

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 31  
DECEMBER 2019<sup>(1)</sup>

	Note	3-MONTH ENDED		PERIOD-TO-DATE	
		31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Revenue	A9	22,731	13,588	39,388	28,424
Cost of sales		(11,857)	(5,947)	(19,092)	(12,459)
<b>Gross profit ("GP")</b>		<b>10,874</b>	<b>7,641</b>	<b>20,296</b>	<b>15,965</b>
Other income		119	51	241	69
Administrative expenses <sup>(2)</sup>		(6,146)	(4,262)	(11,771)	(9,289)
Finance costs		(58)	(98)	(89)	(200)
<b>Profit before tax ("PBT")</b>	B12	<b>4,789</b>	<b>3,332</b>	<b>8,677</b>	<b>6,545</b>
Taxation	B6	(971)	(804)	(1,703)	(1,740)
<b>Profit after tax ("PAT")</b>		<b>3,818</b>	<b>2,528</b>	<b>6,974</b>	<b>4,805</b>
<b>Other comprehensive income for the financial period, net of tax</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Exchange translation differences for foreign operations		(4)	-	6	-
<b>Total comprehensive income for the financial period</b>		<b>3,814</b>	<b>2,528</b>	<b>6,980</b>	<b>4,805</b>
<b>Profit for the financial period attributable to:</b>					
• Owners of the Company		3,444	2,385	6,408	4,311
• Non-controlling interests		374	143	566	494
		<b>3,818</b>	<b>2,528</b>	<b>6,974</b>	<b>4,805</b>
<b>Total comprehensive income for the financial period attributable to:</b>					
• Owners of the Company		3,440	2,385	6,414	4,311
• Non-controlling interests		374	143	566	494
		<b>3,814</b>	<b>2,528</b>	<b>6,980</b>	<b>4,805</b>
<b>Earnings per share attributable to owners of the Company</b>					
• Basic (sen) <sup>(3)</sup>	B11	1.38	1.07	2.66	1.93
• Diluted (sen) <sup>(4)</sup>	B11	1.37	1.07	2.63	1.93

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 2019<sup>(1)</sup> (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 ended 31 December 2019 included one-off expenses amounting to RM0.15 million pertaining to the bonus issue whilst period-to-date for the quarter ended 31 December 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:

	<b>3-MONTH ENDED</b>		<b>PERIOD-TO-DATE</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>PBT</b>	<b>4,789</b>	<b>3,332</b>	<b>8,677</b>	<b>6,545</b>
Add: One-off expense	150	-	150	640
<b>Adjusted PBT</b>	<b>4,939</b>	<b>3,332</b>	<b>8,827</b>	<b>7,185</b>

- (3) Basic earnings per share for the individual quarter and period-to-date ended 31 December 2019 is calculated based on the weighted average number of ordinary shares in issue of 248,840,234 and 240,526,208 as at 31 December 2019 respectively. The basic earnings per share for the individual quarter and period-to-date ended 31 December 2018 is calculated based on the enlarged share capital of 222,848,000 shares as at 31 December 2018.
- (4) Diluted earnings per share of the Company for the individual quarter and period-to-date ended 31 December 2019 is calculated based on the weighted average number of ordinary shares in issue 251,576,377 and 243,262,351 as at 31 December 2019 respectively, 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 31 December 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 31 DECEMBER 2019<sup>(1)</sup>**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>31.12.2019</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	28,732	28,150
Rights of use assets	145	-
Investment in an associate	1,167	1,167
Goodwill on consolidation	9,951	9,951
<b>Total non-current assets</b>	<b>39,995</b>	<b>39,268</b>
<b>Current Assets</b>		
Inventories	7,547	4,418
Trade receivables	15,079	18,062
Other receivables	2,251	1,969
Other investment	505	505
Tax recoverable	-	1,016
Fixed deposits with licensed banks	710	710
Cash and bank balances	28,358	22,954
<b>Total current assets</b>	<b>54,450</b>	<b>49,634</b>
<b>TOTAL ASSETS</b>	<b>94,445</b>	<b>88,902</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	48,756	46,688
Merger reserve	(15,694)	(15,694)
Warrant reserve	61,277	61,283
Other reserves	(67,562)	(67,569)
Foreign currency translation reserve	(11)	(17)
Retained earnings	37,320	30,912
<b>Equity attributable to owners of the Company</b>	<b>64,086</b>	<b>55,603</b>
Non-controlling interests	1,082	516
<b>Total Equity</b>	<b>65,168</b>	<b>56,119</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Bank borrowings	5,062	5,198
Finance lease liabilities	644	729
Lease liabilities	42	-
Deferred tax liabilities	659	659
<b>Total non-current liabilities</b>	<b>6,407</b>	<b>6,586</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019<sup>(1)</sup> (CONT'D)**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>31.12.2019</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>LIABILITIES (CONT'D)</b>		
<b>Current liabilities</b>		
Trade payables	15,175	13,779
Other payables	5,090	11,296
Amount due to Directors	9	124
Bank borrowings	1,945	162
Finance lease liabilities	163	153
Lease liabilities	97	-
Tax payable	391	683
<b>Total current liabilities</b>	<b>22,870</b>	<b>26,197</b>
<b>TOTAL LIABILITIES</b>	<b>29,277</b>	<b>32,783</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>94,445</b>	<b>88,902</b>
<b>Weighted average number of ordinary shares ('000)</b>	<b>240,526</b>	<b>221,959</b>
<b>NET ASSETS PER SHARE (RM)<sup>(2)</sup></b>	<b>0.27</b>	<b>0.25</b>

