

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2019⁽¹⁾

	Note	3-MONTH ENDED		PERIOD-TO-DATE	
		30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Revenue	A9	16,656	14,836	16,657	14,836
Cost of sales		(7,233)	(6,512)	(7,234)	(6,512)
Gross profit ("GP")		9,423	8,324	9,423	8,324
Other income		122	18	122	18
Administrative expenses ⁽²⁾		(5,625)	(5,027)	(5,625)	(5,027)
Finance costs		(31)	(103)	(31)	(103)
Profit before tax ("PBT")	B12	3,889	3,212	3,889	3,212
Taxation	B6	(732)	(935)	(732)	(935)
Profit after tax ("PAT")		3,157	2,277	3,157	2,277
Other comprehensive income for the financial period, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		10	-	10	-
Total comprehensive income for the financial period		3,167	2,277	3,167	2,277
Profit for the financial period attributable to:					
• Owners of the Company		2,965	1,926	2,965	1,926
• Non-controlling interests		192	351	192	351
		3,157	2,277	3,157	2,277
Total comprehensive income for the financial period attributable to:					
• Owners of the Company		2,975	1,926	2,975	1,926
• Non-controlling interests		192	351	192	351
		3,167	2,277	3,167	2,277
Earnings per share attributable to owners of the Company					
• Basic (sen) ⁽³⁾	B11	1.28	0.86	1.28	0.86
• Diluted (sen) ⁽⁴⁾	B11	1.26	0.86	1.26	0.86

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REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 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 September 2018 included one-off expenses amounting to RM0.64 million pertaining to the listing of the Group. 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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
PBT	3,889	3,212	3,889	3,212
Add: One-off expense	-	640	-	640
Adjusted PBT	3,889	3,852	3,889	3,852

- (3) Basic earnings per share for the individual quarter and period-to-date ended 30 September 2019 is calculated based on the weighted average number of ordinary shares in issue of 232,212,182 as at 30 September 2019. The basic earnings per share for the individual quarter and period-to-date ended 30 September 2018 is calculated based on the enlarged share capital of 222,848,000 shares as at 30 September 2018.
- (4) Diluted earnings per share of the Company for the individual quarter and period-to-date ended 30 September 2019 is calculated based on the weighted average number of ordinary shares in issue 234,516,338 as at 30 September 2019, adjusted for contingently issuable ordinary shares. The number of shares under warrants was not taken into account in the computation of diluted EPS as the warrants do not have a dilutive effect on the weighted average number of ordinary shares. The diluted earnings per share for the individual quarter and period-to-date ended 30 September 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 SEPTEMBER 2019⁽¹⁾

	UNAUDITED	AUDITED
	As at	As at
	30.09.2019	30.06.2019
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	28,457	28,150
Investment in an associate	1,167	1,167
Goodwill on consolidation	9,951	9,951
Total non-current assets	39,575	39,268
Current Assets		
Inventories	8,838	4,418
Trade receivables	12,497	18,062
Other receivables	4,926	1,969
Other investment	505	505
Tax recoverable	-	1,016
Fixed deposits with licensed banks	340	710
Cash and bank balances	24,593	22,954
Total current assets	51,699	49,634
TOTAL ASSETS	91,274	88,902
EQUITY AND LIABILITIES		
Equity		
Share capital	47,668	46,688
Merger reserve	(15,694)	(15,694)
Warrant reserve	61,283	61,283
Other reserves	(67,569)	(67,569)
Foreign currency translation reserve	(7)	(17)
Retained earnings	33,877	30,912
Equity attributable to owners of the Company	59,558	55,603
Non-controlling interests	708	516
Total Equity	60,266	56,119
LIABILITIES		
Non-current liabilities		
Bank borrowings	5,177	5,198
Finance lease liabilities	685	729
Deferred tax liabilities	659	659
Total non-current liabilities	6,521	6,586
Current liabilities		
Trade payables	9,708	13,779
Other payables	9,991	11,296
Amount due to Directors	-	124
Bank borrowings	4,476	162
Finance lease liabilities	160	153
Tax payable	152	683
Total current liabilities	24,487	26,197
TOTAL LIABILITIES	31,008	32,783
TOTAL EQUITY AND LIABILITIES	91,274	88,902
Weighted average number of ordinary shares ('000)	234,516	221,959
NET ASSETS PER SHARE (RM)⁽²⁾	0.26	0.25

REVENUE GROUP BERHAD (1248321-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 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 234,516,338 as at 30 September 2019 and the enlarged share capital of 221,958,777 shares in issue as at 30 June 2019.

