sdn Bhd and became a 100%-owned subsidiary of REDtone Digital Berhad on 12 August 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 December 2024:

(a) Share capital

	Number of Ordinary Shares	RM
Share capital as at 1 July 2024/31 December 2024	<u>782,453,885</u>	<u>149,812,475</u>

(b) Share buy-back

There was no share buy back transacted during the financial period ended 31 December 2024 and the number of treasury shares held in hand as at 31 December 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 31 December 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 31 DECEMBER 2024
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A8. Contingent liability and performance bond

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

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

	As at 31 Dec 2024 RM'000	As at 30 Jun 2024 RM'000 (Audited)
Performance bonds in favour of various government and statutory bodies and private companies	147,415	147,308

A9. Dividends paid

An interim dividend of 3.0 sen per share amounting to RM23.189 million in respect of the financial year ended 30 June 2024 was paid on 18 October 2024 (Period ended 31 December 2023: 2.5 sen per share).

A10. Segment information

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

	Year to date 31 Dec 2024 RM'000
<u>Revenue</u>	
Telecommunication services	53,342
Managed telecommunication network services ("MTNS")	111,811
Cloud and Internet of Things ("Cloud & IOT")	9,987
Total revenue	175,140
<u>Results</u>	
Telecommunication services	16,945
MTNS	13,014
Cloud & IOT	(4,060)
	25,899
Unallocated corporate expenses	(854)
Profit from operations	25,045
Investment related income	3,348
Finance costs	(2,148)
Profit before tax	26,245
Income tax expense	(7,522)
Profit after tax	18,723

A11. Finance costs

	3 months ended		6 months ended	
	31 Dec 2024 RM'000	31 Dec 2023 RM'000	31 Dec 2024 RM'000	31 Dec 2023 RM'000
Interest expense on:				
- bank overdrafts	4	1	4	1
- term loans	13	14	26	30
- invoice financing	534	-	700	-
- lease liabilities	284	80	546	139
- others	461	803	872	1,588
	1,296	898	2,148	1,758

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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 31 Dec 2024 RM'000	As at 30 Jun 2024 RM'000 (Audited)
Trade receivables	78,732	17,542
Other receivables		
- Third parties, associated companies and sundry receivables	3,845	3,493
- Deposits	1,996	1,760
- Prepayments	43,619	57,666
	49,460	62,919
Total	128,192	80,461

A13. Trade and other payables

Payables of the Group are as follows:

	As at 31 Dec 2024 RM'000	As at 30 Jun 2024 RM'000 (Audited)
Non-current		
Other payable		
- Sundry payables	-	20,174
Current		
Trade payables	88,159	79,960
Other payables		
- Provision for Universal Service Fund Contribution	7,194	7,214
- Accruals	8,795	6,516
- Deposits payable	1,913	1,799
- Sundry payables	27,610	25,057
	45,512	40,586
Total	133,671	120,546

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

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

	3 months ended			6 months ended		
	31 Dec 2024 RM'000	31 Dec 2023 RM'000	% +/(-)	31 Dec 2024 RM'000	31 Dec 2023 RM'000	% +/(-)
Revenue	74,818	89,704	-16.59	175,140	144,886	20.88
Profit from operations	8,402	15,035	-44.12	25,045	26,447	-5.30
Profit before tax	9,754	16,266	-40.03	26,245	21,591	21.56

Review of results for the quarter

For the quarter under review, the Group reported a revenue of RM74.82 million which was 16.59% lower than RM89.70 million reported in the previous year corresponding quarter mainly due to lower revenue registered by the MTNS segment.

The Group posted a profit from operations of RM8.40 million which was 44.12% lower than RM15.04 million reported in the previous year corresponding quarter mainly due to lower revenue recorded during the quarter under review.

The Group posted a profit before tax for the current quarter of RM9.75 million which was 40.03% lower than RM16.27 million reported in the previous year corresponding quarter. The decrease in profit before tax was mainly due to lower gross profit from MTNS segment and higher finance cost.

