

REVENUE GROUP BERHAD (201701034150 (1248321-D))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2021⁽¹⁾

	Note	3-MONTH ENDED		YEAR-TO-DATE	
		30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Revenue	A9	17,553	23,475	86,964	78,378
Cost of sales		(7,335)	(14,230)	(42,041)	(40,645)
Gross profit ("GP")		10,218	9,245	44,923	37,733
Other income		267	464	1,065	840
Administrative expenses		(8,416)	(7,690)	(30,194)	(26,548)
Finance costs		(125)	(63)	(424)	(340)
Share of results of associate, net of tax		22	-	139	-
Profit before tax ("PBT")	B12	1,966	1,956	15,509	11,685
Taxation	B6	(570)	(621)	(3,485)	(2,628)
Profit after tax ("PAT")		1,396	1,335	12,024	9,057
Other comprehensive (loss)/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		(1)	(23)	(11)	(10)
Total comprehensive income for the financial period		1,395	1,312	12,013	9,047
Profit for the financial period attributable to:					
• Owners of the Company		1,282	455	11,146	7,511
• Non-controlling interests		114	880	878	1,546
		1,396	1,335	12,024	9,057
Total comprehensive income for the financial period attributable to:					
• Owners of the Company		1,281	432	11,135	7,501
• Non-controlling interests		114	880	878	1,546
		1,395	1,312	12,013	9,047
Earnings per share attributable to owners of the Company					
• Basic (sen) ⁽²⁾	B11	0.29	0.12	2.69	2.39
• Diluted (sen) ⁽³⁾	B11	0.21	0.12	2.68	2.38

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2021⁽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 year-to-date ended 30 June 2021 is calculated based on the weighted average number of ordinary shares in issue of 447,594,486 and 413,794,644 as at 30 June 2021 respectively. The 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 shares as at 30 June 2020 respectively.
- (3) Diluted earnings per share of the Company for the individual quarter ended 30 June 2021 is calculated based on the weighted average number of ordinary shares in issue of 616,389,529, adjusted for contingently issuable ordinary shares and number of shares under warrants as the warrants have a dilutive effect on the weighted average number of ordinary shares. Diluted earnings per share of the Company for the year-to-date ended 30 June 2021 is calculated based on the weighted average number of ordinary shares in issue of 415,794,644 as at 30 June 2021, adjusted for contingently issuable ordinary shares. 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 of 391,130,239 and 316,224,713 as at 30 June 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.

REVENUE GROUP BERHAD (201701034150 (1248321-D))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021⁽¹⁾**

	UNAUDITED	AUDITED
	As at	As at
	30.06.2021	30.06.2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,061	23,823
Intangible assets	11,660	8,973
Right-of-use assets	2,356	3,358
Investment in an associate	6,214	1,576
Goodwill on consolidation	10,830	9,896
Total non-current assets	56,122	47,626
Current Assets		
Inventories	7,999	9,933
Trade receivables	15,433	24,661
Other receivables	9,249	3,117
Other investment	40,683	-
Tax recoverable	1,669	1,664
Fixed deposits with licensed banks	811	251
Cash and bank balances	57,035	35,249
Total current assets	132,879	74,875
TOTAL ASSETS	189,001	122,501
EQUITY AND LIABILITIES		
Equity		
Share capital	121,143	49,269
Merger reserve	(15,694)	(15,694)
Warrant reserve	55,161	61,277
Other reserves	(61,447)	(67,563)
Foreign currency translation reserve	(38)	(27)
Retained earnings	49,759	38,618
Equity attributable to owners of the Company	148,884	65,880
Non-controlling interests	2,326	1,424
Total Equity	151,210	67,304
LIABILITIES		
Non-current liabilities		
Bank borrowings	4,896	5,169
Lease liabilities	661	938
Deferred tax liabilities	677	677
Total non-current liabilities	6,234	6,784

REVENUE GROUP BERHAD (201701034150 (1248321-D))**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021⁽¹⁾ (CONT'D)**