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REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2019⁽¹⁾

	Attributable to owners of the parent					Total Equity RM'000
	Share Capital RM'000	Non- Distributable Merger Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	
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	-	-	(425)	(425)	-	(425)
As at 1 July 2018 (restated)	16,714	(15,694)	22,063	23,083	230	23,313
Profit for the financial period, representing total comprehensive income for the financial period	-	-	1,926	1,926	351	2,277
Transactions with owners						
Issuance of shares by the Company	20,613	-	-	20,613	-	20,613
Share issuance expenses	(1,746)	-	-	(1,746)	-	(1,746)
As at 30 September 2018	35,581	(15,694)	23,989	43,876	581	44,457

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2019⁽¹⁾ (Cont'd)

	Attributable to owners of the parent							Non-controlling Interests RM'000	Total Equity RM'000
	Non-Distributable				Foreign Currency Translation Reserve RM'000	Distributable			
	Share Capital RM'000	Merger Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000		Retained Earnings RM'000	Total RM'000		
Period ended 30 September 2019									
As at 1 July 2019	46,688	(15,694)	61,283	(67,569)	(17)	30,912	55,603	516	56,119
Profit for the financial period	-	-	-	-	-	2,965	2,965	192	3,157
Total comprehensive income/(loss) for the financial period	-	-	-	-	10	-	10	-	10
Transactions with owners									
Issuance of ordinary shares pursuant to acquisition of subsidiary company	979	-	-	-	-	-	979	-	979
Issuance of ordinary shares pursuant to the exercise of warrants	1	-	-	-	-	-	1	-	1
As at 30 September 2019	47,668	(15,694)	61,283	(67,569)	(7)	33,877	59,558	708	60,266

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.

REVENUE GROUP BERHAD (1248321-D)

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2019⁽¹⁾**

	PERIOD-TO-DATE	
	30.09.2019	30.09.2018
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	3,889	3,212
Adjustments for:		
Depreciation of property, plant and equipment	1,498	1,258
Finance costs	31	103
Gain on disposal of property, plant and equipment	(9)	(1)
Impairment losses on trade receivables	-	190
Reversal of impairment losses on trade receivables	(23)	-
Interest income	(36)	(16)
Unrealised (gain)/loss on foreign exchange	(24)	11
Operating profit before working capital changes	<u>5,326</u>	<u>4,757</u>
Change in working capital		
Inventories	(4,419)	-
Receivables	2,631	(5,120)
Payables	(5,377)	(5,608)
Amount due to Directors	(124)	9
Derivative financial liabilities	-	(19)
	<u>(7,289)</u>	<u>(10,738)</u>
Cash used in from operations	(1,963)	(5,981)
Interest paid	(31)	(103)
Interest received	36	16
Tax paid	(247)	(620)
Net cash used in operating activities	<u>(2,205)</u>	<u>(6,688)</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	9	-
Purchase of property, plant and equipment	(1,807)	(482)
Net cash used in investing activities	<u>(1,798)</u>	<u>(482)</u>

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2019⁽¹⁾ (CONT'D)

	PERIOD-TO-DATE	
	30.09.2019	30.09.2018
	RM'000	RM'000
Cash Flows From Financing Activities		
Decrease in fixed deposits pledged	140	-
Proceeds from issuance of shares/warrants	980	18,867
Repayment of finance lease liabilities	(37)	(10)
Drawdown/(Repayment) of term loans/banker acceptance	4,293	(7)
Net cash from financing activities	<u>5,376</u>	<u>18,850</u>
Net increase in cash and cash equivalents	1,373	11,680
Cash and cash equivalents at the beginning of the financial period	23,185	13,846
Effect of exchange translation differences on cash and cash equivalents	35	(11)
Cash and cash equivalents at the end of the financial period	<u>24,593</u>	<u>25,515</u>
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	24,593	26,276
Fixed deposits with licensed banks	340	545
Bank overdrafts	-	(876)
	<u>24,933</u>	<u>25,945</u>
Less: Fixed deposits pledged with licensed banks	(340)	(430)
	<u>24,593</u>	<u>25,515</u>

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.

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 first (1st) quarter ended 30 September 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 2019 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 2019, except for the adoption of the following MFRSs, Amendments to MFRSs and new Interpretations.

		Effective dates for financial periods beginning on or after
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

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

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

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statements of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The adoption of MFRS 16 does not have significant impact on the financial statements of the Group and the Company.

