

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4th) QUARTER ENDED 30 JUNE 2019⁽¹⁾

	Note	3-MONTH ENDED		YEAR-TO-DATE	
		30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Revenue	A9	15,419	12,026	59,361	35,363
Cost of sales		(7,002)	(4,620)	(27,086)	(12,423)
Gross profit ("GP")		8,417	7,406	32,275	22,940
Other income		90	12	218	431
Administrative expenses ⁽²⁾		(7,057)	(4,591)	(20,896)	(13,580)
Finance costs		(69)	(99)	(338)	(400)
Profit before tax ("PBT")	B12	1,381	2,728	11,259	9,391
Taxation	B6	410	(845)	(2,010)	(2,306)
Profit after tax ("PAT")		1,791	1,883	9,249	7,085
Profit for the financial period attributable to:					
• Owners of the Company		1,848	1,715	8,696	6,836
• Non-controlling interests		(57)	168	553	249
		<u>1,791</u>	<u>1,883</u>	<u>9,249</u>	<u>7,085</u>
Total comprehensive income for the financial period attributable to:					
• Owners of the Company		1,848	1,715	8,696	6,836
• Non-controlling interests		(57)	168	553	249
		<u>1,791</u>	<u>1,883</u>	<u>9,249</u>	<u>7,085</u>
Earnings per share attributable to owners of the Company					
• Basic (sen) ⁽³⁾	B11	<u>0.81</u>	<u>1.03</u>	<u>3.87</u>	<u>4.09</u>
• Diluted (sen) ⁽⁴⁾	B11	<u>0.54</u>	<u>1.03</u>	<u>2.59</u>	<u>4.09</u>

REVENUE GROUP BERHAD (1248321-D)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2019⁽¹⁾ (CONT'D)****Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.
- (2) Administration expenses for the individual quarter and period-to-date ended 30 June 2019 included one-off expenses amounting to RM0.36 million and RM1.10 million respectively pertaining to the listing of the Group, bonus issue of warrants and costs associated to the acquisition of subsidiary companies. For illustration purposes only, the Company's normalised financial performance after adjusting for the one-off expenses is as follow:

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
PBT	1,381	2,728	11,259	9,391
Add: One-off expenses	362	497	1,102	497
Adjusted PBT	1,743	3,225	12,361	9,888

- (3) Basic earnings per share for the individual quarter and period-to-date ended 30 June 2019 is calculated based on the weighted average number of ordinary shares in issue of 229,560,115 and 224,521,431 as at 30 June 2019 respectively. The basic earnings per share for 30 June 2018 is calculated based on the pro forma enlarged share capital of 167,136,000 shares as at 30 June 2018.
- (4) Diluted earnings per share of the Company for the individual quarter and period-to-date ended 30 June 2019 is calculated based on the weighted average number of ordinary shares that would have been in issued upon full exercise of the remaining warrants of 340,984,115 and 335,945,431 respectively. The diluted earnings per share for the individual quarter and period-to-date ended 30 June 2018 is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.

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REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019⁽¹⁾

	UNAUDITED	UNAUDITED
	As at	As at
	30.06.2019	30.06.2018
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	28,154	24,329
Other investment	1,167	-
Goodwill on consolidation	9,878	2,684
Total non-current assets	39,199	27,013
Current Assets		
Trade receivables	16,680	9,226
Other receivables	6,223	1,741
Tax recoverable	1,060	299
Fixed deposits with licensed banks	710	545
Cash and bank balances	23,852	14,760
Total current assets	48,525	26,571
TOTAL ASSETS	87,724	53,584
EQUITY AND LIABILITIES		
Equity		
Share capital	46,688	16,714
Merger reserve	(15,694)	(15,694)
Warrant reserve	61,283	-
Other reserves	(67,569)	-
Foreign currency translation reserve	(7)	-
Retained earnings	31,046	22,549
Equity attributable to owners of the Company	55,747	23,569
Non-controlling interests	578	230
Total Equity	56,325	23,799
LIABILITIES		
Non-current liabilities		
Bank borrowings	5,165	6,793
Finance lease liabilities	729	354
Deferred tax liabilities	368	367
Total non-current liabilities	6,262	7,514
Current liabilities		
Trade payables	14,624	3,031
Other payables	9,475	16,918
Amount due to Directors	6	78
Finance lease liabilities	153	44
Bank borrowings	162	1,178
Tax payable	717	1,022
Total current liabilities	25,137	22,271
TOTAL LIABILITIES	31,399	29,785
TOTAL EQUITY AND LIABILITIES	87,724	53,584
Weighted average number of ordinary shares ('000)	224,521	167,136
NET ASSETS PER SHARE (RM)⁽²⁾	0.25	0.14