**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 240,526,208 as at 31 December 2019 and 221,958,777 as at 30 June 2019.

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**REVENUE GROUP BERHAD (1248321-D)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY  
FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 2019<sup>(1)</sup>**

	<b>Attributable to owners of the parent</b>					
	<b>Share Capital RM'000</b>	<b>Non- Distributable Merger Reserve RM'000</b>	<b>Distributable Retained Earnings RM'000</b>	<b>Total RM'000</b>	<b>Non- controlling Interests RM'000</b>	<b>Total Equity RM'000</b>
<b>As at 1 July 2018</b>						
- 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	-	-	4,311	4,311	494	4,805
<b>Transactions with owners</b>						
Issuance of shares by the Company	20,613	-	-	20,613	-	20,613
Share issuance expenses	(1,746)	-	-	(1,746)	-	(1,746)
<b>As at 31 December 2018</b>	<b>35,581</b>	<b>(15,694)</b>	<b>26,374</b>	<b>46,261</b>	<b>724</b>	<b>46,985</b>

**REVENUE GROUP BERHAD (1248321-D)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY  
FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 2019<sup>(1)</sup> (Cont'd)**

	Attributable to owners of the parent								
	Non-Distributable				Foreign Currency Translation Reserve	Distributable			
	Share Capital RM'000	Merger Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000		Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
<b><u>Period ended 31 December 2019</u></b>									
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	-	-	-	-	-	6,408	6,408	566	6,974
Total comprehensive income/(loss) for the financial period	-	-	-	-	6	-	6	-	6
<b>Transactions with owners</b>									
Issuance of ordinary shares pursuant to acquisition of subsidiary company	2,054	-	-	-	-	-	2,054	-	2,054
Issuance of ordinary shares pursuant to the exercise of warrants	15	-	(6)	6	-	-	15	-	15
<b>As at 31 December 2019</b>	<b>48,757</b>	<b>(15,694)</b>	<b>61,277</b>	<b>(67,563)</b>	<b>(11)</b>	<b>37,320</b>	<b>64,086</b>	<b>1,082</b>	<b>65,168</b>

**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 SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 2019<sup>(1)</sup>**

	<b>PERIOD-TO-DATE</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
<b>Profit before tax</b>	<b>8,677</b>	<b>6,545</b>
Adjustments for:		
Depreciation of property, plant and equipment and rights of use assets	3,151	2,534
Finance costs	89	200
Gain on disposal of property, plant and equipment	(10)	(9)
Reversal of impairment losses on trade receivables	(23)	(260)
Interest income	(79)	(60)
Unrealised (gain)/loss on foreign exchange	(2)	119
Operating profit before working capital changes	11,803	9,069
<b>Change in working capital</b>		
Inventories	(3,129)	-
Receivables	2,723	327
Payables	(4,175)	(7,086)
Amount due to Directors	(115)	38
Contract liabilities	(640)	-
Derivative financial liabilities	-	(19)
	(5,336)	(6,740)
Cash generated from operations	6,467	2,329
Interest paid	(89)	(200)
Interest received	79	60
Tax paid	(979)	(1,196)
Exchange fluctuation adjustment	6	-
Net cash from operating activities	<b>5,484</b>	<b>993</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	14	131
Purchase of property, plant and equipment	(3,613)	(6,854)
Net cash used in investing activities	<b>(3,599)</b>	<b>(6,723)</b>