Review of results for the 6-month period

The Group reported a revenue of RM175.14 million which was 20.88% higher than RM144.89 million reported in the previous year corresponding period mainly due to higher revenue contributed by MTNS and Cloud & IOT segments.

The Group posted a profit from operations for the current 6-month period of RM25.05 million which was 5.30% lower than the RM26.45 million reported in the previous year corresponding period mainly due to lower gross profit contributed by MTNS segment.

Despite a lower profit from operations, the Group posted a profit before tax for the current period of RM26.25 million which was 21.56% higher than the previous year corresponding period. This was mainly due to fair value gain of RM2.85 million from investment under FVTPL category, whereas the Group incurred a fair value loss of RM4.69 million in the previous year corresponding period.

B2. Review of results of current quarter vs preceding quarter

	3 months ended		% +/(-)
	31 Dec 2024 RM'000	30 Sep 2024 RM'000	
Revenue	74,818	100,322	-25.42
Profit from operations	8,402	16,643	-49.52
Profit before tax	9,754	16,491	-40.85

Commentary on revenue

The Group reported a revenue of RM74.82 million in this current quarter which was 25.42% lower than RM100.32 million reported in the preceding quarter mainly due to lower revenue contributed by MTNS segment.

Commentary on results

The Group reported a profit from operations of RM8.40 million which was 49.52% lower than the RM16.64 million registered in the preceding quarter mainly due to lower gross profit contributed by MTNS segment and higher finance cost.

The Group posted a profit before tax for the current quarter of RM9.75 million, which was 40.85% lower than RM16.49 million reported in the preceding quarter mainly due to the abovementioned reason.

B3. Prospects and business outlook

The Board of Directors anticipates the business outlook for the remaining quarters to be 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 position and ensure sustainable revenue streams. The Group has participated in various tenders in government and government-linked agencies to further grow the Group's businesses going forward.

B4. Profit forecast

No profit forecast was announced.

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

B5. Corporate proposal

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

B6. Income tax expense

	3 months ended		6 months ended	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Provision in current period				
- Malaysian income tax	(1,832)	(4,524)	(8,082)	(11,686)
Deferred tax				
- Origination and reversal of temporary differences	(65)	(24)	560	5,051
Total	(1,897)	(4,548)	(7,522)	(6,635)

The disproportionate tax charge of the Group for the current year to date 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		6 months ended	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):-				
Amortisation of intangible assets	5,369	7,777	10,736	15,555
Bad debts written off	23	-	23	-
Depreciation of:				
- property, plant and equipment	1,086	968	2,196	1,907
- right-of-use assets	673	230	1,236	426
Impairment of property, plant and equipment	-	-	-	14
Property, plant and equipment written off	117	-	117	4
Loss on foreign exchange	1,133	10	919	77
Allowance for doubtful debts on trade receivables	67	129	662	90
Expenses relating to leases				
- short term leases	219	229	439	446
- leases of low value assets	20	31	44	70
Interest income	(149)	(496)	(311)	(1,172)
Dividend income	(21)	(219)	(138)	(369)
Rental income	(24)	(26)	(48)	(47)
Fair value (gain)/loss on short term investment	(2,472)	(1,387)	(2,851)	4,687

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 31 Dec 2024 RM'000	As at 30 Jun 2024 RM'000 (Audited)
Current		
<u>Secured</u>		
Term loans	107	107
Invoice financing	-	3,811
Bank overdrafts	29	-
Margin facility	6,027	-
	6,163	3,918
Non current		
<u>Secured</u>		
Term loans	951	1,007
Total	7,114	4,925

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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 31 December 2023: Nil).

B11. Earnings per share

Basic earnings per share is calculated as follows:

	3 months ended		6 months ended	
	31 Dec 2024 RM'000	31 Dec 2023 RM'000	31 Dec 2024 RM'000	31 Dec 2023 RM'000
Profit attributable to owners of the Company	7,800	11,717	18,803	14,434
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>1.01</u>	<u>1.52</u>	<u>2.43</u>	<u>1.87</u>

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