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>
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

REVENUE GROUP BERHAD (1248321-D)

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

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 2019 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 period.

A6. Material changes in estimates

During the current financial quarter under review, the Group conducted an operational efficiency review on its computer, software and testing equipment that benchmarking to other players' practice, which resulted in changes in the expected usage of certain software. Based on the review, software which were expected by management previously to use in operation for two (2) to three (3) years are now expected to be in operation for 5 years. As a result, the expected useful lives of these assets increased.

A7. Debt and equity securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayment of debts and equity during the financial quarter under review.

On 23 July 2019, the Company had issued 500 new ordinary shares pursuant to the exercise of Warrants.

On 6 September 2019, the Company had issued 979,216 new ordinary shares pursuant to the acquisition of Anypay Sdn Bhd.

A8. Dividends paid

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

REVENUE GROUP BERHAD (1248321-D)

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

A9. Segmental information

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

(a) Analysis of revenue by business segments

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Electronic Data Capture ("EDC") terminals	7,530	9,605	7,530	9,605
Electronic transaction processing	5,695	4,395	5,695	4,395
Solutions and services	3,431	836	3,431	836
Total	16,656	14,836	16,656	14,836

(b) Analysis of revenue by geographical location

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	16,656	14,650	16,656	14,650
USA	-	186	-	186
Total	16,656	14,836	16,656	14,836

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

Save as disclosed below, 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.

Bonus Issue

On 22 October 2019, the Company proposed to undertake a proposed bonus issue of up to 230,043,080 new ordinary shares in REVENUE (“REVENUE Shares”) (“Bonus Shares”), on the basis of 2 Bonus Shares for every 3 existing REVENUE Shares held by the shareholders.

On 1 November 2019, Bursa Securities had, vide its letter dated 1 November 2019, resolved to approve the proposed bonus issue.

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.

On 16 August 2019, Revenue Harvest Sdn Bhd, a wholly owned subsidiary company of REVENUE, had incorporated a 51% owned subsidiary company, namely Revenue Secure Sdn Bhd, a company incorporated in Malaysia under the Companies Act, 2016 with an issue and paid up share capital of 10,000 ordinary shares of RM1.00 each.

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.

	UNAUDITED	UNAUDITED
	As at	As at
	30.09.2019	30.09.2018
	RM'000	RM'000
Secured		
Bank guarantee given to Payments Network Malaysia Sdn. Bhd. in favour of Revenue Solution Sdn. Bhd.	470	900

REVENUE GROUP BERHAD (1248321-D)

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

A14. Capital commitments

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

	<u>UNAUDITED</u> As at 30.09.2019 RM'000	<u>UNAUDITED</u> As at 30.09.2018 RM'000
Material commitment		
- Purchase of EDC terminals	-	3,288
- Purchase of software system	1,484	-
	<u>1,484</u>	<u>-</u>

A15. Operating lease commitments

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

	<u>UNAUDITED</u> As at 30.09.2019 RM'000	<u>UNAUDITED</u> As at 30.09.2018 RM'000
Not later than 1 year	-	142
Later than 1 year and not later than 5 years	-	91
	<u>-</u>	<u>233</u>

A16. Related party transactions

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

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REVENUE GROUP BERHAD (1248321-D)

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 RM16.66 million for the current financial quarter ended 30 September 2019 (30 September 2018: RM14.84 million).

The Group's revenue was principally derived from the EDC terminals and electronic transaction processing segments, accounting for approximately 45.21% and 34.19% respectively of the total revenue for the current financial quarter ended 30 September 2019. The Malaysian market is the single largest market accounting for the entire total revenue for the current financial quarter ended 30 September 2019.

The Group's revenue increased by RM1.82 million from RM14.84 million for the financial quarter ended 30 September 2018 to RM16.66 million for the financial quarter ended 30 September 2019. The higher revenue recorded for the current financial quarter ended 30 September 2019 was mainly attributed to the higher income from the rental of EDC terminals, increase in income from electronic transaction processing, as well the three (3) months revenue contribution from the newly acquired subsidiary companies namely Anypay Sdn Bhd and Buymall Services Sdn Bhd. However, the increase in the revenue was mitigated by a lower sale of EDC terminals to our partner banks.