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 2019<sup>(1)</sup> (CONT'D)**

	<b>PERIOD-TO-DATE</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of shares/warrants	2,068	18,867
Repayment of finance lease liabilities	(75)	(21)
Repayment of lease liabilities	(124)	-
Drawdown/(Repayment) of term loans/banker acceptance	1,647	(1,582)
Net cash from financing activities	<b>3,516</b>	<b>17,264</b>
<b>Net increase in cash and cash equivalents</b>	5,401	11,534
<b>Cash and cash equivalents at the beginning of the financial period</b>	23,185	13,846
<b>Effect of exchange translation differences on cash and cash equivalents</b>	2	(119)
<b>Cash and cash equivalents at the end of the financial period</b>	<b>28,588</b>	<b>25,261</b>
<b>Cash and cash equivalents at the end of the financial period comprises:</b>		
Cash and bank balances	28,358	25,146
Fixed deposits with licensed banks	710	545
Bank overdrafts	-	-
	29,068	25,691
Less: Fixed deposits pledged with licensed banks	(480)	(430)
	<b>28,588</b>	<b>24,831</b>

**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.



**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 second (2<sup>nd</sup>) quarter ended 31 December 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.

		<b><u>Effective dates for financial periods beginning on or after</u></b>
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 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 and Amendments to MFRSs when they become effective.

		<b><u>Effective dates for financial periods beginning on or after</u></b>
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of Business	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Materials	1 January 2020
Amendments to MFRS 9	Interest Rate Benchmark Reform	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

**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**

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

**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.

- (1) On 7 October 2019, the Company had issued 662,470 new ordinary shares pursuant to the acquisition of Buymall Services Sdn Bhd.
- (2) The Company had issued 11,100 new ordinary shares pursuant to the exercise of Warrants during the financial quarter under review

<u>Date</u>	<u>No. of new ordinary shares</u>
18 October 2019	50
6 November 2019	5,000
28 November 2019	50
3 December 2019	1,000
16 December 2019	5,000
<b>Total</b>	<b>11,100</b>

**REVENUE GROUP BERHAD (1248321-D)****A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)****A7. Debt and equity securities (cont'd)**

- (3) 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.

On 24 December 2019, 155,766,542 Bonus Shares and 74,274,056 new additional Warrants 2019/2024 arising from the adjustment to the number of outstanding Warrants 2019/2024 pursuant to the bonus issue were listed on the ACE Market of Bursa Securities.

**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 period ended 31 December 2019 is as follows:

**(a) Analysis of revenue by business segments**

	<b>3-MONTH ENDED</b>		<b>PERIOD-TO-DATE</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Electronic Data Capture ("EDC") terminals	13,612	6,914	21,142	16,519
Electronic transaction processing	5,526	5,996	11,221	10,391
Solutions and services	3,593	678	7,025	1,514
<b>Total</b>	<b>22,731</b>	<b>13,588</b>	<b>39,388</b>	<b>28,424</b>

**(b) Analysis of revenue by geographical location**

	<b>3-MONTH ENDED</b>		<b>PERIOD-TO-DATE</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	22,731	13,588	39,388	28,238
USA	-	-	-	186
<b>Total</b>	<b>22,731</b>	<b>13,588</b>	<b>39,388</b>	<b>28,424</b>

**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**

There were no material changes in the composition of the Group for the current financial quarter under review.

**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 31.12.2019 RM'000	<u>UNAUDITED</u> As at 31.12.2018 RM'000
<b>Secured</b>		
Bank guarantee given to Payments Network Malaysia Sdn. Bhd. in favour of Revenue Solution Sdn. Bhd.	470	900

**A14. Capital commitments**

There were no capital commitments during the current financial quarter under review.