REVENUE GROUP BERHAD (1248321-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019⁽¹⁾ (CONT'D)**

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.
- (2) The net assets per share is calculated based on the weighted average number of shares in issue of 224,521,431 as at 30 June 2019 and the enlarged share capital of 167,136,000 shares in issue as at 30 June 2018.

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REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2019⁽¹⁾

	Attributable to owners of the parent					Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Non-Distributable				Distributable				
	Share Capital RM'000	Merger Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Currency Translation Reserve RM'000				
Year ended 30 June 2018									
As at 1 July 2017	1,000	-	-	-	-	15,713	16,713	(19)	16,694
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	-	6,775	6,775	249	7,024
Transactions with owners									
Issuance of shares by the Company at date of incorporation	20	-	-	-	-	-	20	-	20
Issuance of shares by the Company pursuant to the acquisition of Revenue Harvest Sdn Bhd	16,694	-	-	-	-	-	16,694	-	16,694
Adjustment on the acquisition of Revenue Harvest Sdn Bhd	(1,000)	(15,694)	-	-	-	-	(16,694)	-	(16,694)
As at 30 June 2018	16,714	(15,694)	-	-	-	22,488	23,508	230	23,738

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2019⁽¹⁾ (Cont'd)

	Attributable to owners of the parent							Non-controlling Interests RM'000	Total Equity RM'000
	Non-Distributable					Distributable			
	Share Capital RM'000	Merger Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000		
Year ended 30 June 2019									
As at 1 July 2018									
- as previously stated	16,714	(15,694)	-	-	-	22,488	23,508	230	23,738
- effect of adoption of MFRS 9	-	-	-	-	-	(138)	(138)	-	(138)
As at 1 July 2018 (restated)	16,714	(15,694)	-	-	-	22,350	23,370	230	23,600
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	-	8,696	8,696	553	9,249
Transactions with owners									
Issuance of shares by the Company	20,613	-	-	-	-	-	20,613	-	20,613
Share issuance expenses	(1,746)	-	-	-	-	-	(1,746)	-	(1,746)
Issuance of warrants by the Company	-	-	61,283	(61,283)	-	-	-	-	-
Foreign exchange translation reserve	-	-	-	-	(7)	-	(7)	-	(7)
Change in ownership interest in a subsidiary company	7,000	-	-	(6,286)	-	-	714	(714)	-
Net changes of non-controlling interests	4,107	-	-	-	-	-	4,107	509	4,616
As at 30 June 2019	46,688	(15,694)	61,283	(67,569)	(7)	31,046	55,747	578	56,325

REVENUE GROUP BERHAD (1248321-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2019⁽¹⁾ (Cont'd)**

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

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REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2019⁽¹⁾

