

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2020<sup>(1)</sup>

	Note	3-MONTH ENDED		YEAR-TO-DATE	
		30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Revenue	A9	23,475	15,419	78,378	59,361
Cost of sales		(14,230)	(7,002)	(40,645)	(27,086)
<b>Gross profit ("GP")</b>		<b>9,245</b>	<b>8,417</b>	<b>37,733</b>	<b>32,275</b>
Other income		464	90	840	218
Administrative expenses <sup>(2)</sup>		(7,690)	(7,057)	(26,548)	(20,896)
Finance costs		(63)	(69)	(340)	(338)
<b>Profit before tax ("PBT")</b>	B12	<b>1,956</b>	<b>1,381</b>	<b>11,685</b>	<b>11,259</b>
Taxation	B6	(621)	410	(2,628)	(2,010)
<b>Profit after tax ("PAT")</b>		<b>1,335</b>	<b>1,791</b>	<b>9,057</b>	<b>9,249</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		(23)	-	(10)	-
<b>Total comprehensive income for the financial period</b>		<b>1,312</b>	<b>1,791</b>	<b>9,047</b>	<b>9,249</b>
<b>Profit for the financial period attributable to:</b>					
• Owners of the Company		455	1,848	7,511	8,696
• Non-controlling interests		880	(57)	1,546	553
		<b>1,335</b>	<b>1,791</b>	<b>9,057</b>	<b>9,249</b>
<b>Total comprehensive income for the financial period attributable to:</b>					
• Owners of the Company		432	1,848	7,501	8,696
• Non-controlling interests		880	(57)	1,546	553
		<b>1,312</b>	<b>1,791</b>	<b>9,047</b>	<b>9,249</b>
<b>Earnings per share attributable to owners of the Company</b>					
• Basic (sen) <sup>(3)</sup>	B11	0.12	0.80	2.39	3.92
• Diluted (sen) <sup>(4)</sup>	B11	0.12	0.79	2.38	3.86

**REVENUE GROUP BERHAD (1248321-D)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2020<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 year-to-date ended 30 June 2020 included one-off expenses amounting to RM0.15 million pertaining to the bonus issue whilst the individual quarter and year-to-date ended 30 June 2019 included one-off expenses amounting to RM0.36 million and RM1.10 million respectively pertaining to the listing of the Group, bonus issue of warrants and costs associated to the acquisition of subsidiary companies. For illustration purposes only, the Company's normalised financial performance after adjusting for the one-off expenses is as follow:

	<b>3-MONTH ENDED</b>		<b>YEAR-TO-DATE</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>PBT</b>	<b>1,956</b>	<b>1,381</b>	<b>11,685</b>	<b>11,259</b>
Add: One-off expenses	-	362	150	1,102
<b>Adjusted PBT</b>	<b>1,956</b>	<b>1,743</b>	<b>11,835</b>	<b>12,361</b>

- (3) Basic earnings per share for the individual quarter and year-to-date ended 30 June 2020 is calculated based on the weighted average number of ordinary shares in issue of 389,488,553 and 314,583,027 as at 30 June 2020 respectively. The basic earnings per share for the individual quarter and year-to-date ended 30 June 2019 is calculated based on the weighted average number of ordinary shares in issue of 229,689,072 and 221,958,776 shares as at 30 June 2019 respectively.
- (4) Diluted earnings per share of the Company for the individual quarter and year-to-date ended 30 June 2020 is calculated based on the weighted average number of ordinary shares in issue 391,130,239 and 316,224,713 as at 30 June 2020 respectively, adjusted for contingently issuable ordinary shares. Diluted earnings per share of the Company for the individual quarter and year-to-date ended 30 June 2019 is calculated based on the weighted average number of ordinary shares in issue 232,972,444 and 225,242,148 as at 30 June 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.

