

11. FINANCIAL INFORMATION**11.1 HISTORICAL FINANCIAL INFORMATION**

Our Company was only incorporated on 26 September 2017 to facilitate the Listing. The historical financial information of our Group for FYE 2015 to 2017 and FPE 2017 is therefore presented based on the historical combined audited financial statements of our Group. The historical financial information of our Group for FPE 2016 is presented based on the historical combined unaudited financial statements of our Group.

The audited financial statements throughout the FYE 2015 to 2017 and FPE 2017 as well as the unaudited financial statements throughout FPE 2016 have been prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

11.1.1 Historical combined audited statements of profit or loss and other comprehensive income

The following table sets out a summary of the historical combined audited statements of profit or loss and other comprehensive income of our Group for the FYE 2015 to 2017 and FPE 2017 as well as the historical combined unaudited statements of our Group for the FPE 2016 which have been extracted from the Accountants' Report set out in Section 12. It should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 and the Accountants' Report set out in Section 12.

	Audited			Unaudited	Audited
	FYE 2015	FYE 2016	FYE 2017	6-months FPE 2016	6-months FPE 2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	14,386	25,726	26,526	12,927	15,397
Cost of sales	(4,837)	(11,597)	(10,780)	(6,473)	(5,489)
GP	9,549	14,129	15,746	6,454	9,908
Other income	593	468	3,435	301	273
Administrative expenses	(6,967)	(8,129)	(10,078)	(4,650)	(5,570)
Finance costs	(450)	(547)	(532)	(256)	(199)
PBT	2,725	5,921	8,571	1,849	4,412
Taxation	(609)	(1,408)	(1,639)	(899)	(1,054)
PAT	2,116	4,513	6,932	950	3,358
Non-controlling interests	-	-	44	52	(46)
PAT attributable to the owners of the Company	2,116	4,513	6,976	1,002	3,312
EBIT ⁽¹⁾	3,148	6,433	8,984	2,040	4,551
EBITDA ⁽¹⁾	5,023	8,511	12,195	3,427	6,670
GP margin (%)	66.4	54.9	59.4	49.9	64.4
PBT margin (%)	18.9	23.0	32.3	14.3	28.7
PAT margin (%)	14.7	17.5	26.1	7.3	21.8
Effective tax rate (%)	22.3	23.8	19.1	48.6	23.9
EPS (sen) ⁽²⁾	1.27	2.70	4.18	0.60	1.98
Diluted EPS (sen) ⁽³⁾	0.95	2.03	3.13	0.45	1.49

11. FINANCIAL INFORMATION (Cont'd)**Notes:**

(1) EBIT and EBITDA are calculated as follows:

	Audited			Unaudited	Audited
	FYE 2015	FYE 2016	FYE 2017	6-months	6-months
	RM'000	RM'000	RM'000	FPE 2016	FPE 2017
PAT	2,116	4,513	6,932	950	3,358
Less:					
Interest income	(27)	(35)	(119)	(65)	(60)
Add:					
Finance costs	450	547	532	256	199
Taxation	609	1,408	1,639	899	1,054
EBIT	3,148	6,433	8,984	2,040	4,551
Add:					
Depreciation	1,875	2,078	3,211	1,387	2,119
EBITDA	5,023	8,511	12,195	3,427	6,670

(2) Calculated based on our PAT attributable to the owners of the Company divided by the share capital of 167,136,000 Shares before our IPO.

(3) Calculated based on our PAT attributable to the owners of the Company divided by the enlarged share capital of 222,848,000 after our IPO.

11.1.2 Historical combined audited statements of financial position

The following table sets out the historical combined audited statements of financial position of our Group as at 30 June 2015, 2016, 2017 and as at 31 December 2017, which have been extracted from the Accountants' Report set out in Section 12. It should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 and the Accountants' Report set out in Section 12.

	Audited			
	As at 30 June			As at 31
	2015	2016	2017	December
	RM'000	RM'000	RM'000	2017
				RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	11,861	14,044	21,882	22,970
Investment properties	4,944	4,841	-	-
Goodwill on consolidation	2,684	2,684	2,684	2,684
Total non-current assets	19,489	21,569	24,566	25,654
Current assets				
Trade receivables	3,493	5,475	5,295	5,165
Other receivables	750	403	2,888	1,267
Tax recoverable	40	28	457	-
Fixed deposits with licensed banks	675	694	612	544
Cash and bank balances	3,881	9,168	9,175	16,718
Total current assets	8,839	15,768	18,427	23,694
TOTAL ASSETS	28,328	37,337	42,993	49,348

11. FINANCIAL INFORMATION (Cont'd)

	Audited			
	As at 30 June			As at 31 December
	2015	2016	2017	2017
	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES				
Equity				
Share capital	1,000	1,000	1,000	1,020
Retained earnings	6,474	10,987	15,713	19,025
Equity attributable to owners of the Company	7,474	11,987	16,713	20,045
Non-controlling interests	-	-	(19)	27
Total equity/ NA	7,474	11,987	16,694	20,072
Non-current liabilities				
Finance lease payables	330	435	349	73
Bank borrowings	11,450	11,118	7,029	6,899
Deferred tax liabilities	286	439	881	546
Total non-current liabilities	12,066	11,992	8,259	7,518
Current liabilities				
Trade payables	883	2,315	2,468	2,348
Other payables	6,567	9,599	11,676	17,503
Amount due to Directors	583	438	2,408	1
Finance lease payables	87	104	89	15
Bank borrowings	586	349	1,120	1,165
Tax payable	82	553	279	726
Total current liabilities	8,788	13,358	18,040	21,758
TOTAL LIABILITIES	20,854	25,350	26,299	29,276
TOTAL EQUITY AND LIABILITIES	28,328	37,337	42,993	49,348