**A15. Operating lease commitments**

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

	<u>UNAUDITED</u> As at 31.12.2019 RM'000	<u>UNAUDITED</u> As at 31.12.2018 RM'000
Not later than 1 year	-	134
Later than 1 year and not later than 5 years	-	63
	<u>-</u>	<u>197</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 RM22.73 million for the current financial quarter ended 31 December 2019 (31 December 2018: RM13.59 million).

The Group's revenue was principally derived from the EDC terminals and electronic transaction processing segments, accounting for approximately 59.88% and 24.31% respectively of the total revenue for the current financial quarter ended 31 December 2019. The Malaysian market is the single largest market accounting for the entire total revenue for the current financial quarter ended 31 December 2019.

The Group's revenue increased by RM9.14 million from RM13.59 million for the financial quarter ended 31 December 2018 to RM22.73 million for the financial quarter ended 31 December 2019. The higher revenue recorded for the current financial quarter ended 31 December 2019 was mainly attributed to the higher sales of EDC terminals to our partner banks by approximately RM4.67 million, increase in the income from the rental and maintenance of EDC terminals by approximately RM2.03 million, as well as the additional revenue contribution from the digital payment services and procurement and logistic services by approximately RM3.39 million. However, the revenue was mitigated by a lower revenue from electronic transaction processing by approximately RM0.47 million due to lower average value per transaction processed during the current financial quarter under review.

The Group registered a PBT of RM4.79 million in the current financial quarter under review (31 December 2018: RM3.33 million). The Group recognised a one-off expense amounting to RM0.15 million pertaining to the bonus issue in the financial quarter ended 31 December 2019. For illustration purposes only, the Company's normalised financial performance after adjusting for the one-off listing expenses is as follow:

	<b>3-MONTH ENDED</b>		<b>CHANGES</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
PBT	4,789	3,332	1,457	43.7%
Add: One-off expense	150	-	150	100.0%
Adjusted PBT	4,939	3,332	1,607	48.2%

The higher PBT recorded for the current financial quarter ended 31 December 2019 was mainly driven by the increase in the revenue from the Group's business activities.

**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 RM39.39 million (31 December 2018: RM28.42 million).

The Group's revenue was principally derived from the EDC terminals and electronic transaction processing segments, accounting for approximately 53.67% and 28.49% 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 RM10.92 million from RM28.42 million for the financial period ended 31 December 2018 to RM39.39 million for the financial period ended 31 December 2019. The higher revenue recorded for the current financial period ended 31 December 2019 was mainly attributed to the increase in the income from the rental and maintenance of EDC terminals by approximately RM3.70 million, additional revenue contribution from the digital payment services and procurement and logistic services by approximately RM5.59 million, the increase in the sales of EDC terminals by approximately RM0.92 million and increase in income from the electronic transaction processing by approximately RM0.83 million.

The Group registered a PBT of RM8.68 million for the current financial period-to-date. The higher PBT achieved for the current financial period-to-date ended 31 December 2019 was mainly driven by the increase in the revenue from the Group's business activities.

**B2. Comparison with immediate preceding quarter's results**

	<b>3-MONTH ENDED</b>		<b>CHANGES</b>	
	<b>31.12.2019</b>	<b>30.09.2019</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	22,731	16,656	6,075	36.4%
PBT <sup>(1)</sup>	4,789	3,889	900	23.1%

**Note:**

- (1) One-off expenses pertaining to the bonus issue amounting to RM0.15 million was included in the PBT for the financial quarter ended 31 December 2019.

For the current financial quarter ended 31 December 2019, the Group recorded a higher revenue of RM6.08 million, mainly attributed to increase in sales of EDC terminals by approximately RM5.77 million.

For the current financial quarter ended 31 December 2019, the Group recorded a higher PBT of RM4.79 million as compared to RM3.89 million in the immediate preceding financial quarter ended 30 September 2019 mainly attributed to increase in the revenue during the financial quarter under review.

**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. Our Group is also researching and developing issuing technology encompassing issuing payment security by leveraging on artificial intelligence to enhance the payment security features.



**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 (3<sup>rd</sup>) 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.

On 15 January 2020, the Government launched the e-Tunai Rakyat initiative which offered 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.