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020<sup>(1)</sup>

	<u>UNAUDITED</u>	<u>AUDITED</u>
	As at 30.06.2020 RM'000	As at 30.06.2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	34,161	28,150
Rights of use assets	1,484	-
Investment in an associate	1,577	1,167
Goodwill on consolidation	10,012	9,951
<b>Total non-current assets</b>	<b>47,234</b>	<b>39,268</b>
<b>Current Assets</b>		
Inventories	9,933	4,418
Trade receivables	25,755	18,062
Other receivables	2,651	1,969
Other investment	521	505
Tax recoverable	1,295	1,016
Fixed deposits with licensed banks	741	710
Cash and bank balances	34,757	22,954
<b>Total current assets</b>	<b>75,653</b>	<b>49,634</b>
<b>TOTAL ASSETS</b>	<b>122,887</b>	<b>88,902</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	49,269	46,688
Merger reserve	(15,694)	(15,694)
Warrant reserve	61,277	61,283
Other reserves	(67,563)	(67,569)
Foreign currency translation reserve	(27)	(17)
Retained earnings	38,406	30,912
<b>Equity attributable to owners of the Company</b>	<b>65,668</b>	<b>55,603</b>
Non-controlling interests	2,315	516
<b>Total Equity</b>	<b>67,983</b>	<b>56,119</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Bank borrowings	5,071	5,198
Finance lease liabilities	-	729
Lease liabilities	749	-
Deferred tax liabilities	476	659
<b>Total non-current liabilities</b>	<b>6,296</b>	<b>6,586</b>

**REVENUE GROUP BERHAD (1248321-D)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020<sup>(1)</sup> (CONT'D)**

	<u>UNAUDITED</u>	<u>AUDITED</u>
	As at 30.06.2020 RM'000	As at 30.06.2019 RM'000
<b>LIABILITIES (CONT'D)</b>		
<b>Current liabilities</b>		
Trade payables	30,276	13,779
Other payables	15,007	11,296
Amount due to Directors	147	124
Bank borrowings	1,455	162
Finance lease liabilities	-	153
Lease liabilities	742	-
Tax payable	981	683
<b>Total current liabilities</b>	<u><b>48,608</b></u>	<u><b>26,197</b></u>
<b>TOTAL LIABILITIES</b>	<u><b>54,904</b></u>	<u><b>32,783</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>122,887</b></u>	<u><b>88,902</b></u>
<b>Weighted average number of ordinary shares ('000)</b>	314,583	221,959
<b>NET ASSETS PER SHARE (RM)<sup>(2)</sup></b>	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 314,583,027 as at 30 June 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 FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2020<sup>(1)</sup>**

	Attributable to owners of the parent							Non-controlling Interests RM'000	Total Equity RM'000
	Non-Distributable			Distributable		Retained Earnings RM'000	Total RM'000		
	Share Capital RM'000	Merger Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Currency Translation Reserve RM,000				
<b>Year ended 30 June 2019</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	-	-	-	-	-	(138)	(138)	-	(138)
As at 1 July 2018 (restated)	16,714	(15,694)	-	-	-	22,344	23,370	230	23,600
Profit for the financial year, representing total comprehensive income for the financial period	-	-	-	-	-	8,696	8,696	553	9,249
<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)
Issuance of warrants by the Company	-	-	61,283	(61,283)	-	-	-	-	-
Foreign exchange translation reserve	-	-	-	-	(7)	-	(7)	-	(7)
Change in ownership interest in a subsidiary company	7,000	-	-	(6,286)	-	-	714	(714)	-
Net changes of non-controlling interests	4,107	-	-	-	-	-	4,107	509	4,616
<b>As at 30 June 2019</b>	<b>46,688</b>	<b>(15,694)</b>	<b>61,283</b>	<b>(67,569)</b>	<b>(7)</b>	<b>31,046</b>	<b>55,747</b>	<b>578</b>	<b>56,325</b>

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY  
FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2020<sup>(1)</sup> (CONT'D)**