	YEAR-TO-DATE	
	30.06.2019 RM'000	30.06.2018 RM'000
Cash Flows From Operating Activities		
Profit before tax	11,259	9,391
Adjustments for:		
Bad debts written off	101	212
Depreciation of property, plant and equipment	6,552	4,566
Finance costs	338	400
Gain on disposal of property, plant and equipment	(39)	(41)
Impairment losses on trade receivables	407	296
Reversal of impairment losses on trade receivables	-	(1)
Deposits forfeited	-	(12)
Bad debts recovered	-	(6)
Interest income	(136)	(122)
Unrealised loss/(gain) on foreign exchange	230	3
Operating profit before working capital changes	<u>18,712</u>	<u>14,686</u>
Change in working capital		
Receivables	(11,375)	(5,680)
Payables	(2,486)	6,162
Amount due to Directors	(72)	(230)
Derivative financial liabilities	(19)	-
	<u>(13,952)</u>	<u>252</u>
Cash generated from operations	4,760	14,938
Interest paid	(338)	(400)
Interest received	136	122
Tax paid	(3,159)	(2,013)
Tax refund	-	84
Net cash from operating activities	<u>1,399</u>	<u>12,731</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(8,938)	(6,599)
Proceeds from disposal of property, plant and equipment	161	180
Acquisition of other investment	(1,167)	-
Proceeds from disposal of investment properties	-	2,181
Net cash inflows arising from acquisition of subsidiary companies	935	-
Net cash used in investing activities	<u>(9,009)</u>	<u>(4,238)</u>
Cash Flows From Financing Activities		
Proceeds from issuance of shares	20,613	20
Payment of shares issuance expenses	(1,746)	-
Repayment of finance lease payables	(80)	(356)
Repayment of term loans	(1,661)	(200)
Decrease in fixed deposits pledged	-	75
Dividends paid	-	(2,100)
Net cash from/(used in) financing activities	<u>18,126</u>	<u>(2,561)</u>

REVENUE GROUP BERHAD (1248321-D)

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2019⁽¹⁾ (CONT'D)**

	YEAR-TO-DATE	
	30.06.2019	30.06.2018
	RM'000	RM'000
Net increase in cash and cash equivalents	10,516	5,932
Cash and cash equivalents at the beginning of the financial year	13,846	8,321
Effect of exchange translation differences on cash and cash equivalents	(230)	(361)
Cash and cash equivalents at the end of the financial year	24,132	13,892
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	23,852	14,760
Fixed deposits with licensed banks	710	545
Bank overdraft	-	(983)
	24,562	14,322
Less: Fixed deposits pledged with licensed banks	(430)	(430)
	24,132	13,892

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

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REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of Revenue Group Berhad (“**REVENUE**” or “**the Company**”) and its subsidiary companies (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) No. 134: Interim Financial Reporting and Rule 9.22 of Listing Requirements of Bursa Securities.

This interim financial statements on the Company’s unaudited condensed consolidated financial results for the fourth (4th) quarter ended 30 June 2019 is announced by the Company in compliance with the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

This interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying notes attached to this interim financial report.

A2. Summary of significant accounting policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the audited financial statements for the financial year ended 30 June 2018, except for the adoption of the following MFRSs, Amendments to MFRSs and new Interpretations.

		Effective dates for financial periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i>	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Annual Improvements to MFRSs 2014 - 2016 Cycle:		
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018

The adoption of above new MFRSs, new interpretation and amendments to MFRSs did not have any significant impact on the financial statements of the Group except as disclosed below.

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A2. Summary of significant accounting policies (Cont'd)

MFR 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 9, *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces MFRS 139 *Financial Instruments: Recognition and Measurement*.

(a) Classification of financial assets

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

MFRS 9 contains three (3) principal classification categories for financial assets:

- Amortised Cost (“AC”);
- Fair Value through Other Comprehensive Income (“FVOCI”); and
- Fair Value through Profit or Loss (“FVTPL”)

The standard eliminates the existing MFRS 139 categories of Held-to-Maturity (“HTM”), Loans and Receivables (“L&R”) and Available-for-Sale (“AFS”).

(b) Impairment of financial assets

MFRS 9 replaces the “incurred loss” model in MFRS 139 with a forward-looking “expected credit loss” (“ECL”) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at AC or FVOCI, except for investment securities.

Under MFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not increased significantly. An entity may determine that a financial asset’s credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, the Group has adopted lifetime ECL measurement for loans and receivables due to the expected lifetime period of loans and receivables are generally less than 12 months.

