

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

Date: 18 May 2023

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE THIRD QUARTER ENDED 31 MARCH 2023**

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**REDTONE DIGITAL BERHAD**  
(Company No. 200201028701 (596364-U))

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2023**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 31 Mar 2023 RM'000	As at 30 Jun 2022 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Goodwill		423	423
Property, plant and equipment		19,215	4,757
Right-of-use assets		1,723	3,336
Investment properties		1,180	1,180
Intangible assets		10,827	11,760
Other investments		46,840	38,360
Deferred tax assets		594	594
		<u>80,802</u>	<u>60,410</u>
<b>Current Assets</b>			
Inventories		421	476
Trade and other receivables	A12	146,891	44,733
Contract assets		66,033	63,547
Tax recoverable		479	476
Short term investments		65,683	50,007
Cash and bank balances		35,310	78,318
		<u>314,817</u>	<u>237,557</u>
<b>TOTAL ASSETS</b>		<b><u>395,619</u></b>	<b><u>297,967</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		114,558	73,949
		<u>258,718</u>	<u>218,109</u>
Non-controlling interests		5,574	5,280
<b>Total Equity</b>		<b><u>264,292</u></b>	<b><u>223,389</u></b>
<b>Non-current Liabilities</b>			
Loans and borrowings	B8	1,137	1,213
Lease liabilities		367	1,076
		<u>1,504</u>	<u>2,289</u>
<b>Current Liabilities</b>			
Trade and other payables	A13	62,318	59,795
Contract liabilities		59,579	6,223
Loans and borrowings	B8	3,601	97
Lease liabilities		1,329	2,568
Provision for taxation		2,996	3,606
		<u>129,823</u>	<u>72,289</u>
<b>Total Liabilities</b>		<b><u>131,327</u></b>	<b><u>74,578</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>395,619</u></b>	<b><u>297,967</u></b>
Net assets per share (sen)		<u>33.47</u>	<u>28.22</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 2022.

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 THIRD QUARTER ENDED 31 MARCH 2023**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	3 months ended		9 months ended	
		31 Mar 2023 RM'000	31 Mar 2022 RM'000	31 Mar 2023 RM'000	31 Mar 2022 RM'000
REVENUE		51,318	36,715	146,961	115,630
PROFIT FROM OPERATIONS		15,537	15,013	41,683	40,224
Investment related income		3,962	294	20,083	4,020
Investment related expenses		-	(3,473)	-	(3,481)
Finance costs	A11	(132)	(333)	(399)	(896)
PROFIT BEFORE TAX	B7	19,367	11,501	61,367	39,867
INCOME TAX EXPENSE	B6	(4,444)	(987)	(12,034)	(8,545)
PROFIT AFTER TAX		14,923	10,514	49,333	31,322
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		(3,762)	10,930	5,483	11,788
<b>Total comprehensive income for the financial period</b>		<b>11,161</b>	<b>21,444</b>	<b>54,816</b>	<b>43,110</b>
<u>Profit attributable to:-</u>					
Owners of the Company		13,687	10,122	49,039	29,139
Non-controlling interests		1,236	392	294	2,183
		<b>14,923</b>	<b>10,514</b>	<b>49,333</b>	<b>31,322</b>
<u>Total comprehensive income attributable to:-</u>					
Owners of the Company		9,925	21,052	54,522	40,927
Non-controlling interests		1,236	392	294	2,183
		<b>11,161</b>	<b>21,444</b>	<b>54,816</b>	<b>43,110</b>
<u>Earnings per share attributable to owners of the parent (sen per share):</u>					
- Basic, for the period	B11	1.77	1.31	6.34	3.77

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 2022.