	Attributable to owners of the parent							Non-controlling Interests RM'000	Total Equity RM'000
	Non-Distributable					Distributable			
	Share Capital RM'000	Merger Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000		
<b>Year ended 30 June 2020</b>									
<b>As at 1 July 2019</b>									
- as previously stated	46,688	(15,694)	61,283	(67,569)	(17)	30,912	55,603	516	56,119
- effect of adoption of MFRS 16	-	-	-	-	-	(9)	(9)	-	(9)
	46,688	(15,694)	61,283	(67,569)	(17)	30,903	55,594	516	56,110
Profit for the financial year	-	-	-	-	-	7,511	7,511	1,546	9,057
Total comprehensive income/(loss) for the financial year	-	-	-	-	(10)	-	(10)	-	(10)
<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
Issuance of ordinary shares pursuant to special issue	512	-	-	-	-	-	512	-	512
Net changes of non-controlling interests	-	-	-	-	-	(8)	(8)	253	245
<b>As at 30 June 2020</b>	<b>49,269</b>	<b>(15,694)</b>	<b>61,277</b>	<b>(67,563)</b>	<b>(27)</b>	<b>38,406</b>	<b>65,668</b>	<b>2,315</b>	<b>67,983</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 FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2020<sup>(1)</sup>**

	<b>YEAR-TO-DATE</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
<b>Profit before tax</b>	<b>11,685</b>	<b>11,259</b>
Adjustments for:		
Depreciation/Amortisation of property, plant and equipment and rights of use assets	6,898	6,552
Finance costs	340	338
Gain on disposal of property, plant and equipment	(25)	(39)
Bad debts recovered	(1)	-
Bad debts written off	1	101
Impairment losses on trade receivables	381	407
Reversal of impairment losses on trade receivables	(6)	-
Interest income	(190)	(136)
Unrealised (gain)/loss on foreign exchange	845	230
Operating profit before working capital changes	19,928	18,712
<b>Change in working capital</b>		
Inventories	(5,515)	-
Receivables	(8,749)	(11,375)
Payables	19,268	(2,486)
Amount due to Directors	24	(72)
Contract liabilities	(640)	-
Derivative financial liabilities	-	(19)
	4,388	(13,952)
Cash generated from operations	24,316	4,760
Interest paid	(340)	(338)
Interest received	190	136
Tax paid	(2,793)	(3,159)
Exchange fluctuation adjustment	(10)	-
Net cash from operating activities	<b>21,363</b>	<b>1,399</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	29	161
Purchase of property, plant and equipment	(14,145)	(8,938)
Acquisition of an associate	-	(1,167)
Net cash inflows arising from acquisition of subsidiary companies	256	935
Acquisition of other investment	(16)	-
Net cash used in investing activities	<b>(13,876)</b>	<b>(9,009)</b>

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2020<sup>(1)</sup> (CONT'D)

	PERIOD-TO-DATE	
	30.06.2020 RM'000	30.06.2019 RM'000
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of shares/warrants	2,581	20,613
Payment of shares issuance expenses	-	(1,746)
Repayment of finance lease liabilities	-	(80)
Net changes of lease liabilities	619	-
Repayment of term loans/banker acceptance	(129)	(661)
Net cash from financing activities	<b>3,071</b>	<b>18,126</b>
<b>Net increase in cash and cash equivalents</b>	10,558	10,516
<b>Cash and cash equivalents at the beginning of the financial year</b>	23,185	13,846
<b>Effect of exchange translation differences on cash and cash equivalents</b>	-	(230)
<b>Cash and cash equivalents at the end of the financial year</b>	<b>33,743</b>	<b>24,132</b>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>		
Cash and bank balances	34,757	23,852
Fixed deposits with licensed banks	741	710
Bank overdrafts	(1,275)	-
	34,223	24,562
Less: Fixed deposits pledged with licensed banks	(480)	(430)
	<b>33,743</b>	<b>24,132</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.

## REVENUE GROUP BERHAD (1248321-D)

### A. NOTES TO THE INTERIM FINANCIAL REPORT

#### A1. Basis of preparation

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

This interim financial statements on the Company’s unaudited condensed consolidated financial results for the fourth (4<sup>th</sup>) quarter ended 30 June 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.

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

## 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.

	<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

## **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 ("Special Issue 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.