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11. FINANCIAL INFORMATION (Cont'd)**11.1.3 Historical combined audited statements of cash flows**

The following table sets out the audited statements of cash flows for the FYE 2015 to 2017 and FPE 2017, which have been extracted from the Accountants' Report set out in Section 12. It should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 and the Accountants' Report set out in Section 12.

	Audited			
	FYE 2015	FYE 2016	FYE 2017	6-months
	RM'000	RM'000	RM'000	FPE 2017
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
PBT	2,725	5,921	8,571	4,412
Adjustments for:				
Bad debts written off				
- Trade receivables	50	3	-	184
- Other receivables	-	1	25	25
Depreciation of property, plant and equipment	1,771	1,974	3,107	2,119
Depreciation of investment properties	104	104	104	-
Finance costs	450	547	532	199
Gain on disposal of property, plant and equipment	(31)	(44)	(706)	(14)
Gain on disposal of investment properties	-	-	(2,063)	-
Gain on disposal of a subsidiary company	-	-	(24)	-
Impairment losses on trade receivables	-	800	419	60
Reversal of impairment loss on trade receivables	-	-	-	(1)
Deposits forfeited	-	-	-	(9)
Interest income	(27)	(35)	(119)	(60)
Over provision of point redemption in prior year	(310)	-	(133)	-
Unrealised loss/(gain) on foreign exchange	65	50	(125)	(137)
Operating profit before working capital changes	4,797	9,321	9,588	6,778
Changes in working capital:				
Receivables	301	(2,489)	(527)	(690)
Payables	(3,490)	4,466	2,484	5,815
Amount due to Directors	(41)	(145)	(130)	(307)
	(3,230)	1,832	1,827	4,818
Cash generated from operations	1,567	11,153	11,415	11,596
Cash generated from operations				
Interest paid	(450)	(547)	(532)	(199)
Interest received	27	35	119	60
Tax paid	(482)	(813)	(1,901)	(520)
Tax refunded	128	40	-	34
Net cash from operating activities	790	9,868	9,101	10,971

11. FINANCIAL INFORMATION (Cont'd)

	Audited			
	FYE 2015	FYE 2016	FYE 2017	6-months FPE 2017
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Net cash outflows arising from disposal of a subsidiary company	-	-	(1)	-
Proceeds from disposal of property, plant and equipment	35	159	719	17
Proceeds from disposal of investment properties	-	-	4,619	2,181
Purchase of property, plant and equipment	(2,100)	(3,947)	(10,959)	(3,209)
Net cash used in investing activities	(2,065)	(3,788)	(5,621)	(1,011)
Cash flows from financing activities				
Decrease/(Increase) in fixed deposits pledged	245	(18)	82	75
Dividends paid	-	-	(150)	(2,100)
Proceeds from issuance of shares	-	-	-	20
Repayment of finance lease payables	(83)	(204)	(101)	(349)
Repayment of term loans	(584)	(501)	(4,279)	(97)
Net cash used in financing activities	(422)	(723)	(4,448)	(2,451)
Net (decrease)/increase in cash and cash equivalents	(1,697)	5,357	(968)	7,509
Cash and cash equivalents at the beginning of the financial year	5,615	3,918	9,275	8,321
Effect of exchange translation differences on cash and cash equivalents	-	-	14	28
Cash and cash equivalents at the end of the financial year	3,918	9,275	8,321	15,858

Note:

(1) Negligible

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11. FINANCIAL INFORMATION (Cont'd)

11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and segmental analysis of our audited results for the FYE 2015 to 2017 and FPE 2017 should be read in conjunction with the Accountants' Report included in Section 12.

11.2.1 Overview of our operations

(a) Principal activities

Our Group is principally engaged in the following 3 core business segments:

- (i) Distribution, deployment and maintenance of EDC terminals;
- (ii) Provision of electronic transaction processing services for credit cards and debit cards, where we act as Acquirers, Master Merchants, Third Party Acquirers or Third Party Payment Processors; and
- (iii) Provision of solutions and services such as ICT solutions and network infrastructure.

Please refer to Section 7 for our Group's detailed business overview. Please refer to Section 9 for risk factors that may affect our revenue and financial performance.