The Group registered a PBT of RM3.89 million in the current financial quarter under review (30 September 2018: RM3.21 million). The Group recognised a one-off expense amounting to RM0.64 million pertaining to the listing of the Group in the financial quarter ended 30 September 2018. For illustration purposes only, the Company's normalised financial performance after adjusting for the one-off listing expenses is as follow:

	3-MONTH ENDED		CHANGES	
	30.09.2019	30.09.2018	RM'000	%
	RM'000	RM'000		
PBT	3,889	3,212	677	21.1%
Add: One-off expense	-	640	(640)	(100)%
Adjusted PBT	<u>3,889</u>	<u>3,852</u>	<u>37</u>	<u>1.0%</u>

The higher PBT recorded for the current financial quarter ended 30 September 2019 was mainly driven by the increase in the revenue from the Group's business activities.

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 period-to-date and preceding year corresponding period

For the financial period-to-date, the Group recorded revenue of RM16.66 million (30 September 2018: RM14.84 million).

The Group's revenue was principally derived from the EDC terminals and electronic transaction processing segments, accounting for approximately 45.21% and 34.19% respectively of the total revenue for the financial period-to-date. The Malaysian market remains the largest market accounting for the entire total revenue for the financial period-to-date.

The Group's revenue increased by RM1.82 million from RM14.84 million for the financial quarter ended 30 September 2018 to RM16.66 million for the financial quarter ended 30 September 2019. The higher revenue recorded for the current financial quarter ended 30 September 2019 was mainly attributed to the higher income from the rental of EDC terminals, increase in income from electronic transaction processing, as well the three (3) months revenue contribution from the newly acquired subsidiary companies namely Anypay Sdn Bhd and Buymall Services Sdn Bhd. However, the increase in the revenue was mitigated by a lower sale of EDC terminals to our partner banks.

The Group registered a PBT of RM3.89 million for the current financial period-to-date. The higher PBT achieved for the current financial period-to-date ended 30 September 2019 was mainly driven by the increase in the revenue from the Group's business activities.

REVENUE GROUP BERHAD (1248321-D)

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

B2. Comparison with immediate preceding quarter's results

	3-MONTH ENDED		CHANGES	
	30.09.2019	30.06.2019	RM'000	%
	RM'000	RM'000		
Revenue	16,656	15,419	1,237	8.0%
PBT ⁽¹⁾	3,889	1,381	2,508	181.6%

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.

For the current financial quarter ended 30 September 2019, the Group recorded a higher revenue of RM1.24 million, mainly attributed to increase in the income from rental of EDC terminals and income from electronic transaction processing, as well as the 3 months revenue contribution from our newly acquired subsidiary companies. However, the increase was mitigated by the drop in the sales of EDC terminals to our partner banks.

For the current financial quarter ended 30 September 2019, the Group recorded a higher PBT of RM3.89 million as compared to RM1.38 million in the immediate preceding financial quarter ended 30 June 2019 mainly attributed to increase in the revenue during the financial quarter under review. The higher PBT registered during the current financial quarter was mainly due to the absence of 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 preceding 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:

(a) Expansion of our electronic payment network

Our Group intend to continue to expand our electronic payment network in Malaysia and will continue to purchase and deploy additional new digital payment terminals with the capability to accept payment cards and Quick Response (“QR”) Payment.

The Group is currently working with our partner banks on the development, testing and certification on the new digital payment terminals, which will be rolled out and deployed to the market in various stages.

(b) Regional expansion

Our businesses are predominantly concentrated in Malaysia. As part of our future business expansion, the Group intend to expand to ASEAN market and we have identified two (2) potential countries for our regional expansion, namely Myanmar and Cambodia. In this respect, we will partner with local financial institutions or local industry player in those countries and/or Malaysian financial institutions that already have presence in these countries to provide electronic payment processing services for various Card Schemes.

(c) Enhancement of revPAY and expansion of IT team

As IT forms the backbone and is an integral part of our business operations, it is crucial for our Group to continuously enhance, upgrade and maintain the scalability of our revPAY platform and its related software and systems to support our business expansion and technology advancement. The Group is continuously on the lookout for IT talent to expand our IT personnel.

(d) Value-added solutions and services

The acquisition of Anypay Sdn Bhd and Buymall Services Sdn Bhd will enable the Group to provide additional value-added solutions and services to our customers which will complement the Group’s existing business.

(e) Research & Development (“R&D”)

Our Group is researching and developing more electronic solutions to be integrated with our revPAY. Our solutions will enable our customers to digitalise loyalty programme, rewards redemption, discount coupons and gift cards, bill payment, goods pick up via our new digital payment terminals.