On 22 May 2020, the shareholders of REVENUE approved the Proposed Special Issue at the extraordinary general meeting.

On 28 May 2020, the Board of Directors of REVENUE ("Board") fixed the issue price of the first tranche Special Issue Shares at RM1.21 each.

On 16 June 2020, the Board announced that the first tranche of Special Issue Shares (423,400 REVENUE's shares) had been listed on Bursa Securities.

On 22 July 2020, the Board fixed the issue price of the second tranche Special Issue Shares at RM1.30 each.

On 6 August 2020, the Board announced that the second tranche of Special Issue Shares (4,969,400 REVENUE's shares) had been listed on Bursa Securities.

On 26 August 2020, the Board announced that the Company has submitted an application to Bursa Securities for an extension of time to complete the 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 30 June 2020 is as follows:

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

	<b>3-MONTH ENDED</b>		<b>YEAR-TO-DATE</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Electronic Data Capture ("EDC") terminals	16,110	8,970	47,232	34,723
Electronic transaction processing	1,900	4,369	15,864	19,991
Solutions and services	5,465	2,080	15,282	4,647
<b>Total</b>	<b>23,475</b>	<b>15,419</b>	<b>78,378</b>	<b>59,361</b>

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

	<b>3-MONTH ENDED</b>		<b>YEAR-TO-DATE</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	23,475	15,419	78,378	59,175
USA	-	-	-	186
<b>Total</b>	<b>23,475</b>	<b>15,419</b>	<b>78,378</b>	<b>59,361</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.

#### 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.

#### **Proposed Acquisition of Wannatalk Malaysia Sdn Bhd ("Wannatalk")**

On 10 August 2020, the Board announced that, Revenue Harvest Sdn Bhd ("Revenue Harvest"), a wholly owned subsidiary company of REVENUE, had entered into a Share Sale Agreement ("SSA") with Tan Sze Hoo ("Wannatalk's Vendor") for the purchase of 40.0% equity interest of Wannatalk, for a purchase consideration of RM5,000,000. Wannatalk is principally engaged in the provision and development of Artificial-Intelligence ("AI")-powered chatbot and messaging platform ("Wannatalk Chatbot"), AI-powered smart content repository ("Firebox"), facial recognition-centered products and services ("Facecard") and AI-powered big data mining and fraud detection software ("Grayfox").

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

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

**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.

**Acquisition of DAX Venture Sdn Bhd (“DAX Venture”)**

On 1 April 2020, Revenue Secure Sdn Bhd, a 51.0% owned subsidiary company of Revenue Harvest, has acquired DAX Venture for a purchase consideration of RM1. DAX is principally engaged in the business of provision of digital platform and e-services.

The following summarises the major classes of consideration transferred, and the recognised amount of asset and liabilities assumed for the acquisition of DAX.

	<b>RM'000</b>
Property, plant and equipment	253
Trade and other receivables	2
Cash and cash equivalents	11
Trade and other payables	(327)
Total identifiable assets and liabilities	<u>(61)</u>

**Net cash outflow arising from the acquisition of subsidiary company**

	<b>RM'000</b>
Purchase consideration settled in cash	-
Cash and bank balances acquired	11
	<u>11</u>

**Goodwill arising from business combination**

	<b>RM'000</b>
Goodwill was recognised as a result of the acquisition as follows:	
Fair value of consideration transferred	*(1)
	<u>*</u>
Fair value of identifiable assets acquired and liabilities assumed	(61)
Goodwill	<u>61</u>

**Note:**

- (1) The purchase consideration is RM1.

**REVENUE GROUP BERHAD (1248321-D)****A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)****A13. Contingent assets and contingent liabilities**

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

	<u>UNAUDITED</u> As at 30.06.2020 RM'000	<u>UNAUDITED</u> As at 30.06.2019 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.	<u>470</u>	<u>470</u>

**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 30.06.2020 RM'000	<u>UNAUDITED</u> As at 30.06.2019 RM'000
Not later than 1 year	-	112
Later than 1 year and not later than 5 years	-	14
	<u>-</u>	<u>126</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 RM23.48 million for the current financial quarter ended 30 June 2020 (30 June 2019: RM15.42 million).