	UNAUDITED	AUDITED
	As at	As at
	30.06.2021	30.06.2020
	RM'000	RM'000
LIABILITIES (CONT'D)		
Current liabilities		
Trade payables	10,525	35,276
Other payables	18,869	8,886
Contract liabilities	-	490
Amount due to associate	417	414
Amount due to Directors	80	265
Bank borrowings	578	1,452
Lease liabilities	627	705
Tax payable	461	925
Total current liabilities	31,557	48,413
TOTAL LIABILITIES	37,791	55,197
TOTAL EQUITY AND LIABILITIES	189,001	122,501
Number of ordinary shares ('000)	452,971	389,842
NET ASSETS PER SHARE (RM)⁽²⁾	0.33	0.17

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 number of shares in issue of 452,971,361 as at 30 June 2021 and 389,842,162 as at 30 June 2020.

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REVENUE GROUP BERHAD (201701034150 (1248321-D))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2021⁽¹⁾

	Attributable to owners of the parent					Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Non-Distributable			Distributable					
	Share Capital RM'000	Merger Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Currency Translation Reserve RM'000				
Period ended 30 June 2020									
As at 1 July 2019									
- 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
Other comprehensive income for the financial year	-	-	-	-	(10)	-	(10)	-	(10)
Total comprehensive income for the financial period	-	-	-	-	(10)	7,511	7,501	1,546	9,047
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
Issuance of ordinary shares pursuant to special issue	512	-	-	-	-	-	512	-	512
Net changes of non-controlling interests	-	-	-	-	-	(8)	(8)	253	245
Total transactions with owners	2,581	-	(6)	6	-	(8)	2,573	253	2,826
As at 30 June 2020	49,269	(15,694)	61,277	(67,563)	(27)	38,406	65,668	2,315	67,982

REVENUE GROUP BERHAD (201701034150 (1248321-D))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2021⁽¹⁾ (CONT'D)

	Attributable to owners of the parent					Retained Earnings	Total	Non-controlling Interests	Total Equity	
	Non-Distributable									Distributable
	Share Capital	Merger Reserve	Warrant Reserve	Other Reserve	Foreign Currency Translation Reserve					RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Period ended 30 June 2021										
As at 1 July 2020	49,269	(15,694)	61,277	(67,563)	(27)	38,618	65,880	1,424	67,304	
Profit for the financial year	-	-	-	-	-	11,146	11,146	878	12,024	
Other comprehensive income/(loss) for the financial year	-	-	-	-	(11)	-	(11)	-	(11)	
Total comprehensive income/(loss) for the financial year	-	-	-	-	(11)	11,146	11,135	878	12,013	
Transactions with owners										
Issuance of ordinary shares pursuant to special issue	57,975	-	-	-	-	-	57,975	-	57,975	
Issuance of ordinary shares pursuant to the exercise of warrants	13,899	-	(6,116)	6,116	-	-	13,899	-	13,899	
Net changes of non-controlling interests	-	-	-	-	-	(5)	(5)	24	19	
Total transactions with owners	71,874	-	(6,116)	6,116	-	(5)	71,869	24	71,893	
As at 30 June 2021	121,143	(15,694)	55,161	(61,447)	(38)	49,759	148,884	2,326	151,210	

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 (201701034150 (1248321-D))

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2021⁽¹⁾**

	YEAR-TO-DATE	
	30.06.2021	30.06.2020
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	15,509	11,685
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	9,502	6,898
Finance costs	424	340
Loss/(Gain) on disposal of property, plant and equipment	5	(25)
Bad debts recovered	(18)	(1)
Bad debts written off	-	1
Impairment losses on trade receivables	795	381
Reversal of impairment losses on trade receivables	(528)	(6)
Interest income	(288)	(190)
Unrealised (gain)/loss on foreign exchange	(9)	845
Share of profit in associate	(139)	-
Operating profit before working capital changes	<u>25,253</u>	<u>19,928</u>
Changes in working capital		
Inventories	1,934	(5,515)
Receivables	2,852	(8,749)
Payables	(14,972)	19,268
Amount due to Directors	(210)	24
Amount owing to associate	3	-
Contract liabilities	(490)	(640)
	<u>(10,883)</u>	<u>4,388</u>
Cash generated from operations	14,370	24,316
Interest paid	(424)	(340)
Interest received	288	190
Tax paid	(3,955)	(2,793)
Exchange fluctuation adjustment	(14)	(10)
Net cash from operating activities	<u>10,265</u>	<u>21,363</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	(5)	29
Purchase of property, plant and equipment	(12,221)	(14,145)
Net cash outflows arising from acquisition of subsidiary company	(879)	256
Acquisition of an associate	(4,500)	-
Acquisition of other investment	(40,683)	(16)
Net cash used in investing activities	<u>(58,288)</u>	<u>(13,876)</u>