(b) Revenue

Based on our 3 core business segments, our Group's revenue is mainly derived as follows:

- (i) EDC terminals segment
 - (aa) Recurring monthly rental income from renting our EDC terminals to our financial institutions and Merchants;
 - (bb) Recurring monthly maintenance income from the maintenance of EDC terminals; and
 - (cc) Income from the sale of EDC terminals and spare parts.
- (ii) Electronic transaction processing segment
 - (aa) Net MDR earned, after taking into account of Card Scheme's interchange fee, from the processing of electronic transactions via the EDC terminal channel (card-present), whereby as Acquirer, we charge the Merchants a MDR calculated based on the transactional value;
 - (bb) Pre-determined commission earned from the processing of electronic transactions via e-commerce/mobile commerce channel (card-not-present), whereby as Acquirer, we charge the Merchants a pre-determined commission rate calculated on the transactional value;

11. FINANCIAL INFORMATION (Cont'd)

- (cc) A share of the net MDR earned, after taking into account of Card Scheme's interchange fee, from the Acquirer for our role as the Acquirer's Third Party Payment Processor. We have only commence this role subsequent to FYE 2017; and
 - (dd) A share of the net MDR earned, after taking into account of Card Scheme's interchange fee, from recruitment of Merchants as the Acquirers' Master Merchant.
- (iii) Solutions and services segment
- Revenue generated from the sales, development and licensing of software, payment network security solutions, as well as its related hardware including its maintenance services.

Please refer to Section 7 for our Group's detailed business overview.

(c) Cost of sales

Our cost of sales mainly comprises the following key elements:

- (i) EDC terminals segment
 - (aa) Purchases of EDC terminals and direct expenses such as sales tax, freight charges, custom duties, transportation charges and other miscellaneous costs incurred for the purchase of EDC terminals;
 - (bb) Depreciation on EDC terminals capitalised as property, plant and equipment for our rental business;
 - (cc) Manpower cost related to the installation of EDC terminals and apportionment of our IT staff cost; and
 - (dd) Software development cost paid to third party service providers for the configuration of the EDC terminals to enable EMV chip and PIN-based payment acceptance.
- (ii) Electronic transaction processing segment
 - (aa) A portion of the net MDR, after taking into account of Card Scheme's interchange fee, payable to financial institutions where we collaborate with them based on a Third Party Acquirer arrangement;
 - (bb) Bank charges payable to banks for online electronic transaction processing; and
 - (cc) Apportionment of our IT staff cost.
- (iii) Solutions and services segment
 - (aa) Purchases of hardware and software and direct expenses such as sales tax, freight charges, custom duties, transportation charges and other miscellaneous costs incurred for the purchase of hardware and software;

11. FINANCIAL INFORMATION (Cont'd)

(bb) Costs of third party service providers to whom we sub-contract certain solutions and services (if any); and

(cc) Apportionment of our IT staff cost.

(d) Other income

Other income includes primarily interest income, gain on foreign exchange and gain on disposal of property, plant and equipment and investment properties.

(e) Administrative expenses

Administrative expenses comprise:

(i) Costs incurred to maintain our business operations such as manpower cost, directors' remuneration, communication costs, depreciation of property, plant and equipment (excluding EDC terminals capitalised for our rental business) and rental of our business premises;

(ii) Selling and distribution expenses for the marketing and distribution of our products and services such as advertisement costs; and

(iii) Other operating expenses which are not directly related to our operations such as bad debts written off and property, plant and equipment written off.

(f) Finance costs

Our finance costs comprise mainly interest expenses on borrowings.

(g) Recent developments

There were no significant events subsequent to our Group's audited consolidated financial statements for FPE 2017.

(h) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during FYE 2015 to 2017 and FPE 2017. In addition, our audited financial statements for the 3 financial years and 6 months financial period under review were not subject to any audit qualifications.

(i) Significant factors affecting our business

Section 9 details a number of risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect revenues and profits include but are not limited to the following:

(i) Dependency on our major customers

Our major customers contributed between 55.7% to 74.6% of our total revenue for FYE 2015 to 2017 and FPE 2017. Should any of our major customers discontinue their contractual relationships with us or collaborate with our competitors, our business will be adversely affected.

11. FINANCIAL INFORMATION (Cont'd)

(ii) Competition

We may face increased competition in the future as new companies enter the market and existing competitors expand their services. If we are unable to compete with our competitors, it may result in a loss of business for us.

(iii) Continued memberships with Card Schemes and e-money payment scheme

To provide electronic transaction processing under a Card Scheme or e-money payment scheme, our Group must be a member of the payment scheme. If we fail to continuously comply with their standards and requirements, we may lose our membership, which will materially and adversely affect us.

(iv) Licencing requirements, relevant regulations and industry standards

We have been acknowledged by BNM to undertake Merchant acquisition services. If we fail to comply with the BNM guidelines, statutory regulations or PCI DSS, we may not be able to maintain our membership with the payment schemes, which will materially and adversely affect us.

(v) Changes in technology and dependency on market acceptance of our products and services

To remain competitive, our products and services must keep abreast with the changing payment technology incorporating the latest payment methods. If we are unable to develop new or enhance existing products and services on a timely and cost-effective basis, we may not be able to compete in the market, which will then materially and adversely affect us.

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11. FINANCIAL INFORMATION (Cont'd)**11.2.2 Review of operations****(a) Revenue**

The revenue segmentation of our Group for the FYE 2015 to 2017, FPE 2016 and FPE 2017 is set out below.