The Group's revenue was principally derived from the EDC terminals segments, followed by the Solutions & Services segments and electronic transaction processing segment accounting for approximately 68.63%, 23.28% and 8.09% respectively of the total revenue for the current financial quarter ended 30 June 2020. The Malaysian market is the single largest market accounting for the entire total revenue for the current financial quarter ended 30 June 2020.

The Group's revenue increased by RM8.06 million from RM15.42 million for financial quarter ended 30 June 2019 to RM23.48 million for the financial quarter ended 30 June 2020. The higher revenue recorded was mainly attributed to higher sales of EDC terminals by approximately RM4.58 million and the increase in the revenue from the rental and maintenance of EDC terminals by approximately RM2.60 million. The revenue from the Solutions & Services segments had also increased by approximately RM4.48 million partly due an additional one (1) month of income contribution from our subsidiary companies (April 2020 to June 2020) as compared two (2) months contribution in 2019 (May 2019 to June 2019) and the growth in the business volume of the digital payments services and procurement & logistic services, as well as the completion of three (3) solution projects. However, the increase was offset by a drop in the electronic transaction income by approximately RM2.22 million as the on-going Covid-19 pandemic outbreak and the Movement Control Order ("MCO") which took effect from 18 March 2020 had affected the global supply chain and travelling (locally and internationally).

The Group registered a PBT of RM1.96 million in the current financial quarter under review (30 June 2019: RM1.38 million). The higher PBT recorded for the current financial quarter ended 30 June 2020 was mainly attributed to the higher revenue recorded in the financial quarter under review, as well as other income arising from the wage subsidy programme initiated by the Government of Malaysia as a Covid-19 relief to company amounting to approximately RM0.34 million. However, the increase was offset by higher administrative expenses by approximately RM0.53 million attributed to the inclusion of the subsidiary companies' three (3) months administrative expenses (April 2020 to June 2020) as compared to two (2) months in 2019 by RM0.15 million, increase in the staff cost by approximately RM0.28 million due to the increase in headcount, as well as expenses pertaining to connectivity expenses (e.g. SIM cards, lease lines) by approximately RM0.46 million.

## 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 year-to-date, the Group recorded revenue of RM78.38 million (30 June 2019: RM59.36 million).

The Group's revenue was principally derived from the EDC terminals, followed by electronic transaction processing segment and Solutions & Services segments accounting for approximately 60.26%, 20.24% and 19.50% respectively of the total revenue for the financial year-to-date. The Malaysian market remains the largest market accounting for the entire total revenue for the financial year-to-date.

The Group's revenue increased by approximately RM19.02 million from RM59.36 million for the financial year ended 30 June 2019 to RM78.38 million for the financial year ended 30 June 2020. The higher revenue recorded for the current financial year ended 30 June 2020 was mainly attributed to the higher sales of EDC terminals by approximately RM3.85 million and increase in the revenue from the rental and maintenance of EDC terminals by approximately RM8.65 million. The revenue from Solutions & Services segment had also increased by approximately RM10.64 million mainly due to 12 months of revenue contribution from the subsidiary companies (July 2019 to June 2020) as compared to only two (2) months of revenue contribution (May 2019 to June 2019). However, the increase was offset by a drop in the electronic transaction income by approximately RM4.13 million which was affected by the Covid-19 pandemic since January 2020.

The Group registered a PBT of RM11.69 million for the current financial year-to-date (30 June 2019: RM11.26 million). Despite the higher revenue recorded, the PBT was marginally higher for the current financial year-to-date ended 30 June 2020 due to increase in the administrative expenses by approximately RM5.55 million attributed to the inclusion of the subsidiary companies' 12 months administrative expenses as compared to two (2) months in 2019 by approximately RM2.06 million, increase in the staff cost by approximately RM3.33 million due to the increase in headcount, as well as expenses pertaining to connectivity expenses (e.g. SIM cards, lease lines) by approximately RM1.75 million due to the business expansion.