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 THIRD QUARTER ENDED 31 MARCH 2023**  
**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 2022</b>	149,813	(5,653)	(663)	641	19,751	54,220	218,109	5,280	223,389
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>
<b>At 1 July 2021</b>	149,813	(5,653)	(663)	641	5,846	28,675	178,659	4,262	182,921
Total comprehensive income	-	-	-	-	11,788	29,139	40,927	2,183	43,110
Transaction with owners:									
- Dividend paid	-	-	-	-	-	(13,913)	(13,913)	-	(13,913)
<b>At 31 March 2022</b>	<b>149,813</b>	<b>(5,653)</b>	<b>(663)</b>	<b>641</b>	<b>17,634</b>	<b>43,901</b>	<b>205,673</b>	<b>6,445</b>	<b>212,118</b>

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 2022.

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 THIRD QUARTER ENDED 31 MARCH 2023**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	9 months ended	
	31 Mar 2023 RM'000	31 Mar 2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from operations	124,659	116,312
Payment for operating expenses	(123,678)	(68,811)
Net tax payment	(12,647)	(8,914)
Other payments	(28)	(71)
Net cash (used in)/generated from operating activities	<u>(11,694)</u>	<u>38,516</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of property, plant and equipment	-	11
Decrease/(increase) in deposits and short term investments	387	(17,358)
Proceed from disposal of short term investment	3,120	-
Acquisition of quoted shares	(2,997)	-
Acquisition of property, plant and equipment	(15,724)	(791)
Acquisition of intangible asset	(3,660)	(11,760)
Interest received	792	498
Investment income received	-	3,137
Dividend received	415	138
Net cash used in investing activities	<u>(17,667)</u>	<u>(26,125)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liabilities	(2,376)	(5,197)
Repayment of bank borrowings and other loans	(73)	(68)
Dividend paid	(13,913)	(13,913)
Interest paid	(399)	(896)
Net cash used in financing activities	<u>(16,761)</u>	<u>(20,074)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(46,122)	(7,683)
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<u>49,377</u>	<u>14,837</u>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u>3,255</u>	<u>7,154</u>
<b>The closing cash and cash equivalents comprise of the following:</b>		
Deposits with licensed banks	28,554	27,816
Cash in hand and at banks	6,756	7,154
Bank overdrafts	(3,501)	-
	<u>31,809</u>	<u>34,970</u>
Less:		
Deposits pledged to licensed banks	(28,554)	(27,816)
	<u>3,255</u>	<u>7,154</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 2022.

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

**REDTONE DIGITAL BERHAD**  
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**A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2023**

**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 2022. 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 2022. 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 period 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 31 March 2023:

(a) Share capital

	Number of Ordinary Shares	RM
Share capital as at 1 July 2022/31 March 2023	<u>782,453,885</u>	<u>149,812,475</u>

(b) Share buy-back

There was no share buy back transacted during the quarter ended 31 March 2023 and the number of treasury shares held in hand as at 31 March 2023 are as follows:

	Average price per share RM	Number of shares	Amount RM'000
<b>Total treasury shares as at 31 March 2023</b>	0.595	9,502,000	5,653

As at 31 March 2023, the number of outstanding shares in issue with voting rights was 772,951,885 (30 June 2022: 772,951,885) ordinary shares.

**A8. Contingent liability**

Bank guarantees of the Group are as follows:

	As at 31 Mar 2023 RM'000	As at 30 Jun 2022 RM'000 (Audited)
Performance bonds in favour of various government and statutory bodies and private companies	153,563	38,707

**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 2022 was paid on 22 November 2022 (Period ended 31 March 2022: 1.8 sen per share).

**A10. Segment information**

The segment information for the reportable segments by line of business for the period ended 31 March 2023 are as follows:-

	Year to date 31 Mar 2023 RM'000
<u>Revenue</u>	
Telecommunication services	78,855
Managed telecommunication network services ("MTNS")	63,997
Industry digital services	4,109
Total revenue	146,961
<u>Results</u>	
Telecommunication services	26,210
MTNS	20,032
Industry digital services	(3,084)
	43,158
Indirect corporate expenses	(1,475)
Profit from operations	41,683
Investment related income	20,083
Finance costs	(399)
Profit before tax	61,367
Income tax expense	(12,034)
Profit after tax	49,333

