

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2020⁽¹⁾

	Note	3-MONTH ENDED		PERIOD-TO-DATE	
		31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Revenue	A9	15,514	15,517	54,903	43,941
Cost of sales		(7,322)	(7,625)	(26,415)	(20,084)
Gross profit ("GP")		8,192	7,892	28,488	23,857
Other income		135	58	376	128
Administrative expenses		(7,082)	(4,549)	(18,853)	(13,839)
Finance costs		(193)	(68)	(282)	(269)
Profit before tax ("PBT")	B12	1,052	3,333	9,729	9,877
Taxation	B6	(303)	(679)	(2,007)	(2,419)
Profit after tax ("PAT")		749	2,654	7,722	7,458
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		7	-	13	-
Total comprehensive income for the financial period		756	2,654	7,735	7,458
Profit for the financial period attributable to:					
• Owners of the Company		649	2,538	7,056	6,848
• Non-controlling interests		100	116	666	610
		<u>749</u>	<u>2,654</u>	<u>7,722</u>	<u>7,458</u>
Total comprehensive income for the financial period attributable to:					
• Owners of the Company		656	2,538	7,069	6,848
• Non-controlling interests		100	116	666	610
		<u>756</u>	<u>2,654</u>	<u>7,735</u>	<u>7,458</u>
Earnings per share attributable to owners of the Company					
• Basic (sen) ⁽²⁾	B11	0.17	1.14	2.43	3.07
• Diluted (sen) ⁽³⁾	B11	0.17	1.14	2.41	3.07

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2020⁽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) Basic earnings per share for the individual quarter and period-to-date ended 31 March 2020 is calculated based on the weighted average number of ordinary shares in issue of 389,418,762 and 289,796,107 as at 31 March 2020 respectively. The basic earnings per share for the individual quarter and period-to-date ended 31 March 2019 is calculated based on the enlarged share capital of 222,848,000 shares as at 31 March 2019.
- (3) Diluted earnings per share of the Company for the individual quarter and period-to-date ended 31 March 2020 is calculated based on the weighted average number of ordinary shares in issue 392,154,905 and 292,532,251 as at 31 March 2020 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 March 2019 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 MARCH 2020⁽¹⁾

	<u>UNAUDITED</u>	<u>AUDITED</u>
	As at 31.03.2020 RM'000	As at 30.06.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,913	28,150
Rights of use assets	102	-
Investment in an associate	1,167	1,167
Goodwill on consolidation	9,951	9,951
Total non-current assets	42,133	39,268
Current Assets		
Inventories	17,433	4,418
Trade receivables	15,334	18,062
Other receivables	2,828	1,969
Other investment	518	505
Tax recoverable	458	1,016
Fixed deposits with licensed banks	710	710
Cash and bank balances	20,757	22,954
Total current assets	58,038	49,634
TOTAL ASSETS	100,171	88,902
EQUITY AND LIABILITIES		
Equity		
Share capital	48,756	46,688
Merger reserve	(15,694)	(15,694)
Warrant reserve	61,277	61,283
Other reserves	(67,563)	(67,569)
Foreign currency translation reserve	(4)	(17)
Retained earnings	37,968	30,912
Equity attributable to owners of the Company	64,740	55,603
Non-controlling interests	1,182	516
Total Equity	65,922	56,119
LIABILITIES		
Non-current liabilities		
Bank borrowings	5,184	5,198
Finance lease liabilities	612	729
Lease liabilities	22	-
Deferred tax liabilities	659	659
Total non-current liabilities	6,477	6,586

REVENUE GROUP BERHAD (1248321-D)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020⁽¹⁾ (CONT'D)**

	<u>UNAUDITED</u>	<u>AUDITED</u>
	As at 31.03.2020 RM'000	As at 30.06.2019 RM'000
LIABILITIES (CONT'D)		
Current liabilities		
Trade payables	21,797	13,779
Other payables	5,576	11,296
Amount due to Directors	14	124
Bank borrowings	150	162
Finance lease liabilities	160	153
Lease liabilities	75	-
Tax payable	-	683
Total current liabilities	<u>27,772</u>	<u>26,197</u>
TOTAL LIABILITIES	<u>34,249</u>	<u>32,783</u>
TOTAL EQUITY AND LIABILITIES	<u>100,171</u>	<u>88,902</u>
Weighted average number of ordinary shares ('000)	289,796	221,959
NET ASSETS PER SHARE (RM)⁽²⁾	0.22	0.25