REVENUE GROUP BERHAD (201701034150 (1248321-D))

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2021⁽¹⁾ (CONT'D)**

	YEAR-TO-DATE	
	30.06.2021	30.06.2020
	RM'000	RM'000
Cash Flows From Financing Activities		
Proceeds from issuance of ordinary shares	71,875	2,581
Increase of fixed deposit pledged	(229)	-
Net changes of lease liabilities	(357)	619
Repayment of term loans/banker acceptance	(1,368)	(129)
Net cash from financing activities	69,921	3,071
Net increase/(decrease) in cash and cash equivalents	21,898	10,558
Cash and cash equivalents at the beginning of the financial year	35,249	23,185
Effect of exchange translation differences on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the financial year	57,147	33,743
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	57,035	34,757
Fixed deposits with licensed banks	811	741
Bank overdrafts	(219)	(1,275)
	57,627	34,223
Less: Fixed deposits pledged with licensed banks	(480)	(480)
	57,147	33,743

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**”) 134: Interim Financial Reporting and Rule 9.22 of Listing Requirements of Bursa Securities.

This interim financial statements on the Company’s unaudited condensed consolidated financial results for the fourth (4th) quarter ended 30 June 2021 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 2020 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 2020, except for the adoption of the following MFRSs and Amendments to MFRSs.

	<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 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform 1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Materials 1 January 2020
Amendment to MFRS 16	Covid-19 Related Rent Concessions 1 June 2020

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

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

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.

		Effective dates for financial periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendment to MFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2020	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvement to MFRS Standards 2018 - 2020		1 January 2022
<ul style="list-style-type: none"> • Amendments to MFRS 1 • Amendments to MFRS 9 • Amendments to MFRS 16 • Amendments to MFRS 141 		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Classification of Liabilities as Current and Non-current - Deferral of Effective Date	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimate	1 January 2023
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 (201701034150 (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 2020 was not subject to any qualification.

A4. Seasonal or cyclical factors

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

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

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

A6. Material changes in estimates

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

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REVENUE GROUP BERHAD (201701034150 (1248321-D))

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

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.

(a) Warrants conversion

The Company had issued 10,373,766 new ordinary shares pursuant to the exercise of Warrants during the financial quarter under review.

<u>Date</u>	<u>Number of new ordinary shares</u>
13 April 2021	300,000
20 April 2021	559,800
23 April 2021	1,191,000
27 April 2021	1,066,033
3 May 2021	1,166,000
5 May 2021	1,355,000
10 May 2021	682,000
12 May 2021	185,000
18 May 2021	214,133
20 May 2021	89,500
25 May 2021	25,000
31 May 2021	197,500
2 June 2021	500
4 June 2021	174,300
14 June 2021	229,100
15 June 2021	225,000
18 June 2021	314,200
22 June 2021	246,300
25 June 2021	1,361,400
29 June 2021	792,000
	<hr/> 10,373,766

A8. Dividends paid

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

REVENUE GROUP BERHAD (201701034150 (1248321-D))**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)****A9. Segmental information**

The Group's segmental information for the current financial quarter/year ended 30 June 2021 is as follows:

(a) Analysis of revenue by business segments

	3-MONTH ENDED		YEAR-TO-DATE	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Electronic Data Capture ("EDC") terminals	10,146	16,110	55,335	47,232
Electronic transaction processing Solutions and services	4,608	1,900	17,850	15,864
	2,799	5,465	13,779	15,282
Total	17,553	23,475	86,964	78,378

(b) Analysis of revenue by geographical location

	3-MONTH ENDED		YEAR-TO-DATE	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Malaysia	17,553	23,475	86,964	78,378
Total	17,553	23,475	86,964	78,378