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A2. Summary of significant accounting policies (Cont'd)

MFR 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

(c) Classification of financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to change in the credit risk of the liability is presented in Other Comprehensive Income; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group has applied the new rules retrospectively from 1 July 2018, with the practical expedients permitted under the standard. Comparative for 2018 will not be restated. Effect arising from the application of ECL is as follows:

	<u>As previously stated</u>	<u>Adjustment due to Adoption of MFRS 9</u>	<u>As restated</u>
	RM'000	RM'000	RM'000
<u>Consolidated Statement of Financial Position</u>			
Retained earnings	22,488	(138)	22,350

Standards issued but not yet effective

The Group has not adopted the following new MFRSs, Interpretations and amendments to MFRSs that have been issued by the Malaysian Accounting Standard Board which are not yet effective for the Group. The Group intends to adopt the below mentioned MFRSs, Interpretations and Amendments to MFRSs when they become effective.

	<u>Effective dates for financial periods beginning on or after</u>	
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A2. Summary of significant accounting policies (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group has not adopted the following new MFRSs, Interpretations and amendments to MFRSs that have been issued by the Malaysian Accounting Standard Board which are not yet effective for the Group. The Group intends to adopt the below mentioned MFRSs, Interpretations and Amendments to MFRSs when they become effective. (Cont'd)

	<u>Effective dates for financial periods beginning on or after</u>
Amendments to References to the Conceptual Framework in MFRS Standards	
• Amendments to MFRS 3	Definition of Business 1 January 2020
• Amendments to MFRS 101 and MFRS 108	Definition of Materials 1 January 2020
MFRS 17	Insurance Contracts 1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture Deferred until further notice

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Group for the financial year ended 30 June 2018 was not subject to any qualification.

A4. Seasonal or cyclical factors

During the festive seasons such as Chinese New Year, Hari Raya Puasa and Christmas, as well as specific dates such as double 11 (i.e. 11 November) and double 12 (i.e. 12 December), the Group typically records higher transaction volume.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial year.

A6. Material changes in estimates

There were no material changes in the estimates in the current financial quarter under review.

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A7. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity during the financial quarter under review.

A8. Dividends paid

There was no dividend paid during the current financial quarter under review.

A9. Segmental information

The Group's segmental information for the current financial year ended 30 June 2019 is as follows:

(a) Analysis of revenue by business segments

	3-MONTH ENDED		YEAR-TO-DATE	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Electronic Data Capture ("EDC") terminals	8,970	6,538	34,723	15,597
Electronic transaction processing Solutions and services	4,369	5,202	19,991	16,717
	2,080	286	4,647	3,049
Total	15,419	12,026	59,361	35,363

(b) Analysis of revenue by geographical location

	3-MONTH ENDED		YEAR-TO-DATE	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	15,419	11,781	59,175	34,323
USA	-	245	186	245
Dubai	-	-	-	480
China	-	-	-	315
Total	15,419	12,026	59,361	35,363

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A11. Material events subsequent to the end of the current financial quarter

There were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

A12. Changes in the composition of the Group

Save as disclosed below, there were no material changes in the composition of the Group for the current financial quarter under review.

(a) Proposed Acquisition of Revenue Safe Nets Sdn Bhd (“Acquisition of Revenue Safe Nets”)

On 15 March 2019, the Board of Directors of the Company (“**Board**”) announced that, Revenue Harvest Sdn Bhd (“**Revenue Harvest**”), a wholly owned subsidiary company of REVENUE, had entered into a conditional share sale agreement (“**Revenue Safe Nets SSA**”) with Lai Wei Keat for the purchase of the remaining 25.0% equity interest of Revenue Safe Nets Sdn Bhd, for a purchase consideration of RM7,000,000 to be satisfied by the issuance of 5,867,560 new shares in REVENUE (“**Revenue Safe Nets Consideration Shares**”).