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 March 2020 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 THIRD (3RD) QUARTER ENDED 31 MARCH 2020⁽¹⁾

	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	Retained Earnings RM'000	Total RM'000		
Period ended 31 March 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	-	-	-	-	(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	-	-	-	-	6,848	6,848	610	7,458
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	-	-	70,197	(70,197)	-	-	-	-
As at 31 March 2019	35,581	(15,694)	70,197	(70,197)	28,911	48,798	840	49,638

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2020⁽¹⁾ (CONT'D)

	Attributable to owners of the parent								
	Non-Distributable					Distributable		Non-controlling Interests	Total Equity
	Share Capital	Merger Reserve	Warrant Reserve	Other Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Period ended 31 March 2020									
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	-	-	-	-	-	7,056	7,056	666	7,722
Total comprehensive income/(loss) for the financial period	-	-	-	-	13	-	13	-	13
Transactions with owners									
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
As at 31 March 2020	48,757	(15,694)	61,277	(67,563)	(4)	37,968	64,741	1,182	65,923

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 THIRD (3RD) QUARTER ENDED 31 MARCH 2020⁽¹⁾**

	PERIOD-TO-DATE	
	31.03.2020	31.03.2019
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	9,729	9,877
Adjustments for:		
Depreciation of property, plant and equipment and rights of use assets	4,797	4,557
Finance costs	282	269
Gain on disposal of property, plant and equipment	(9)	(13)
Bad debts recovered	(1)	-
Impairment losses on trade receivables	50	38
Reversal of impairment losses on trade receivables	(23)	-
Interest income	(121)	(104)
Unrealised (gain)/loss on foreign exchange	(2)	154
Operating profit before working capital changes	<u>14,702</u>	<u>14,774</u>
Change in working capital		
Inventories	(13,014)	-
Receivables	1,842	(2,617)
Payables	2,933	(10,980)
Amount due to Directors	(110)	102
Contract liabilities	(640)	-
Derivative financial liabilities	-	(19)
	<u>(8,989)</u>	<u>(13,514)</u>
Cash generated from operations	5,713	1,264
Interest paid	(282)	(269)
Interest received	121	104
Tax paid	(2,132)	(2,358)
Exchange fluctuation adjustment	13	-
Net cash from/(used in) operating activities	<u>3,433</u>	<u>(1,259)</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	13	135
Purchase of property, plant and equipment	(7,333)	(8,236)
Acquisition of an associate	-	(1,148)
Acquisition of other investment	(13)	-
Net cash used in investing activities	<u>(7,333)</u>	<u>(9,249)</u>

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2020⁽¹⁾ (CONT'D)

	PERIOD-TO-DATE	
	31.03.2020	31.03.2019
	RM'000	RM'000
Cash Flows From Financing Activities		
Proceeds from issuance of shares/warrants	2,068	18,867
Repayment of finance lease liabilities	(110)	(42)
Repayment of lease liabilities	(232)	-
Drawdown/(Repayment) of term loans/banker acceptance	(26)	(1,581)
Net cash from financing activities	1,700	17,244
Net (decrease)/increase in cash and cash equivalents	(2,200)	6,736
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	2	(154)
Cash and cash equivalents at the end of the financial period	20,987	20,428
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	20,757	20,200
Fixed deposits with licensed banks	710	658
Bank overdrafts	-	-
	21,467	20,858
Less: Fixed deposits pledged with licensed banks	(480)	(430)
	20,987	20,428

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 third (3rd) quarter ended 31 March 2020 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

REVENUE GROUP BERHAD (1248321-D)

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.

	<u>Effective dates for financial periods beginning on or after</u>
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

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

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.

On 25 February 2020, the Company proposed to undertake a proposed special issue of up to 45,019,500 new ordinary shares in REVENUE ("REVENUE Shares") to independent third party investors to be identified ("Proposed Special Issue").

On 10 March 2020, Bursa Securities had, vide its letter dated 10 March 2020, resolved to approve the proposed special issue.

REVENUE GROUP BERHAD (1248321-D)

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

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 March 2020 is as follows:

(a) Analysis of revenue by business segments

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Electronic Data Capture ("EDC") terminals	9,981	9,233	31,123	25,752
Electronic transaction processing Solutions and services	2,742	5,231	13,963	15,622
Total	15,514	15,517	54,903	43,941

(b) Analysis of revenue by geographical location

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	15,514	15,517	54,903	43,755
USA	-	-	-	186
Total	15,514	15,517	54,903	43,941

A10. Valuation of property, plant and equipment

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

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

Saved 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.