A10. Valuation of property, plant and equipment

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

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

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

Save as disclosed below, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

a) **Acquisition of shares in Anypay Sdn Bhd (“Anypay”) (“Acquisition of Anypay”)**

On 9 July 2021, the Board announced that the Acquisition of Anypay by Revenue Harvest Sdn Bhd (“Revenue Harvest”), a wholly owned subsidiary company of REVENUE was completed following the listing of 1,632,027 Anypay Consideration Shares.

b) **Proposed Acquisition of shares in Vsure Tech Sdn Bhd (“Vsure”) (“Proposed Acquisition”) and Proposed subscription for shares in Vsure (“Proposed Subscription”) (“Proposed Transactions”)**

On 16 August 2021, the Board announced that Revenue Harvest had entered into the following agreements for the Proposed Transactions:

1. a Share Sale and Purchase Agreement (“SSPA”) with Wong Kok Hoe, Ho Kin Ming, Tan Kah Seong, Lee Chuey Wei, Lim Woei Jein, Jong Jar Shin, Sanjay Vivekanandan, Jonathan Leigh Joseph, Wee Hsien Paul, Koh Yang Mun, Kevin Eu Kee Yam, Donna Lim, Loh Tsuey Fah and Yong Kok Man (collectively, “Vendors”) for the acquisition of 2,550 ordinary shares of Vsure, representing approximately 2.5% of the entire current issued share capital of Vsure, for a cash consideration of RM1,200,000 (“Sale Shares”) in connection with the Proposed Acquisition; and
2. a Share Subscription Agreement (“SSA”) with Vsure relating to the subscription of 30,614 new ordinary shares of VTSB, representing approximately 23% of the enlarged issued share capital of VTSB, for a subscription sum of RM10,800,000 (“Subscription Shares”) in connection with the Proposed Subscription.

Upon completion of the Proposed Transactions, Vsure will become a 25% associate company of Revenue Harvest and indirect 25% associate company of REVENUE.

c) **Proposed Acquisitions of 4 leasehold lands from Starplus Corporation Sdn Bhd (“Starplus”) (“Proposed Acquisition of Lands”)**

On 16 August 2021, the Board announced that Next Revenue Sdn Bhd (“Next Revenue”), a wholly subsidiary company of Revenue Harvest and an indirect wholly owned subsidiary company of REVENUE, had entered into 2 conditional sale and purchase agreement with Starplus for the:

1. Proposed acquisition of 2 plots of leasehold lands together with buildings erected thereon, held under Pajakan Negeri 38021 Lot 37629 and Pajakan Negeri 38022 Lot 37630, all in Mukim Batu, Kuala Lumpur for a total cash consideration of RM24.50 million; and
2. Proposed acquisition of 2 plots of leasehold lands together with buildings erected thereon, held under HSD 34672 Lot 37631 and HSD 34673 Lot 37632, all in Mukim Batu, Kuala Lumpur for a total cash consideration of RM19.50 million.

REVENUE GROUP BERHAD (201701034150 (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.

On 1 April 2021, Revenue Harvest, subscribed 3,500,000 ordinary shares of Wannapay Sdn Bhd (formerly known as Scanpay Sdn Bhd) for a total cash consideration of RM3,500,000. Consequently, Wannapay Sdn Bhd became a 95.8% owned subsidiary company of Revenue Harvest and an indirect 95.8% owned subsidiary company of REVENUE.

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 30.06.2021 RM'000	<u>UNAUDITED</u> As at 30.06.2020 RM'000
Corporate guarantee given by REVENUE to licensed bank for banking facilities granted to a subsidiary of REVENUE	10,000	10,000
Bank guarantee given to Payments Network Malaysia Sdn. Bhd. in favour of Revenue Harvest Sdn Bhd. and Revenue Solution Sdn. Bhd.	480	470

A14. Capital commitments

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

	<u>UNAUDITED</u> As at 30.06.2021 RM'000	<u>UNAUDITED</u> As at 30.06.2020 RM'000
Material commitment		
Purchase of software system	877	-
	<u>877</u>	<u>-</u>

A15. 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 RM17.55 million for the current financial quarter ended 30 June 2021 (30 June 2020: RM23.48 million).