However, the recent outbreak of the Covid-19 virus in early January 2020 have disrupted the global operating environments and restricting global travelling and the outbreak is widely expected to soften economic growth both in Malaysia and regionally. According to a news article carried by The Edge on 18 February 2020, whereby retailers in tourist zones record over 70% slump in sales as tourist numbers declined and local consumers are shying away from crowded malls. (Source: [www.theedgemarkets.com](http://www.theedgemarkets.com), “Retailers in tourist zones record over 70% slump in sales amid coronavirus outbreak”)

Whilst our Group has laid down and embarked on a series of future plans, with the current uncertainty in the global and local economy due to the Covid-19 virus outbreak, the performance of the Group for 30 June 2020 may be challenging. However, the Board is cautious on the potential impact of the Covid-19 virus outbreak and will continue to manage the business of our Group with vigilance during this period of uncertainty.

**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.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B6. Income tax expenses**

	<b>3-MONTH ENDED</b>		<b>PERIOD-TO-DATE</b>	
	<b>31.12.2019<sup>(1)</sup></b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax expense	971	804	1,703	1,740
Deferred tax expense	-	-	-	-
<b>Total tax expense</b>	<b>971</b>	<b>804</b>	<b>1,703</b>	<b>1,740</b>
Effective tax rate (%)	20.27% <sup>(2)</sup>	24.13% <sup>(3)</sup>	19.63%	26.59%

**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:-

<b>Details of utilisation</b>	<b>Proposed Utilisation</b>	<b>Actual Utilisation</b>	<b>Balance Utilisation</b>	<b>Estimated timeframe for utilisation upon listing</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Capital expenditure	8,100	8,100	-	24 months
Enhancement of revPAY and expansion of IT team	4,040	3,155	885	24 months
Repayment of bank borrowings	2,500	2,500	-	3 months
Business expansion	1,500	-	1,500	24 months
Working capital	1,773	1,683	90	24 months
Listing expenses	2,700	2,700	-	Immediately
	<b>20,613</b>	<b>15,162</b>	<b>2,475</b>	

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

**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:

	<b>UNAUDITED</b>	<b>UNAUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current:</b>		
Finance lease liabilities	163	45
Term loans	255	160
Bank overdraft	-	-
Banker acceptance	1,690	-
	<u>2,108</u>	<u>1,116</u>
<b>Non-current:</b>		
Finance lease liabilities	644	332
Term loans	5,062	5,246
	<u>5,706</u>	<u>5,578</u>
<b>Total bank borrowings</b>	<u><b>7,814</b></u>	<u><b>5,783</b></u>

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

**B9. Material litigation**

There were no material litigation involving the Group as at 31 December 2019.

**B10. Dividend**

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

**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:

	<b>3-MONTH ENDED</b>		<b>PERIOD-TO-DATE</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Profit attributable to ordinary owners of the Company (RM'000)	3,444	2,385	6,408	4,311

**Basic EPS**

Weighted average number of ordinary shares ('000)	248,840	222,848	240,526	222,848
Basic EPS (sen)	1.38	1.07	2.66	1.93

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:

	<b>3-MONTH ENDED</b>		<b>PERIOD-TO-DATE</b>	
	<b>30.09.2019</b>	<b>30.09.2018</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
Profit attributable to ordinary owners of the Company (RM'000)	3,444	2,385	6,408	4,311

**Diluted EPS**

Weighted average number of ordinary shares ('000)	251,576	222,848	243,262	222,848
Diluted EPS (sen) <sup>(1)</sup>	1.37	1.07	2.63	1.93

**Note:**

- (1) Diluted earnings per share of the Company for the individual quarter and period-to-date ended 31 December 2019 is calculated based on weighted average number of ordinary share in issue of 251,576,377 and 243,262,351 respectively, 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.

**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):

	<b>3-MONTH ENDED</b>		<b>PERIOD-TO-DATE</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation of property, plant and equipment	1,529	1,276	3,027	2,534
Reversal of impairment losses on trade receivables	-	(260)	(23)	(70)
Unrealised (Gain)/Loss on foreign exchange	(2)	108	(2)	119
Depreciation of rights of use assets	124	-	160	-
Rental expenses				
• Office/space	-	133	-	194
• Leased equipment	310	32	348	97
Bad debts recovered	-	-	(1)	(4)
Gain on disposal of property, plant and equipment	(1)	(8)	(10)	(9)
Interest income	(43)	(44)	(79)	(60)

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