Analysis of revenue by business segments

The breakdown of our Group's revenue by business segments is as follows:

	FYE 2015		Audited FYE 2016		FYE 2017		Unaudited 6-months FPE 2016		Audited 6-months FPE 2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
EDC terminals:										
• Sales	2,489	17.3	10,430	40.5	4,536	17.1	2,893	22.4	617	4.0
• Rental	6,860	47.7	6,732	26.2	8,534	32.2	4,199	32.5	5,169	33.6
	9,349	65.0	17,162	66.7	13,070	49.3	7,092	54.9	5,786	37.6
Electronic transaction processing	4,308	29.9	6,709	26.1	11,675	44.0	4,879	37.7	7,724	50.2
Solutions & services	729	5.1	1,855	7.2	1,781	6.7	956	7.4	1,887	12.2
	14,386	100.0	25,726	100.0	26,526	100.0	12,927	100.0	15,397	100.0

Our revenue for FYE 2015 to 2017 and FPE 2016 was mainly contributed by our EDC terminals segment. However, revenue contribution from our electronic transaction processing segment increased from 29.9% in FYE 2015 to 44.0% in FYE 2017 and 50.2% in FPE 2017 mainly due to increase in transactional value processed via our revPAY platform. The uptrend in electronic transaction processing was driven by higher consumer acceptance of electronic payments in general.

11. FINANCIAL INFORMATION (Cont'd)**Commentary on revenue****Comparison between FYE 2015 and FYE 2016*****EDC terminals***

Revenue from our EDC terminals segment increased by RM7.8 million (or 83.6%) to RM17.2 million in FYE 2016 (FYE 2015: RM9.3 million). The increase was mainly attributed to the increase in revenue from the sales of EDC terminals by RM7.9 million, mainly driven by an increase in sales volume of EDC terminals by approximately 9,600 units. The increase in EDC terminals was largely due to the industry-wide migration of payment cards acceptance from EMV chip and signature-based to EMV chip and PIN-based which had necessitated a change in EDC terminals.

Electronic transaction processing

Revenue from our electronic transaction processing segment increased by RM2.4 million (or 55.7%) to RM6.7 million in FYE 2016 (FYE 2015: RM4.3 million). The increase was mainly attributed to the increase in the transaction volume of 1.3 million in FYE 2015 to 1.6 million in FYE 2016. The transactional value processed also increased to approximately RM349.6 million in FYE 2016 (FYE 2015: RM300.4 million). The increase in the transaction volume and transactional value processed is a result of the increasing trend of consumers using electronic payments instead of cash to pay for their purchases.

Solutions & services

Revenue from our solutions & services segment increased by RM1.1 million (or 154.5%) to RM1.9 million in FYE 2016 (FYE 2015: RM0.7 million). The increase was attributed to:

- (i) The completion of a system development project for Diners Club amounting to RM0.9 million as well as work-in-progress for a software development project for UnionPay amounting to RM0.3 million; and
- (ii) The completion of multiple projects for various financial institutions amounting to RM0.4 million for the development of software and migration of system to enable EMV chip and PIN-based payment acceptance.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2017 and FYE 2016**

Our revenue increased by RM0.8 million (or 3.1%) to RM26.5 million in FYE 2017 (FYE 2016: RM25.7 million).

EDC terminals

Revenue from our EDC terminals segment decreased by RM4.1 million (or 23.8%) to RM13.1 million in FYE 2017 (FYE 2016: RM17.2 million). The decrease was attributed to a decrease in revenue from sales of EDC terminals by RM5.9 million (or 56.5%), mainly due to a drop in sales of EDC terminals by approximately 9,400 units as some of our financial institutions customers changed their procurement strategy for EDC terminals from outright purchase to rental.

The decrease in revenue from our EDC terminals segment was partly mitigated by higher revenue from the rental of EDC terminals, which increased by RM1.8 million (or 26.8%) mainly driven by an increase in the number of EDC terminals rented. The average number of EDC terminals rented per month improved from approximately 9,300 units during FYE 2016 to approximately 11,600 units during FYE 2017.

Electronic transaction processing

Revenue from our electronic transaction processing segment increased by RM5.0 million (or 74.0%) to RM11.7 million in FYE 2017 (FYE 2016: RM6.7 million). The increase was attributed to the increase in transaction volume to 3.3 million in FYE 2017 (FYE 2016: 1.6 million). The transactional value processed also increased to approximately RM664.9 million in FYE 2017 (FYE 2016: RM349.6 million).

The higher transaction volume and transactional value processed was due to a wider acceptance by consumers in using debit cards for payment transactions pursuant to the payments industry reform initiated by BNM.

Solutions & services

Revenue from our solutions & services segment decreased marginally by 4.0% to RM1.8 million in FYE 2017 (FYE 2016: RM1.9 million). Although the number of projects undertaken in FYE 2017 is more than FYE 2016 (FYE 2017: 11 projects, FYE 2016: 8 projects), the value of these projects were lower. In addition, the software development project for UnionPay which was a work-in-progress in prior year was completed in FYE 2017.

11. FINANCIAL INFORMATION (Cont'd)

Comparison between FPE 2016 and FPE 2017

Our revenue increased by RM2.5 million (or 19.1%) to RM15.4 million in FPE 2017 (FPE 2016: RM12.9 million).