**A11. Finance costs**

	3 months ended		9 months ended	
	31 Mar 2023 RM'000	31 Mar 2022 RM'000	31 Mar 2023 RM'000	31 Mar 2022 RM'000
Interest expense on:				
- term loans	17	16	48	49
- lease liabilities	36	88	126	344
- others	21	19	58	56
Bank guarantee fee	58	210	167	447
	132	333	399	896

**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 31 Mar 2023 RM'000	As at 30 Jun 2022 RM'000 (Audited)
Trade receivables	119,667	37,941
Other receivables		
- Third parties, associates and sundry receivables	23,306	2,922
- Deposits	2,252	2,223
- Prepayments	1,666	1,647
	27,224	6,792
Total	146,891	44,733

**A13. Trade and other payables**

Payables of the Group are as follows:

	As at 31 Mar 2023 RM'000	As at 30 Jun 2022 RM'000 (Audited)
Trade payables	49,411	45,506
Other payables		
- Provision for Universal Service Fund Contribution	6,806	6,122
- Accruals	3,008	4,833
- Deposits payable	1,788	1,796
- Sundry payables	1,305	1,538
	<u>12,907</u>	<u>14,289</u>
Total	<u>62,318</u>	<u>59,795</u>



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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 31 March 2023**

	<b>3 months ended</b>		%	<b>9 months ended</b>		%
	<b>31 Mar 2023</b>	<b>31 Mar 2022</b>		<b>31 Mar 2023</b>	<b>31 Mar 2022</b>	
	RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue	51,318	36,715	39.77	146,961	115,630	27.10
Profit from operations	15,537	15,013	3.49	41,683	40,224	3.63
Profit before tax	19,367	11,501	68.39	61,367	39,867	53.93

**Review of results for the quarter**

For the quarter under review, the Group reported a revenue of RM51.32 million which was 39.77% higher than RM36.72 million reported in the previous year corresponding quarter resulting from higher revenue registered by the telecommunication services segment.

The Group posted a profit before tax for the current quarter of RM19.37 million, which was 68.39% higher than RM11.50 million reported in the previous year corresponding quarter due to fair value gain on investment classified as fair value through profit or loss (FVTPL) category and there was an investment related expenses reported in the previous year corresponding quarter.

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

For the 9-month period under review, the Group reported a revenue of RM146.96 million which was 27.10% higher than RM115.63 million reported in the previous year corresponding period mainly due to higher revenue contributed by telecommunication services segment.

The Group posted a profit before tax for the current period of RM61.37 million which was 53.93% higher than the RM39.87 million reported in the previous year corresponding period mainly due to the abovementioned reasons.

**B2. Review of results of third quarter vs second quarter for the financial year ending 30 June 2023**

	<b>3 months ended</b>		%
	<b>31 Mar 2023</b>	<b>31 Dec 2022</b>	
	RM'000	RM'000	+ / (-)
Revenue	51,318	53,590	-4.24
Profit from operations	15,537	13,877	11.96
Profit before tax	19,367	24,747	-21.74

**Commentary on revenue**

The Group reported a revenue of RM51.32 million in this current quarter which was 4.24% lower than RM53.59 million reported in the preceding quarter resulting from lower revenue contributed by the MTNS segment.

**Commentary on results**

Despite a decrease in revenue this quarter, the Group was able to achieve a higher profit from operations due to reversal of over accrued expenses. However, the lower pre-tax profit was mainly due to lower fair value gain on investment in FVTPL category.

**B3. Prospects and business outlook**

The Board of Directors is of the view that the business and operating performance of the Group for the remaining quarter will be challenging and competitive especially for telecommunication services segment, due to intense competition in telecommunication industry. The Group will continue to adopt measures to improve operational efficiencies and profitability in its core businesses. The management expects that the MTNS segment will increase its contribution to the Group while data services for enterprise market would continue to be the main focus in recurring businesses.

**B4. Profit forecast**

No profit forecast was announced.

## B5. Corporate proposal

On 2 November 2022, Malacca Securities Sdn Bhd (“Malacca Securities”) had, on behalf of the Company, announced that the Company proposes to undertake the proposed transfer of the listing of and quotation for its entire issued share capital from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Proposed Transfer”).