On 1 April 2020, Revenue Secure Sdn Bhd, a 51% owned subsidiary company of Revenue Harvest Sdn Bhd (a wholly owned subsidiary company of REVENUE), has acquired DAX Venture Sdn Bhd ("DAX"), a company incorporated in Malaysia under the Companies Act, 2016 with an issue and paid up capital of 5,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM1.00. DAX is principally engaged in the business of digital platform and e-services.

REVENUE GROUP BERHAD (1248321-D)**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)****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 31.03.2020 RM'000	<u>UNAUDITED</u> As at 31.03.2019 RM'000
Corporate guarantee given by REVENUE to licensed bank for banking facilities granted to a subsidiary of REVENUE	10,000	-
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 31.03.2020 RM'000</u>
Material commitment	
- Purchase of EDC terminals	4,500

A15. Operating lease commitments

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

	<u>UNAUDITED</u> As at 31.03.2020 RM'000	<u>UNAUDITED</u> As at 31.03.2019 RM'000
Not later than 1 year	-	125
Later than 1 year and not later than 5 years	-	36
	<u>-</u>	<u>161</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 RM15.51 million for the current financial quarter ended 31 March 2020 (31 March 2019: RM15.52 million).

The Group's revenue was principally derived from the EDC terminals segments, accounting for approximately 64.33%, whilst the electronic transaction processing and solutions & services segments accounting for approximately 17.67% and 18.00% respectively of the total revenue for the current financial quarter ended 31 March 2020. The Malaysian market is the single largest market accounting for the entire total revenue for the current financial quarter ended 31 March 2020.

The Group's revenue was relatively flat and decreased marginally by RM0.01 million from RM15.52 million for the financial quarter ended 31 March 2019 to RM15.51 million for the financial quarter ended 31 March 2020. The flat revenue recorded for the current financial quarter ended 31 March 2020 was mainly attributed to the drop in the electronic transaction income by approximately RM2.49 million due to the Covid-19 pandemic outbreak in early January 2020, which had disrupted the global supply chain and restricted global travelling. However, the revenue from the EDC segments increased by approximately RM0.75 million mainly attributed to the increase in the income from the rental and maintenance of EDC terminals by approximately RM2.39 million, offset by lower revenue from the sales of EDC terminals by approximately RM1.64 million due to lower average selling price per unit. The revenue from the digital payment services and logistic services had also contributed approximately RM1.84 million during the current financial quarter under review.

The Group registered a PBT of RM1.05 million in the current financial quarter under review (31 March 2019: RM3.33 million). The lower PBT recorded for the current financial quarter ended 31 March 2020, on the back of a relatively flat revenue, was mainly due to the increase in the administrative expenses such as connectivity expenses (e.g. SIM cards, lease line) by approximately RM0.59 million, expenses relating to the digital payment services and procurement & logistic services by RM0.62 million, as well as the increase in the staff cost by approximately RM1.23 million due to the increase in the headcount.

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 RM54.90 million (31 March 2019: RM43.94 million).

The Group's revenue was principally derived from the EDC terminals and electronic transaction processing segments, accounting for approximately 56.69% and 25.43% 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 RM10.96 million from RM43.94 million for the financial period ended 31 March 2019 to RM54.90 million for the financial period ended 31 March 2020. The higher revenue recorded for the current financial period ended 31 March 2020 was mainly attributed to the increase in the income from the rental and maintenance of EDC terminals by approximately RM6.09 million and additional revenue contribution from the digital payment services and procurement and logistic services by approximately RM7.43 million. However, the increase in the revenue was offset by the lower revenue from the sales of EDC terminals by approximately RM0.72 million and lower income from the electronic transaction processing by approximately RM1.66 million.

The Group registered a PBT of RM9.73 million for the current financial period-to-date (31 March 2019: RM9.88 million). Despite the higher revenue recorded, the PBT was marginally lower for the current financial period-to-date ended 31 March 2020 was mainly due to increase in the administrative expenses.

B2. Comparison with immediate preceding quarter's results

	3-MONTH ENDED		CHANGES	
	31.03.2020 RM'000	31.12.2019 RM'000	RM'000	%
Revenue	15,514	22,731	(7,217)	(31.7)%
PBT ⁽¹⁾	1,052	4,789	(3,737)	(78.0)%

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 March 2020, the Group recorded a lower revenue by RM7.22 million, mainly attributed to lower sales of EDC terminals by approximately RM4.17 million and lower income from the electronic transaction processing by approximately RM2.78 million.