The Group's revenue was principally derived from the EDC terminals segments, followed by the electronic transaction processing segment and Solutions & Services segments accounting for approximately 57.80%, 26.25% and 15.95% respectively of the total revenue for the current financial quarter ended 30 June 2021. The Malaysian market is the single largest market accounted for the entire total revenue for the current financial quarter ended 30 June 2021.

The Group's revenue decreased by RM5.93 million from RM23.48 million for financial quarter ended 30 June 2020 to RM17.55 million for the financial quarter ended 30 June 2021. The lower revenue recorded was mainly attributed to the lower sales of EDC terminals by approximately RM8.37 million. However, the revenue from the rental and maintenance of EDC terminals recorded an increase by approximately RM2.40 million arising from the increase in the number of EDC terminals managed by the Group and the electronic transaction processing income increased by approximately RM2.71 million after the easing of the Movement Control Order ("MCO") as compared to the MCO first implemented last year. The revenue from the Solutions & Services segments had decreased by approximately RM2.67 million mainly attributed to lower revenue from the IT Solutions & Services by approximately RM1.74 million due to lower income with the absence of revenue from the completion of the Network Access Controller project in last year's corresponding quarter, as well as a drop in the digital payment services by approximately RM0.88 million due to lower volume.

The Group registered a PBT of RM1.97 million in the current financial quarter under review (30 June 2020: RM1.96 million). The marginal increase in the PBT recorded for the current financial quarter ended 30 June 2021 was mainly due lower revenue from the sales of EDC terminals but was mitigated by the increase in the revenue from the rental and maintenance of EDC terminals and the income from the electronic transaction processing due to the wider adoption of digitalisation as both customers and consumers shifted into electronic payment for convenience and safety, as well as the easing of the MCO as compared to the last year corresponding quarter. Other income had decreased by approximately RM0.20 million due to the lower relief received from the wage subsidy programme initiated by the Government of Malaysia as a Covid-19 relief in current financial quarter under review.

The Group recorded a higher administrative expense amounting to RM0.73 million mainly due to higher depreciation charges by approximately RM0.39 million, increase in the connectivity expenses (e.g. SIM cards, lease lines etc.) by approximately RM0.56 million, increase in staff cost by approximately RM0.52 million, increase in impairment loss on trade receivables by approximately RM0.15 million and a decrease in the unrealised foreign exchange loss by approximately RM0.93 million.

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 RM86.96 million (30 June 2020: RM78.38 million).

The Group's revenue was principally derived from the EDC terminals segments, followed by the electronic transaction processing segment and Solutions & Services segments accounting for approximately 63.63%, 20.53% and 15.84% respectively of the total revenue for the current financial year ended 30 June 2021. The Malaysian market is the single largest market accounted for the entire total revenue for the current financial quarter ended 30 June 2021.

The Group's revenue increased by RM8.58 million from RM78.38 million for financial year ended 30 June 2020 to RM86.96 million for the financial year ended 30 June 2021. The higher revenue recorded mainly attributed to the higher revenue generated from the rental and maintenance of EDC terminals by approximately RM8.88 million arising from the increase in the number of EDC terminals managed by the Group and the increase in the electronic transaction processing income by approximately RM1.99 million due to the gradual easing of the MCO resulting in a recovery of electronic transaction. However, the increase was offset by a drop in the revenue from the sales of EDC terminals by approximately RM0.78 million arising from the discount given for bulk purchases, as well as lower revenue from the Solutions & Services by approximately RM1.50 million due to the completion of the NAC project in the preceding year.

The Group registered a PBT of RM15.51 million in the current financial year under review (30 June 2020: RM11.69 million). The higher PBT recorded for the current financial year ended 30 June 2021 mainly driven by the higher revenue from the business activities.