**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**

	<u>3-MONTH ENDED</u>		<u>CHANGES</u>	
	<u>30.06.2020</u>	<u>31.03.2020</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>		
Revenue	23,475	15,514	7,961	51.3%
PBT	1,956	1,052	904	85.9%

For the current financial quarter ended 30 June 2020, the Group recorded a higher revenue by RM7.96 million, mainly attributed to higher sales of EDC terminals by approximately RM5.48 million, higher revenue from the rental and maintenance of EDC terminals by approximately RM0.65 million and higher revenue from the Solutions & Services segment by approximately RM2.67 million due to increase in the transaction volume under digital payment services, as well as the completion of three (3) solution projects. However, the higher revenue was offset by the lower income from the electronic transaction processing by approximately RM0.84 million.

For the current financial quarter ended 30 June 2020, the Group recorded a higher PBT by approximately RM0.90 million as compared to RM1.05 million in the immediate preceding financial quarter ended 31 March 2020 mainly attributed to higher revenue generated from the EDC and Solutions & Services segments during the financial quarter under review.

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**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. Besides that, the Group is also working closely with different e-wallet issuers to bring the payment acceptance into digital payment terminals.

(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 Wannatalk will enable the Group to provide additional value-added solutions and services to our customers which will complement the Group’s existing business and provide a more robust Business-to-Business-Consumer (“B2B2C”) solution.

(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. With the acquisition of Wannatalk, the Group will be able to leverage on Wannatalk’s facial recognition centered products and services to enhance the payment security features, as well as embark on new biometrics payment technology.

**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 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 31 August 2020 under the Recovery MCO (“RMCO”). The measures undertaken by the Government, such as international and domestic travel restrictions, closure of non-essential services, reduction of 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.

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

This had prompted the Bank Negara Malaysia (“BNM”) to revise the growth rate of Gross Domestic Product to be between negative 2.5% to negative 5.5% in 2020 due to unprecedented length of the MCO and changes in world growth forecasts arising from weak global demand, disruption in the supply chains and global Covid-19 containment measures.

Arising from the on-going Covid-19 situation, the Government had announced the Short-Term Economic Recovery Plan on 5 June 2020 and had allocated RM70.0 million under Micros and SMEs E-commerce Campaign and another RM70.0 million under the “Shop Malaysia Online” for Online Consumption. These two initiatives are meant to encourage adoption of e-commerce by micro enterprises and SMEs to widen market reach and to encourage online consumer through e-commerce vouchers. The Government had also allocated RM750 million under the e-PENJANA Credits in e-wallet whereby Malaysians aged 18 and above and earning less than RM100,000 annually will be given RM50 worth of e-wallet credits and these plans will benefits the Group in the long run as Malaysians are embracing and adopting of digital payment.

The Covid-19 outbreak and the subsequent MCO periods have affected the financial performance of the Group over the last few months of the current financial year ended 30 June 2020. 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 new financial year ending 2021 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.

## REVENUE GROUP BERHAD (1248321-D)

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

#### B5. Status of corporate proposals

Saved as disclosed in A7 and below, there were no corporate proposals undertaken but not completed as at the date of this interim report.

#### Proposed Acquisition of Scanpay Sdn Bhd (“Scanpay”)

On 29 April 2020, Revenue Harvest had entered into a SSA with Hong You Loong, Chiah Mon Why and Tang Wee Huang (“Scanpay’s Vendors”) for the purchase of 80.0% equity interest of Scanpay for a purchase consideration of RM1,000,000. Scanpay is principally engaged in electronic commerce services which shall include online and electronic payment services (electronic money issuance) and Scanpay is a licensed E-money issuer under BNM.

#### B6. Income tax expenses

	3-MONTH ENDED		YEAR-TO-DATE	
	30.06.2020 <sup>(1)</sup>	30.06.2019	30.06.2020 <sup>(1)</sup>	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Current tax expense	621	(409)	2,628	2,019
Deferred tax expense	-	(1)	-	(9)
<b>Total tax expense</b>	<b>621</b>	<b>(410)</b>	<b>2,628</b>	<b>2,010</b>
Effective tax rate (%)	28.83% <sup>(2)</sup>	(29.69) <sup>(3)</sup> %	22.29 <sup>(4)</sup> %	17.85 <sup>(4)</sup> %

#### 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 lower effective tax rate in the current financial quarter is mainly due to an over provision of tax expenses in previous financial quarter.
- (4) 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.