On 3 November 2022, Malacca Securities had, on behalf of the Company, announced that the application for the Proposed Transfer has been submitted to the Securities Commission Malaysia. On 20 April 2023, Securities Commission Malaysia had, vide its letter dated 20 April 2023, approved the Proposed Transfer under Section 214(1) of the Capital Markets and Services Act, 2007 and under the Bumiputera equity requirement for public listed companies.

On 3 May 2023, Malacca Securities had, on behalf of the Company, announced that the application for the Proposed Transfer has been submitted to Bursa Securities. On 15 May 2023, Bursa Securities had, vide its letter dated 15 May 2023, approved the Proposed Transfer.

The transfer date for the Company from the ACE Market to the Main Market of Bursa Securities will be determined and announced in due course.

## B6. Income tax expense

	3 months ended		9 months ended	
	31 Mar 2023 RM'000	31 Mar 2022 RM'000	31 Mar 2023 RM'000	31 Mar 2022 RM'000
Current income tax:				
Provision in current period				
- Malaysian income tax	(4,256)	(2,470)	(11,846)	(10,028)
(Under)/over provision in prior years	(188)	1,483	(188)	1,483
Total	<u>(4,444)</u>	<u>(987)</u>	<u>(12,034)</u>	<u>(8,545)</u>

The disproportionate tax charge of the Group for the current quarter was mainly due to non-taxable income.

## B7. Profit before tax

	3 months ended		9 months ended	
	31 Mar 2023 RM'000	31 Mar 2022 RM'000	31 Mar 2023 RM'000	31 Mar 2022 RM'000
Profit before tax is arrived at after charging/(crediting):-				
Audit fee - Statutory audit	58	100	289	290
Amortisation of intangible asset	1,653	-	4,593	13
Amortisation of development cost	-	-	-	20
Depreciation of property, plant and equipment	981	431	1,263	1,349
Depreciation of right-of-use assets	378	1,405	2,041	4,902
Loss on foreign exchange	302	-	94	5
(Writeback of)/allowance for doubtful debts on:				
- trade receivables	(32)	(20)	(198)	(186)
- associate company	-	3,473	-	3,473
Provision for Universal Service Fund Contribution	339	221	876	783
Properties, plant and equipment written off	-	-	3	-
Expenses relating to leases				
- short term leases	250	190	667	573
- leases of low value assets	38	47	116	137
Staff cost:				
- salaries, bonus, wages and allowances	4,252	3,365	16,560	14,955
- defined contribution plan	484	381	1,996	1,768
- net (write back)/provision of annual leave	(106)	(67)	(425)	122
Interest income	(264)	(205)	(854)	(615)
Fair value gain on short term investment	(2,927)	-	(18,104)	-
Investment income	-	-	-	(3,137)
Other income	(794)	(345)	(1,147)	(916)

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 31 Mar 2023 RM'000	As at 30 Jun 2022 RM'000 (Audited)
<b>Current</b>		
<u>Secured</u>		
Term loan facilities, which are denominated in Ringgit Malaysia	100	97
Bank overdrafts, which are denominated in Ringgit Malaysia	3,501	-
	<u>3,601</u>	<u>97</u>
<b>Non current</b>		
<u>Secured</u>		
Term loan facilities, which are denominated in Ringgit Malaysia	1,137	1,213
Total	<u>4,738</u>	<u>1,310</u>

**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.

**B11. Earnings per share**

Basic earnings per share is calculated as follows:

	3 months ended		9 months ended	
	31 Mar 2023 RM'000	31 Mar 2022 RM'000	31 Mar 2023 RM'000	31 Mar 2022 RM'000
Profit attributable to owners of the Company	13,687	10,122	49,039	29,139
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>1.77</u>	<u>1.31</u>	<u>6.34</u>	<u>3.77</u>

There are no potential ordinary shares outstanding as at 31 March 2023. As such, the fully diluted earnings per share of the Group is not presented.