The Acquisition of Revenue Safe Nets was completed on 17 April 2019 upon the listing of the Revenue Safe Nets Consideration Shares (5,867,560 new REVENUE Shares) on Bursa Securities on 17 April 2019.

The effect of changes in the equity interest in Revenue Safe Nets Sdn Bhd that is attributable to the owners of the Company:

	RM'000
Carrying amount of non-controlling interest acquired	714
Consideration paid to non-controlling interest	<u>(7,000)</u>
Decrease in parent's equity	<u>(6,286)</u>

(b) Proposed Acquisition of Anypay Sdn Bhd (“Acquisition of Anypay”)

On 26 March 2019, the Board announced that, Revenue Harvest had entered into a conditional share sale agreement (“**Anypay SSA**”) with Tan Lip Han and Low Chung Meng for the purchase of the 70.0% equity interest of Anypay Sdn Bhd by Revenue Harvest, for a purchase consideration of RM4,900,000 (“**Anypay Purchase Consideration**”), to be satisfied by the issuance of 3,916,866 new REVENUE shares (“**Anypay Consideration Shares**”).

On 10 May 2019, the Board announced that the first tranche of Anypay Consideration Shares (1,958,434 new REVENUE shares) had been listed on Bursa Securities.

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A12. Changes in the composition of the Group (cont'd)

(c) Proposed Acquisition of Buymall Services Sdn Bhd (“Acquisition of Buymall”)

On 26 March 2019, the Board announced that, Revenue Harvest had entered into a conditional share sale agreement (“**Buymall SSA**”) with Fabian Kong Yu Kiong, Gan Swan Kiat and Chung Wai Fong for the purchase of the 51.0% equity interest of Buymall Services Sdn Bhd by Revenue Harvest, for a purchase consideration of RM3,315,000 (“**Buymall Purchase Consideration**”), to be satisfied by the issuance of 2,649,880 new REVENUE shares (“**Buymall Consideration Shares**”).

On 10 May 2019, the Board announced that the first tranche of Buymall Consideration Shares (1,324,940 new REVENUE shares) had been listed on Bursa Securities.

The following summarises the major classes of consideration transferred, and the recognised amount of assets and liabilities assumed for the acquisition of Anypay Sdn Bhd and Buymall Services Sdn Bhd:

	RM'000
Property, plant and equipment	364
Inventories	762
Trade and other receivables	277
Cash and cash equivalents	935
Trade and other payables	(761)
Tax payable	(82)
Deferred tax	(10)
Non-controlling interests	(510)
Total identifiable assets and liabilities	<u>975</u>

Net cash outflow arising from the acquisition of subsidiary company

	RM'000
Purchase consideration settled in cash	-
Cash and bank balances acquired	935
	<u>935</u>

Goodwill arising from business combination

	RM'000
Goodwill was recognised as a result of the acquisition as follows:	
Fair value of consideration transferred	4,108
Contingent consideration	4,060
	<u>8,168</u>
Fair value of identifiable assets acquired and liabilities assumed	(975)
Goodwill	<u>7,193</u>

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A12. Changes in the composition of the Group (cont'd)

On 16 August 2019, the Company's subsidiary company, Revenue Harvest Sdn Bhd, had incorporated a subsidiary company with an equity interest of 51.0%, namely Revenue Secure Sdn Bhd, a company incorporated in Malaysia under the Companies Act, 2016 with an issued share capital of RM10,000 comprising of 10,000 ordinary shares.

A13. Contingent assets and contingent liabilities

Save as disclosed below, there were no other contingent assets and contingent liabilities as at the date of this interim report.

	<u>UNAUDITED</u> As at 30.06.2019 RM'000	<u>UNAUDITED</u> As at 30.06.2018 RM'000
Secured		
Bank guarantee given to Payments Network Malaysia Sdn. Bhd. in favour of Revenue Solution Sdn. Bhd.	470	900

A14. Capital commitments

Save as disclosed below, there were no capital commitments during the current financial quarter under review.