REVENUE GROUP BERHAD (1248321-D)

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

**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 RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Balance Utilisation RM'000</b>	<b>Estimated timeframe for utilisation upon listing</b>	<b>Revised timeframe for utilisation upon listing</b>
Capital expenditure	8,100	8,100	-	24 months	-
Enhancement of revPAY and expansion of IT team	4,040	4,040	-	24 months	-
Repayment of bank borrowings	2,500	2,500	-	3 months	-
Business expansion	1,500	471	1,029	24 months	36 months
Working capital	1,773	1,773	-	24 months	-
Listing expenses	2,700	2,700	-	Immediately	-
	<u>20,613</u>	<u>19,584</u>	<u>1,029</u>		

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

**B8. Bank borrowings**

The Group's bank borrowings were as follows:

	<b>UNAUDITED As at 30.06.2020 RM'000</b>	<b>UNAUDITED As at 30.06.2019 RM'000</b>
<b>Current:</b>		
Finance lease liabilities	-	153
Lease liabilities	742	-
Term loans	180	162
Bank overdraft	1,275	-
Banker acceptance	-	-
	<u>2,197</u>	<u>315</u>
<b>Non-current:</b>		
Finance lease liabilities	-	729
Lease liabilities	749	-
Term loans	5,071	5,165
	<u>5,820</u>	<u>5,894</u>
<b>Total bank borrowings</b>	<u><b>8,017</b></u>	<u><b>6,209</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 30 June 2020.

**REVENUE GROUP BERHAD (1248321-D)****B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B10. Dividend**

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

**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:

	<u>3-MONTH ENDED</u>		<u>YEAR-TO-DATE</u>	
	<u>30.06.2020</u>	<u>30.06.2019</u>	<u>30.06.2020</u>	<u>30.06.2019</u>
Profit attributable to ordinary owners of the Company (RM'000)	455	1,848	7,511	8,696
<b><u>Basic EPS</u></b>				
Weighted average number of ordinary shares ('000)	389,488	229,689	314,583	221,958
Basic EPS (sen)	0.12	0.80	2.39	3.92

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:

	<u>3-MONTH ENDED</u>		<u>YEAR-TO-DATE</u>	
	<u>30.06.2020</u>	<u>30.06.2019</u>	<u>30.06.2020</u>	<u>30.06.2019</u>
Profit attributable to ordinary owners of the Company (RM'000)	455	1,848	7,511	8,696
<b><u>Diluted EPS</u></b>				
Weighted average number of ordinary shares ('000)	391,130	232,972	316,224	225,242
Diluted EPS (sen) <sup>(1)</sup>	0.12	0.79	2.38	3.86

**Note:**

- (1) Diluted earnings per share of the Company for the individual quarter and year-to-date ended 30 June 2020 is calculated based on weighted average number of ordinary share in issue of 391,130,239 and 316,224,713 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>30.06.2020</u>	<u>30.06.2019</u>	<u>30.06.2020</u>	<u>30.06.2019</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Depreciation/Amortisation of property, plant and equipment and rights of use assets	2,333	1,995	6,898	6,552
Impairment losses on trade receivables	331	453	381	453
Bad debts written off	-	101	1	101
Reversal of impairment losses on trade receivables	18	(14)	(6)	(46)
Loss/(Gain) on foreign exchange				
• Realised	-	-	-	-
• Unrealised	944	76	845	230
Rental expenses				
• Office/space	-	104	20	362
• Leased equipment	127	33	708	162
Bad debts recovered	-	-	(1)	-
Gain on disposal of property, plant and equipment	(16)	(27)	(25)	(40)
Interest income	(69)	(32)	(190)	(136)

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