EDC terminals

Revenue from our EDC terminals segment decreased by RM1.3 million (or 18.4%) to RM5.8 million in FPE 2017 (FPE 2016: RM7.1 million). The decrease was attributed to a decrease in revenue from the sales of EDC terminals by RM2.3 million, mainly attributed to a drop in the sales of EDC terminals by approximately 3,000 units as some of our financial institutions customers changed their procurement strategy for EDC terminals from outright purchase to rental during FPE 2017.

The decrease in revenue from our EDC terminals was partly mitigated by higher revenue from the rental of EDC terminals, which increased by RM1.0 million. This is mainly driven by an increase in the number of EDC terminals rented. The average number of EDC terminals rented per month increased from approximately 11,400 units during FPE 2016 to approximately 14,500 units during FPE 2017.

Electronic transaction processing

Revenue from our electronic transaction processing segment increased by RM2.8 million (or 58.3%) to RM7.7 million in FPE 2017 (FPE 2016: RM4.9 million). The increase was attributed to the increase in transaction volume to 2.5 million in FPE 2017 (FPE 2016: 1.6 million). The transactional value processed also increased to approximately RM485.5 million in FPE 2017 (FPE 2016: RM313.4 million).

The increase in the revenue of the electronic transaction processing was mainly driven by the increase in the number of consumers making purchases online. The increase in the transaction volume of our Card Schemes, such as MyDebit, Diners Club, UnionPay and the commencement of QR Payment acceptance from August 2017 onwards had also contributed to the increase in revenue for this segment.

Solutions & services

Revenue from our solutions & services segment increased by RM0.9 million (or 97.4%) to RM1.9 million in FPE 2017 (FPE 2016: RM1.0 million). During FPE 2017, we secured 2 new security software maintenance contracts amounting to RM0.6 million, an additional project to develop contactless payment for Diners Club amounting to RM0.2 million and a new NAC project for payment solution amounting to RM0.5 million.

11. FINANCIAL INFORMATION (Cont'd)**(b) Cost of sales, GP and GP margin**

The analysis of our cost of sales, GP and GP margin and the year-on-year commentary for the FYE 2015 to 2017, FPE 2016 and FPE 2017 is explained below.

Analysis of cost of sales by business segments

	FYE 2015		Audited FYE 2016		FYE 2017		Unaudited 6-months FPE 2016		Audited 6-months FPE 2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
EDC terminals:										
• Sales	1,963	40.6	7,965	68.7	3,050	28.3	1,807	27.9	278	5.1
• Rental	1,681	34.7	1,895	16.3	3,461	32.1	1,786	27.6	2,456	44.7
	3,644	75.3	9,860	85.0	6,511	60.4	3,593	55.5	2,734	49.8
Electronic transaction processing	1,150	23.8	1,691	14.6	4,011	37.2	2,596	40.1	1,921	35.0
Solutions & services	43	0.9	46	0.4	258	2.4	284	4.4	834	15.2
	4,837	100.0	11,597	100.0	10,780	100.0	6,473	100.0	5,489	100.0

Commentary on cost of sales**Comparison between FYE 2015 and FYE 2016*****EDC terminals***

Within this segment, the higher cost of sales was largely from the sales of EDC terminals which increased by 305.8% in FYE 2016. This in turn was due to the higher number of EDC terminals sold.

Electronic transaction processing

Cost of sales for our electronic transaction processing segment increased 47.0% in FYE 2016. Such increase was due to revenue growth in the electronic transaction processing segment, which increased by 55.7% to RM6.7 million in FYE 2016 (FYE 2015: RM4.3 million).

11. FINANCIAL INFORMATION (Cont'd)

Solutions & services

Cost of sales from our solutions & services segment increased by 7.0% in FYE 2016. Despite the significant increase in revenue, our cost of sales of the solutions & services segment have remained relatively low during FYE 2016, mainly due to lesser time cost required for the software and system development arising from our experiences in developing our revPAY platform.

Comparison between FYE 2016 and FYE 2017

EDC terminals

Cost of sales for our EDC terminals segment decreased by 34.0% in FYE 2017. The decrease was mainly due to lower cost of sales from the sales of EDC terminals which dropped by RM4.9 million due to lesser number of EDC terminals sold.

Electronic transaction processing

Cost of sales for our electronic transaction processing segment increased by 137.2% in FYE 2017. Such increase was to support revenue growth in the electronic transaction processing segment, which increased by 74.0% to RM11.7 million in FYE 2017 (FYE 2016: RM6.7 million). The increase in the cost of sales from the electronic transaction processing segment was attributed to the higher commission expenses payable and higher bank charges payable to the financial institutions due to the increase in both transaction volume and transactional value.

Solutions & services

Cost of sales for our solutions & services segment increased by 460.9% in FYE 2017. The increase was attributed to the purchase of NAC and its related cost.

Comparison between FPE 2016 and FPE 2017

EDC terminals

Cost of sales for our EDC terminals segment decreased by 23.9% in FPE 2017. The decrease was mainly due to lower cost of sales from the sales of EDC terminals which dropped by RM1.5 million due to lesser number of EDC terminals sold. The drop was partially offset by the increase in the cost of sales from rental of EDC terminals by RM0.7 million mainly due to the increase in the number of EDC terminals rented per month during FPE 2017.