	<u>As at 30.06.2019 RM'000</u>
Material commitment	
- Purchase of software system	1,400

A15. Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:-

	<u>UNAUDITED</u> As at 30.06.2019 RM'000	<u>UNAUDITED</u> As at 30.06.2018 RM'000
Not later than 1 year	112	140
Later than 1 year and not later than 5 years	14	124
	<u>126</u>	<u>264</u>

A16. Related party transactions

There were no material related party transactions during the current financial quarter under review.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

(a) Results for current quarter and preceding year corresponding quarter

The Group recorded revenue of RM15.42 million for the current financial quarter ended 30 June 2019 (30 June 2018: RM12.03 million).

The Group's revenue was principally derived from the EDC terminals and electronic transaction processing segments, accounting for approximately 58.17% and 28.34% respectively of the total revenue for the current financial quarter ended 30 June 2019. The Malaysian market is the single largest market contributing to the Group's revenue accounting for the entire total revenue for the current financial quarter ended 30 June 2019.

The Group's revenue increased by RM3.39 million from RM12.03 million for the financial quarter ended 30 June 2018 to RM15.42 million for the financial quarter ended 30 June 2019. The higher revenue recorded for the current financial quarter ended 30 June 2019 was mainly attributed to the higher sales of EDC terminals to the Group's customers, as well the 2 months revenue contribution from the newly acquired subsidiary companies namely Anypay Sdn Bhd and Buymall Services Sdn Bhd.

The Group registered a PBT of RM1.38 million in the current financial quarter under review (30 June 2018: RM2.78 million). The lower PBT recorded for the current financial quarter ended 30 June 2019 was mainly driven by the increase in the Group's headcount and higher depreciation charges, as well as one-off expenses incurred pertaining to the acquisition of the subsidiaries and impairment losses on receivables.

(b) Results for financial year-to-date and preceding year corresponding period

For the financial year-to-date, the Group recorded revenue of RM59.36 million (30 June 2018: RM35.36 million).

The Group's revenue was principally derived from the EDC terminals and electronic transaction processing segments, accounting for approximately 58.49% and 33.68% respectively of the total revenue for the financial period-to-date. The Malaysian market remains the largest market contributing to the Group's revenue accounting for approximately 99.69% of the total revenue for the financial period-to-date.

The Group's revenue increased by RM24.00 million from RM35.36 million for the financial year ended 30 June 2018 to RM59.36 million for the financial year ended 30 June 2019. The higher revenue recorded for the financial year ended 30 June 2019 was mainly attributed to the higher sales of EDC terminals, increase in the rental of EDC terminals and the processing income, as well as the contribution of 2 months revenue from the newly acquired subsidiary companies namely Anypay Sdn Bhd and Buymall Services Sdn Bhd.

REVENUE GROUP BERHAD (1248321-D)

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B1. Review of performance (cont'd)

(b) Results for financial year-to-date and preceding year corresponding period (cont'd)

The Group registered a PBT of RM11.26 million for the current financial year-to-date. The higher PBT achieved for the current financial year-to-date ended 30 June 2019 was mainly driven by the increase in the revenue from the Group's business activities, however, it was offset by the increase in the administrative expenses arising from the increase in the Group's headcount and higher depreciation charges, as well as one-off expenses incurred arising from the listing of the Group on Bursa Securities, bonus issue of warrants, as well as cost associated with the acquisition of subsidiaries.

B2. Comparison with immediate preceding quarter's results

	3-MONTH ENDED		CHANGES	
	30.06.2019 RM'000	31.03.2019 RM'000	RM'000	%
Revenue	15,419	15,517	(98)	(0.63)%
PBT ⁽¹⁾	1,381	3,333	(1,952)	(58.57)%

Note:

- (1) One-off expenses pertaining to the acquisition of subsidiary companies amounting to RM0.36 million was included in the PBT for the financial quarter ended 30 June 2019 and one-off expenses pertaining to the bonus issue of warrants amounting to RM0.10 million was included in the PBT for the financial quarter ended 31 March 2019.