B2. Comparison with immediate preceding quarter's results

	<u>3-MONTH ENDED</u>		<u>CHANGES</u>	
	<u>30.06.2021</u>	<u>31.03.2021</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	17,553	29,080	(11,527)	(39.6)%
PBT	1,966	4,958	(2,992)	(60.3)%

For the current financial quarter ended 30 June 2021, the Group recorded a lower revenue by approximately RM11.53 million, mainly attributed to lower sales of EDC terminals by approximately RM11.94 million but was mitigated by an increase in the revenue from the rental and maintenance of EDC terminals and electronic transaction processing income by approximately RM0.91 million and approximately RM0.23 million respectively.

For the current financial quarter ended 30 June 2021, the Group recorded a lower PBT by approximately RM2.99 million as compared to RM4.96 million in the immediate preceding financial quarter ended 31 March 2021 mainly attributed to the lower revenue achieved.

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 is continuously looking 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.

However, due to the outbreak of Covid-19, the intended business plan was halted due to the lockdown of borders which impede the Group from travelling to Myanmar and Cambodia to set up its infrastructure and operations team. The Group has decided to halt all regional business expansion until and upon the improvement of the pandemic. As such, the Board has decided to vary the utilisation of proceeds for business expansion to purchase approximately 1,500 units of new EDC Terminals. The Variations will allow the Company with readily cash-in-hand for the purchase of EDC terminals and expand our operations on our EDC terminals segment. Notwithstanding the outbreak of the pandemic, the Group still intends to expand to Myanmar and Cambodia in the future using internally generated funds.

(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 Wannapay Sdn Bhd (formerly known as Scanpay Sdn Bhd) (“WannaPay”), Wannatalk Malaysia Sdn Bhd (“Wannatalk”), as well as the Proposed Transactions with Vsure 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.

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

B3. Prospects and outlook (Cont'd)

(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 digital payment terminals and via our WannaPay e-wallet. 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.

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. As a preventive measure to counter the spread of COVID-19 in Malaysia, the Malaysian Government had imposed MCO commencing on 18 March 2020 and has since extended numerous times.

The Government had gradually and progressively eased the restriction and businesses were allowed to operate under strict Standard Operating Procedures and this had provided a temporary uplift of Malaysia’s economy which resulted in Malaysia’s GDP contracted by 0.5% for the first quarter of 2021 as compared to a decrease of 3.4% in the preceding quarter. The economy is showing a sign of recovery and the outlook seems brighter with the implementation of National Immunisation Programme which is aimed to bring the COVID-19 virus under control.

However, due to the recent surge in the COVID-19 infections, the Government had on 28 May 2021 announced a full lockdown from 1 June 2021 onwards, which then gradually moved into the various phases of the National Recovery Plan. As such, the recovery of Malaysia’s economy, as well as the return to normal social behaviour will require more time and efforts from all stakeholders.

The Group’s business is categorised under essential services (under Banking and Finance services) and is allowed to operate throughout the various MCO period and thus far the Group have been able to navigate through the COVID-19 pandemic soundly and safely. However, with the continuation lingering of the uncertainty in the global and local economy due to the COVID-19 pandemic, the performance of the Group for the financial year ending 2022 will remain challenging.

Premised on the above, the Group has embarked on a series of business strategies and future plans, however, the Board is cautious on the potential impact of the COVID-19 pandemic and will continue to manage the Group’s business with vigilance during this uncertain period.

B4. Profit forecast or profit guarantee

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

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

B5. Status of corporate proposals

Save as disclosed in A11 and below, there were no corporate proposals undertaken but not completed as at the date of this interim financial report.

(a) Proposed Transfer

On 5 November 2020, the Company proposed to undertake a transfer listing of the listing and quotation of the entire issued share capital of REVENUE from ACE Market to Main Market of Bursa Securities (“Proposed Transfer”) and proposed to undertake an amendment to the Constitution of the Company to facilitate the implementation of the Proposed Transfer at the annual general meeting of the Company to be held on 7 December 2020 (“Proposed Amendment”).

On 7 December 2020, the shareholders of REVENUE approved the Proposed Amendment.

On 30 April 2021, the Board announced that the application in relation to the Proposed Transfer had been submitted to Securities Commission Malaysia.