11. FINANCIAL INFORMATION (Cont'd)***Electronic transaction processing***

Cost of sales for our electronic transaction processing segment decreased by 26.0% in FPE 2017. Despite the increase in the transaction volume and transaction value, our cost of sales from the electronic transaction processing segment decreased as we successfully negotiated for lower bank charges from a few banks, which gave rise to a cost savings of approximately 20% per transaction from September 2017 onwards.

Solutions & services

Cost of sales for our solutions & services segment increased by 193.7% in FPE 2017. The increase was attributed to the increase in the headcount of our IT personnel and the purchases of NAC and its related cost.

Analysis of GP and GP margin by business segments

	FYE 2015			Audited FYE 2016			FYE 2017			Unaudited 6-months FPE 2016			Audited 6-months FPE 2017			
	GP margin		GP	GP margin		GP	GP margin		GP	GP margin		GP	GP margin		GP	
	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	
EDC terminals																
• Sales	526	21.1	2,465	23.6	1,486	32.8	1,086	37.5	339	54.9						
• Rental	5,179	75.5	4,837	71.9	5,073	59.4	2,413	57.5	2,713	52.5						
	5,705	61.0	7,302	42.5	6,559	50.2	3,499	49.3	3,052	52.7						
Electronic transaction processing	3,158	73.3	5,018	74.8	7,664	65.6	2,283	46.8	5,803	75.1						
Solutions & services	686	94.1	1,809	97.5	1,523	85.5	672	70.3	1,053	55.8						
	9,549	66.4	14,129	54.9	15,746	59.4	6,454	49.9	9,908	64.4						

The GP margin for rental of the EDC terminals is higher than sales of EDC terminals as the major cost component for EDC terminals rented is the purchase cost of the EDC terminals which is capitalised and depreciated over its useful life of 5 years.

11. FINANCIAL INFORMATION (Cont'd)**Commentary on GP and GP margin****Comparison between FYE 2015 and FYE 2016**

Our revenue increased by 78.8% to RM25.7 million in FYE 2016. On the contrary, our cost of sales increased by RM6.8 million or 139.8% from RM4.8 million in FYE 2015 to RM11.6 million in FYE 2016. This caused our overall GP margin to drop from 66.4% in FYE 2015 to 54.9% in FYE 2016, and was largely due to lower GP margin from our EDC terminals segment.

EDC terminals

GP from our EDC terminals segment increased by RM1.6 million to RM7.3 million in FYE 2016 (FYE 2015: RM5.7 million). However, the overall GP margin from our EDC terminals segment dropped from 61.0% in FYE 2015 to 42.5% in FYE 2016. This drop in GP margin was mainly attributed by lower GP margin from the rental of EDC terminals, which recorded a lower GP margin of 71.9% in FYE 2016 compared to 75.5% in FYE 2015.

During FYE 2016, our revenue from the rental of EDC terminals decreased by 1.9% to RM6.7 million (FYE 2015: RM6.9 million), mainly due to a decrease of approximately 5.4% in average monthly rental rate per EDC terminal arising from our new business strategy with financial institutions whereby the rental of the EDC terminals would be borne by the financial institutions. Despite the lower revenue, our cost of sales from the rental of EDC terminals increased by 12.7%. Such increase was mainly driven by increase in software development cost paid to third party by RM0.2 million arising from the development of card payment acceptance system from EMV chip and signature-based to EMV chip and PIN-based authentication. As such, our GP margin from the rental of EDC terminals dropped in FYE 2016.

Electronic transaction processing

GP from our electronic transaction processing segment increased by RM1.8 million to RM5.0 million in FYE 2016 (FYE 2015: RM3.2 million). The overall GP margin from our electronic transaction processing segment also increased to 74.8% in FYE 2016 (FYE 2015: 73.3%). Arising from the increase in transaction volume in FYE 2016, we successfully negotiated for lower bank charges from a few banks which led to an increase in the GP margin.

Solutions & services

As revenue from this segment increased by more than double to RM1.9 million (FYE 2015: RM0.7 million) with only a marginal increase in cost of sales, GP margin from this segment improved to 97.5% for FYE 2016 compared to 94.1% in FYE 2015.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2016 and FYE 2017**

Our overall GP margin to improve to 59.4% in FYE 2017 (FYE 2016: 54.9%). This improvement is largely driven by higher margin from our EDC terminals sales segment.

EDC terminals

GP from our EDC terminals segment decreased by RM0.7 million to RM6.6 million in FYE 2017 (FYE 2016: RM7.3 million). Despite this, the overall GP margin from our EDC terminals segment increased to 50.2% (FYE 2016: 42.5%).

The increase in GP margin for FYE 2017 was mainly due to higher margin earned from the sales of EDC terminals of 32.8% (FYE 2016: 23.6%). This was driven by a 28.8% increase in the average selling price per EDC terminal. The increase in the selling price of the EDC terminal was mainly due to our cross selling strategy to market our maintenance services together with the sale of EDC terminals whereby the selling price of the EDC terminal is higher but we charge lower maintenance fee. We constantly review our pricing and marketing strategies taking into consideration customer's requirements, our purchase costs and the market selling price to ensure that we offer competitive pricing to our customers.