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

B3. Prospects and outlook (Cont'd)

Under the Payment Card Reform Framework (“PCRF”) implemented by Bank Negara Malaysia (“BNM”) in 2015, whereby multiple measures have been introduced to enhance transparency and affordable pricing to the merchants and coupled with the wider network of EDC terminals which has enabled greater usage of payment cards, have contributed to an upward trajectory for overall electronic payment usage since then.

The electronic payment industry in Malaysia continues to receive strong support from the Government to promote the usage of electronic payment services. BNM is looking at the third (3rd) wave of payment reforms focusing on the mobile payments and QR payments. This has resulted in the mobile payment transaction volume increased by twenty-fold from below two million transactions in 2017 to 34 million transactions in 2018.

In the recent Budget 2020 announced on 11 October 2019, the Government is committed towards digital transformation and building Digital Malaysians. The Government will offer a one-time RM30 digital stimulus to qualified Malaysians aged 18 and above with annual income less than RM100,000 to increase the number of Malaysians, participating merchants and SMEs to use e-wallets.

The continuously enhanced payment security features and innovative payment services provided by financial institutions and e-money issuers will also help to shift the behaviours of consumers’ payment method.

Premised on the future plans above and with the various initiatives undertaken by BNM to promote wider acceptance and the usage of electronic payments, the Board of Directors is of the opinion that, barring any unforeseen circumstances, the prospects of our Group for 30 June 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

Save as disclosed in A11, 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		PERIOD-TO-DATE	
	30.09.2019 ⁽¹⁾	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense	732	935	732	935
Deferred tax expense	-	-	-	-
Total tax expense	732	935	732	935
Effective tax rate (%)	18.82% ⁽²⁾	29.11% ⁽³⁾	18.82%	29.11%

Notes:

- (1) Income tax expense is recognised based on management's best estimate.
- (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) The Group's effective tax rate for the financial quarter is higher than the statutory tax rate due to non-deductible expenses.

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:-

Details of utilisation	Proposed Utilisation	Actual Utilisation	Balance Utilisation	Estimated timeframe for utilisation upon listing
	RM'000	RM'000	RM'000	
Capital expenditure	8,100	8,100	-	24 months
Enhancement of revPAY and expansion of IT team	4,040	1,679	2,361	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>15,162</u>	<u>5,451</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 30.09.2019 RM'000	<u>UNAUDITED</u> As at 30.09.2018 RM'000
Current:		
Finance lease liabilities	160	45
Term loans	250	195
Bank overdraft	-	876
Banker acceptance	4,226	-
	<u>4,636</u>	<u>1,116</u>
Non-current:		
Finance lease liabilities	685	343
Term loans	5,177	6,785
	<u>5,862</u>	<u>7,128</u>
Total bank borrowings	<u>10,498</u>	<u>8,244</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 September 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		PERIOD-TO-DATE	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Profit attributable to ordinary owners of the Company (RM'000)	2,965	1,926	2,965	1,926

Basic EPS

Weighted average number of ordinary shares ('000)	232,212	222,848	232,212	222,848
Basic EPS (sen)	1.28	0.86	1.28	0.86

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		PERIOD-TO-DATE	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Profit attributable to ordinary owners of the Company (RM'000)	2,965	1,926	2,965	1,926

Diluted EPS

Weighted average number of ordinary shares ('000)	234,516	222,848	234,516	222,848
Diluted EPS (sen) ⁽¹⁾	1.26	0.86	1.26	0.86

Note:

- (1) Diluted earnings per share of the Company for the individual quarter and period-to-date ended 30 September 2019 is calculated based on weighted average number of ordinary share issue of 234,516,338, adjusted for contingently issuable ordinary shares. The number of shares under warrants was not taken into account in the computation of diluted EPS as the warrants do not have any dilutive effect on the weighted average number of ordinary shares.

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):

	<u>3-MONTH ENDED</u>		<u>PERIOD-TO-DATE</u>	
	<u>30.09.2019</u>	<u>30.09.2018</u>	<u>30.09.2019</u>	<u>30.09.2018</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Depreciation of property, plant and equipment	1,498	1,258	1,498	1,258
Impairment losses on trade receivables	-	190	-	190
Reversal of impairment losses on trade receivables	(23)	-	(23)	-
Unrealised Loss/(Gain) on foreign exchange	(24)	11	(24)	11
Rental expenses				
• Office/space	53	61	53	61
• Leased equipment	57	65	57	65
Bad debts recovered	(1)	(4)	(1)	(4)
Deposit forfeited	-	(2)	-	(2)
Gain on disposal of property, plant and equipment	(9)	(1)	-	(1)
Interest income	(36)	(16)	(36)	(16)

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