B6. Income tax expenses

	3-MONTH ENDED		YEAR-TO-DATE	
	30.06.2021⁽¹⁾	30.06.2020	30.06.2021⁽¹⁾	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Current tax expense	570	621	3,485	2,628
Deferred tax expense	-	-	-	-
Total tax expense	570	621	3,485	2,628
Effective tax rate (%)	28.97 ⁽²⁾ %	28.83%	22.47 ⁽³⁾ %	22.29%

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 year-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.

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

B7. Utilisation of proceeds

(a) 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⁽¹⁾	Actual Utilisation	Balance Utilisation	Revised Utilisation	Estimated timeframe for utilisation upon listing	Revised timeframe for utilisation⁽²⁾
	RM'000	RM'000	RM'000	RM'000		
Capital expenditure	8,100	8,100	-	1,029	24 months	12 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	(1,029) ⁽³⁾	24 months	-
Working capital	1,773	1,773	-	-	24 months	-
Listing expenses	2,700	2,700	-	-	Immediately	-
	20,613	19,584	1,029	1,029		

Notes:

1. The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 11 June 2018.
2. From 7 July 2021.
3. The Company intends to utilise RM1.03 million of the proceeds to purchase approximately 1,500 new digital EDC Terminals with the capability to accept QR payments to increase the Company's deployment of EDC terminals over a 12 months period.

(b) Utilisation of proceeds from the private placement (Special Issue)

The gross proceeds arising from the Special Issue amounting to RM58.49 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	44,968	35,086	9,882	24 months
Enhancement of revPAY and expansion of IT team	8,670	3,727	4,943	24 months
Working capital	3,399	2,414	985	24 months
Expenses in relation to the Special Issue	1,450	618	832	Immediately
	58,487	41,845	16,642	

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>	<u>UNAUDITED</u>
	As at	As at
	30.06.2021	30.06.2020
	RM'000	RM'000
Current:		
Lease liabilities	627	742
Term loans	359	180
Bank overdraft	219	1,275
	<u>1,205</u>	<u>2,197</u>
Non-current:		
Lease liabilities	661	749
Term loans	4,896	5,071
	<u>5,557</u>	<u>5,820</u>
Total bank borrowings	<u>6,762</u>	<u>8,017</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 2021.

B10. Dividend

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

REVENUE GROUP BERHAD (201701034150 (1248321-D))**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B11. Earnings per share**

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

	3-MONTH ENDED		YEAR-TO-DATE	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit attributable to owners of the Company (RM'000)	1,282	455	11,146	7,511
<u>Basic EPS</u>				
Weighted average number of ordinary shares ('000)	447,594	389,488	413,795	314,583
Basic EPS (sen)	0.29	0.12	2.69	2.39

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

	3-MONTH ENDED		YEAR-TO-DATE	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit attributable to owners of the Company (RM'000)	1,282	455	11,146	7,511
<u>Diluted EPS</u>				
Weighted average number of ordinary shares ('000)	616,390	391,130	415,795	316,224
Diluted EPS (sen) ⁽¹⁾	0.21	0.12	2.68	2.38

Note:

- (1) Diluted earnings per share of the Company for the individual quarter ended 30 June 2021 is calculated based on the weighted average number of ordinary shares in issue of 616,389,529, adjusted for contingently issuable ordinary shares and number of shares under warrants as the warrants have a dilutive effect on the weighted average number of ordinary shares. Diluted earnings per share of the Company for the year-to-date ended 30 June 2021 is calculated based on the weighted average number of ordinary shares in issue of 415,794,644 as at 30 June 2021, adjusted for contingently issuable 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):

	3-MONTH ENDED		YEAR-TO-DATE	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment and right-of-use assets	2,726	2,333	9,502	6,898
Impairment losses on trade receivables	462	331	795	381
Reversal of impairment losses on trade receivables	41	18	(528)	(6)
Loss/(Gain) on foreign exchange				
• Realised	(9)	-	(9)	-
• Unrealised	17	944	(9)	845
Rental expenses				
• Office	27	-	49	20
• Leased equipment	-	127	-	708
Bad debts recovered	(5)	-	(18)	(1)
Bad debts written off	-	-	-	1
Loss/(Gain) on disposal of property, plant and equipment	-	(16)	5	(25)
Interest income	(189)	(69)	(288)	(190)
Rental income	(10)	-	(33)	-

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