The increase in GP margin is partially offset by the drop in GP margin from the rental of EDC terminals. During FYE 2017, our average monthly rental rate per EDC terminal continued to drop by approximately 5.0% for the same reasons as FYE 2016.

Electronic transaction processing

GP from our electronic transaction processing segment increased by RM2.6 million to RM7.7 million in FYE 2017 (FYE 2016: RM5.0 million). Despite the increase in GP, the overall GP margin from our electronic transaction processing segment decreased to 65.6% in FYE 2017 (FYE 2016: 74.8%) as our cost of sales had increased at a higher rate than the increase in revenue.

Our bank charges is paid based on transaction volume whilst our revenue is earned based on the transactional value. During the FYE 2017, the total transaction volume processed by us increased by 106.0% as compared to the increase in transactional value of 90.2%. As our cost of sales (ie bank charges) increased at a higher rate than the increase in revenue (ie net MDR and commission earned), this has resulted in a drop in our GP margin for FYE 2017.

Solutions & services

As revenue from this segment reduced by 4.0% to RM1.8 million (FYE 2016: RM1.9 million), GP margin from this segment declined to 85.5% (FYE 2016: 97.5%).

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FPE 2016 and FPE 2017**

Our overall GP margin improve to 64.4% in FPE 2017 (FPE 2016: 49.9%). The improvement is largely driven by higher margin from our electronic transaction processing segment.

EDC terminals

GP from our EDC terminals segment decreased by RM0.4 million to RM3.1 million in FPE 2017 (FPE 2016: RM3.5 million). The overall GP margin from our EDC terminals segment increased to 52.7% (FPE 2016: 49.3%).

The increase in GP margin for FPE 2017 was mainly due to the higher margin from the sales of EDC terminals of 54.9% (FPE 2016: 37.5%). This was driven by a 33.1% increase in the average selling price per EDC terminal due to the sales of EDC terminals with higher specifications, to our new customer, Oil & Gas Solutions Co DMCC in FPE 2017.

The increase in the GP margin from the sales of EDC terminals for FPE 2017 was offset by the drop in the GP margin from the rental of EDC terminals mainly due to the drop in the average rental per EDC terminal by 6.0% arising from the continuation of our business strategy to collaborate with financial institution customers on our EDC terminals rental business. The rental charged to the financial institutions is lower compared to rental charged to Merchants directly.

Electronic transaction processing

GP from our electronic transaction processing segment increased by RM3.5 million to RM5.8 million in FPE 2017 (FPE 2016: RM2.3 million). The overall GP margin from our electronic transaction processing segment increased to 75.1% in FPE 2017 (FPE 2016: 46.8%). Arising from the increase in online transaction volume in FPE 2017, we successfully negotiated for lower bank charges from a few banks, which gave rise to a cost savings of approximately 20% per transaction from September 2017 onwards.

Solutions & services

GP from our solutions & services segment increased by RM0.4 million to RM1.1 million in FPE 2017 (FPE 2016: RM0.7 million). Despite the increase in the GP, the overall GP margin decreased to 55.8% (FPE 2016: 70.3%) mainly due to lower profit margin from the sales of NAC and its maintenance services to Pine Payment Solutions Sdn Bhd undertaken in FPE 2017.

11. FINANCIAL INFORMATION (Cont'd)**(c) Other income**

The breakdown of our other income for the FYE 2015 to 2017, FPE 2016 and FPE 2017 is as follows:

	FYE 2015		Audited FYE 2016		FYE 2017		Unaudited 6-months FPE 2016		Audited 6-months FPE 2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gain on foreign exchange realised	-	-	102	21.8	-	-	-	-	-	-
Gain on foreign exchange unrealised	-	-	-	-	125	3.6	87	28.9	167	61.2
Bad debt recovered	-	-	-	-	67	1.9	-	-	1	0.3
Gain on disposal of property, plant and equipment	30	5.1	44	9.4	706	20.5	2	0.7	15	5.5
Gain on disposal of investment properties	-	-	-	-	2,063	60.1	-	-	-	-
Gain on disposal of a subsidiary	-	-	-	-	24	0.7	-	-	-	-
Interest income	27	4.5	35	7.5	119	3.5	65	21.6	60	22.0
Over provision of point redemption in prior year	310	52.3	-	-	133	3.9	-	-	-	-
Rental income	226	38.1	268	57.3	185	5.4	147	48.8	21	7.7
Others	-	-	19	4.0	13	0.4	-	-	9	3.3
	593	100.0	468	100.0	3,435	100.0	301	100.0	273	100.0

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2015 and FYE 2016**

Our other income decreased by RM0.1 million to RM0.5 million in FYE 2016 (FYE 2015: RM0.6 million) as other income for FYE 2015 had included an over provision of point redemption of RM0.3 million. In 2006, we rolled out our online loyalty programme platform named "Rich Loyalty" to Merchants. Over the years, we did not expand on this service as we focused on our core business in the cashless payment solutions. The over provision of point redemption relates to write-back of provision for loyalty points issued by our Merchants to their customers, whereby these unredeemed loyalty points had expired in FYE 2015.

However, the drop was mitigated by a realised gain on foreign exchange of RM0.1 million in FYE 2016.