For the current financial quarter ended 30 June 2019, the Group recorded a marginally lower revenue of RM15.42 million, mainly attributed to lower selling price per EDC terminal offered to the bank customers and a lower processing income. However, the drop was mitigated by the increase in the revenue for solutions and services arising from the revenue contribution from the newly acquired subsidiaries.

For the current financial quarter ended 30 June 2019, the Group recorded a lower PBT of RM1.38 million as compared to RM3.33 million in the immediate preceding financial quarter ended 31 March 2019 mainly attributed to one-off expenses incurred on the acquisition of subsidiaries amounting to RM0.36 million, the impairment losses on receivables and write off of bad debts amounting to RM0.52 million, consultancy fee incurred for projects undertaken by the Group amounting to RM0.30 million, as well as the provision for audit fee amounting to RM0.10 million in the current financial quarter.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B3. Prospects and outlook

The Group has put in place a series of future plans as follows:

- (i) The Group intends to expand its business presence in Malaysia by deploying new digital EDC terminals with capability to accept Quick Respond (“QR”) Payment to its physical store merchants. On 8 November 2018, the Group has successfully developed an all-in-one digital payment terminal and will be deploying the new all-in-one digital payment terminal progressively to the Group’s partner banks;
- (ii) The Group intends to upgrade and enhance its revPAY platform and the data centre to cater for higher volume of electronic transactions, as well as recruit additional Information Technology (“IT”) personnel to support its product development and business expansion;
- (iii) The Group also intends to expand its geographical reach by entering into ASEAN countries; and
- (iv) The acquisitions of Anypay Sdn Bhd and Buymall Services Sdn Bhd will enable the Group to provide additional value-added services and solutions to the customers which will complement the Group’s existing business.

Premised on the future plans above and with the implementation of the Payment Card Reform Framework (“PCRF”) by Bank Negara Malaysia (“BNM”) to promote wider acceptance and the usage of electronic payments, the successful development and deployment of the all-in-one-digital payment terminal, as well as the acquisitions undertaken by the Group to provide additional value-added services and solutions to complement the Group’s existing business, the Board of Directors is of the opinion that, barring any unforeseen circumstances, the prospects and outlook of the Group for the new financial year ending 2020 will remain favourable.

B4. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee during the current financial quarter under review.

B5. Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of this interim report.

REVENUE GROUP BERHAD (1248321-D)

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B6. Income tax expenses

	3-MONTH ENDED		YEAR-TO-DATE	
	30.06.2019 ⁽³⁾	30.06.2018	30.06.2019 ⁽³⁾	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense	(409)	1,058	2,019	2,820
Deferred tax expense	(1)	(213)	(9)	(514)
Total tax expense	(410)	845	2,010	2,306
Effective tax rate (%)	(29.69)% ⁽¹⁾	30.97%	17.85% ⁽²⁾	24.56%

Notes:

- (1) The lower effective tax rate in the current financial quarter is mainly due an over provision of tax expenses in previous financial quarter.
- (2) The Group's effective tax rate for the current period-to-date is lower than the statutory tax rate due to one of the subsidiary, Revenue Techpark Sdn Bhd ("**Revenue Techpark**"), which was granted pioneer status by the Malaysian Investment Development Authority under the provisions of the Promotion of Investment Act 1986 on 13 July 2011, for a period of five (5) years up to 12 July 2016, which was subsequently extended for another period of five (5) years up to 12 July 2021. As such, Revenue Techpark's statutory income during this period is exempted from income tax.
- (3) Income tax expense is recognised based on management's best estimate.

B7. Utilisation of proceeds from the IPO

Based on the IPO Price, the gross proceeds arising from the public issue amounting to RM20.61 million is intended to be utilised in the following manner:-

<u>Details of utilisation</u>	<u>Proposed Utilisation</u>	<u>Actual Utilisation</u>	<u>Balance Utilisation</u>	<u>Estimated timeframe for utilisation upon listing</u>
	RM'000	RM'000	RM'000	
Capital expenditure	8,100	8,100	-	24 months
Enhancement of revPAY and expansion of IT team	4,040	1,357	2,683	24 months
Repayment of bank borrowings	2,500	2,500	-	3 months
Business expansion	1,500	-	1,500	24 months
Working capital	1,773	183	1,590	24 months
Listing expenses	2,700	2,700	-	Immediately
	<u>20,613</u>	<u>14,840</u>	<u>5,773</u>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 11 June 2018.