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 (cont'd)

For the current financial quarter ended 31 March 2020, the Group recorded a lower PBT of RM1.05 million as compared to RM4.79 million in the immediate preceding financial quarter ended 31 December 2019 mainly attributed to lower revenue during the financial quarter under review.

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)

The recent outbreak of the Covid-19 virus in early January 2020 had disrupted the global operating environments and restricting global travelling and the outbreak had soften economic growth both in Malaysia and regionally.

The Malaysian Government had imposed the Movement Control Order (“MCO”) commencing on 18 March 2020 and has since further extended to 9 June 2020. The measures undertaken by the Government, such as international and domestic travel restrictions, control of non-essential services, reduced operating hours and work force, are necessary to curb the spread of the Covid-19, however, such measures have affected both the external and domestic demand, which has curtailed economic activities and resulted in marginal economic growth. This had prompted the Bank Negara Malaysia (“BNM”) to revise the growth rate of Gross Domestic Product to be between negative 2% to 0.5% in 2020 due to weak global demand, disruption in the supply chains and global Covid-19 containment measures.

Whilst the Government has gradually easing the restriction and businesses are allowed to operate under strict Standard Operating Procedures (“SOP”), the recovery of our economy, as well as the return to our normal social behaviour will require more time and efforts from all stakeholders.

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 the last financial quarter ending 30 June 2020 will remain 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

Saved as disclosed in A7, 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	
	31.03.2020 ⁽¹⁾	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Current tax expense	303	679	2,007	2,419
Deferred tax expense	-	-	-	-
Total tax expense	303	679	2,007	2,419
Effective tax rate (%)	28.83% ⁽²⁾	20.38%	20.62% ⁽³⁾	24.49%

Notes:

- (1) Income tax expense is recognised based on management's best estimate.
- (2) The Group's effective tax rate for the financial quarter is higher than the statutory tax rate due to non-deductible expenses.
- (3) 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.

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	3,600	440	24 months
Repayment of bank borrowings	2,500	2,500	-	3 months
Business expansion	1,500	-	1,500	24 months
Working capital	1,773	1,773	-	24 months
Listing expenses	2,700	2,700	-	Immediately
	<u>20,613</u>	<u>18,673</u>	<u>1,940</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 31.03.2020 RM'000	<u>UNAUDITED</u> As at 31.03.2019 RM'000
Current:		
Finance lease liabilities	160	150
Term loans	150	160
Bank overdraft	-	-
Banker acceptance	-	-
	<u>310</u>	<u>310</u>
Non-current:		
Finance lease liabilities	612	770
Term loans	5,184	5,246
	<u>5,796</u>	<u>6,016</u>
Total bank borrowings	<u>6,106</u>	<u>6,326</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 March 2020.

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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Profit attributable to ordinary owners of the Company (RM'000)	649	2,538	7,056	6,848

Basic EPS

Weighted average number of ordinary shares ('000)	389,419	222,848	289,796	222,848
Basic EPS (sen)	0.17	1.14	2.43	3.07

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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Profit attributable to ordinary owners of the Company (RM'000)	649	2,538	7,056	6,848

Diluted EPS

Weighted average number of ordinary shares ('000)	392,155	222,848	292,532	222,848
Diluted EPS (sen) ⁽¹⁾	0.17	1.14	2.41	3.07

Note:

- (1) Diluted earnings per share of the Company for the individual quarter and period-to-date ended 31 March 2020 is calculated based on weighted average number of ordinary share in issue of 392,154,905 and 292,532,251 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.

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>31.03.2020</u>	<u>31.03.2019</u>	<u>31.03.2020</u>	<u>31.03.2019</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Depreciation of property, plant and equipment	1,538	2,023	4,565	4,557
Impairment losses on trade receivables	50	38	50	60
Reversal of impairment losses on trade receivables	-	-	(23)	(32)
Loss/(Gain) on foreign exchange				
• Realised	-	35	-	154
• Unrealised	-	-	(2)	-
Depreciation of rights of use assets	73	-	232	-
Rental expenses				
• Office/space	-	64	-	258
• Leased equipment	233	32	581	129
Bad debts recovered	-	-	(1)	(4)
Gain on disposal of property, plant and equipment	(1)	(4)	(9)	(13)
Interest income	(42)	(44)	(121)	(104)

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