REVENUE GROUP BERHAD (1248321-D)

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B8. Bank borrowings

The Group's bank borrowings were as follows:

	<u>UNAUDITED</u> As at 30.06.2019 RM'000	<u>UNAUDITED</u> As at 30.06.2018 RM'000
Current:		
Finance lease payable	153	44
Term loans	162	195
Bank overdraft	-	983
	<u>315</u>	<u>1,222</u>
Non-current:		
Finance lease payable	729	354
Term loans	5,165	6,793
	<u>5,894</u>	<u>7,147</u>
Total bank borrowings	<u>6,209</u>	<u>8,369</u>

All the Group's borrowings are denominated in Ringgit Malaysia.

B9. Material litigation

There were no material litigation involving the Group as at 30 June 2019.

B10. Dividend

The Board of Directors does not recommend any dividend for the current financial quarter under review.

REVENUE GROUP BERHAD (1248321-D)**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B11. Earnings per share**

The basic earnings per share (“EPS”) are calculated by dividing the profit for the period attributable to owners of the Company by weighted average number of ordinary shares of the Company during the financial period as follows:

	3-MONTH ENDED		YEAR-TO-DATE	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Profit attributable to ordinary owners of the Company (RM'000)	1,848	1,715	8,696	6,836
<u>Basic EPS</u>				
Weighted average number of ordinary shares ('000)	229,560	167,136	224,521	167,136
Basic EPS (sen) ⁽¹⁾	0.81	1.03	3.87	4.09

The diluted EPS are calculated by dividing the profit for the period attributable to owners of the Company by weighted average number of shares that would have been in issued upon full exercise of the remaining warrants:

	3-MONTH ENDED		YEAR-TO-DATE	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Profit attributable to ordinary owners of the Company (RM'000)	1,848	1,715	8,696	6,836
<u>Diluted EPS</u>				
Weighted average number of ordinary shares ('000)	340,984	167,136	335,945	167,136
Diluted EPS (sen) ⁽²⁾	0.54	1.03	2.59	4.09

Notes:

- (1) Basic earnings per share for the individual quarter and period-to-date ended 30 June 2018 is calculated based on the pro forma enlarged share capital of 167,136,000 shares as at 30 June 2018.
- (2) Diluted earnings per share of the Company for the individual quarter and period-to-date ended 30 June 2018 is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.

REVENUE GROUP BERHAD (1248321-D)

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B12. Disclosure on selected expense/income items as required by the Listing Requirements

Profit before tax is arrived after charging/(crediting):

	3-MONTH ENDED		YEAR-TO-DATE	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
• Current year	88	52	88	52
• Under provision relating to prior year	-	7	-	7
Bad debts written off				
• Trade receivables	101	3	101	187
• Other receivables	-	-	-	25
Depreciation of property, plant and equipment	1,995	1,288	6,552	4,566
Impairment losses on trade receivables	453	236	453	296
Incorporation fee	-	-	-	4
Reversal of impairment losses on trade receivables	(14)	-	(46)	(1)
Loss/(Gain) on foreign exchange				
• Realised	-	(83)	-	98
• Unrealised	76	168	230	3
Rental expenses				
• Office/space	104	24	362	157
• Leased equipment	33	33	162	130
Bad debts recovered	-	(4)	-	(6)
Deposit forfeited	-	(2)	-	(12)
Gain on disposal of property, plant and equipment	(27)	(11)	(40)	(35)
Interest income	(32)	(25)	(136)	(122)
Rental income	-	-	-	(21)

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements of Bursa Securities are not applicable.