Comparison between FYE 2016 and FYE 2017

During FYE 2017, our other income increased by RM3.0 million to RM3.4 million. This was mainly due to a gain of RM2.1 million from the disposal of investment properties and gain on disposal of property, plant and equipment of RM0.7 million. Included in our other income for FYE 2017 is also an over provision of point redemption of RM0.1 million, whereby the unredeemed loyalty points had expired in FYE 2017.

Comparison between FPE 2016 and FPE 2017

Our other income decreased slightly mainly due to a drop in the rental income of approximately RM0.1 million following the disposal of our investment properties in February 2017.

(d) Administrative expenses

The breakdown of our administrative expenses for FYE 2015 to 2017, FPE 2016 and FPE 2017 is as follows:

	FYE 2015		FYE 2016		FYE 2017		Unaudited 6-months FPE 2016		Audited 6-months FPE 2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Depreciation (exclude										
EDC terminals)	832	11.9	1,154	14.2	1,329	13.2	661	14.2	773	13.9
Staff costs	3,653	52.4	3,609	44.4	4,514	44.8	2,148	46.2	2,382	42.8
Staff benefits	92	1.3	117	1.4	162	1.6	84	1.8	53	1.0
Communication	386	5.5	683	8.4	1,053	10.4	355	7.6	767	13.8
Utilities	71	1.0	83	1.0	97	1.0	45	1.0	41	0.7
Travelling	422	6.1	363	4.5	571	5.7	379	8.1	307	5.5

11. FINANCIAL INFORMATION (Cont'd)

	FYE 2015		Audited FYE 2016		FYE 2017		Unaudited 6-months FPE 2016		Audited 6-months FPE 2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Rental	382	5.5	391	4.8	627	6.2	220	4.7	115	2.1
Repair and maintenance	38	0.6	93	1.2	93	0.9	53	1.1	41	0.7
Sales & marketing	39	0.6	203	2.5	185	1.8	70	1.5	103	1.8
Auditors remuneration	44	0.6	32	0.4	55	0.6	-	-	50	0.9
Impairment losses on trade receivables ⁽¹⁾	-	-	800	9.8	419	4.2	1	0.1	60	1.1
Insurance	172	2.5	90	1.1	101	1.0	52	1.1	56	1.0
Stamp duties	286	4.1	6	0.1	14	0.1	13	0.3	10	0.2
Courier charges	36	0.5	45	0.6	153	1.5	77	1.7	60	1.1
Professional fees	116	1.7	74	0.9	93	0.9	33	0.7	174	3.1
Others ⁽²⁾	398	5.7	386	4.7	(3)612	6.1	459	9.9	578	10.3
	6,967	100.0	8,129	100.0	10,078	100.0	4,650	100.0	5,570	100.0

Notes:

- (1) This mainly refers to rental receivable from Merchants for the rental of EDC terminals.
- (2) This includes bank charges relating to our banking facilities, security fees, advertisement, quit rent and assessment, upkeep of motor vehicles as well as bad debts written off.
- (3) This includes one-off commission of RM0.1 million relating to disposal of investment properties.

Comparison between FYE 2015 and FYE 2016

Our administrative expenses increased by RM1.2 million (or 16.7%) in FYE 2016. Such increase was largely due to:

- Impairment losses recognised on our trade receivables of RM0.8 million for FYE 2016. The impairment losses were made for long outstanding rental receivables from the Merchants who rented our EDC terminals;
- Increase in depreciation charge by RM0.3 million due to the increase in property, plant and equipment purchased for our business operations; and

11. FINANCIAL INFORMATION (Cont'd)

- Increase of RM0.3 million in communication expenses due to the increase in number of telephone lines/ data transmission facilities required for our business expansion.

Comparison between FYE 2016 and FYE 2017

Our administrative expenses increased by RM1.9 million (or 24.0%) in FYE 2017. Such increase was largely due to:

- Increase in staff cost by RM0.9 million due to the increase in the number of employees as we recruited more professionals / executive for our business expansion;
- Increase in communication expenses by RM0.4 million due to the increase in number of telephone lines/ data transmission facilities required for our business expansion;
- Increase in rental expenses by RM0.2 million due to the new office rented by Revenue Safe Nets in Kuala Lumpur and the rental of additional servers; and
- The one-off commission of RM0.1 million incurred relating to disposal of investment properties.

Comparison between FPE 2016 and FPE 2017

Our administrative expenses increased by RM0.9 million (or 19.8%) in FPE 2017. Such increase was largely due to:

- Increase in staff cost by RM0.2 million due to the increase in the number of employees as we recruited more professionals / executives for our business expansion;
- Increase in communication expenses by RM0.4 million due to the increase in the number of telephone lines / data transmission facilities required for our business expansion;
- Increase in depreciation (exclude EDC terminals) by RM0.1 million due to the additional of software system in FYE 2017; and
- Increase in professional fee by RM0.1 million for engaging professionals for our PCI-DSS compliance review and testing.

11. FINANCIAL INFORMATION (Cont'd)**(e) Finance cost**

The breakdown of our finance cost for FYE 2015 to 2017, FPE 2016 and FPE 2017 is as follows:

	FYE 2015		FYE 2016		FYE 2017		Unaudited 6-months FPE 2016		Audited 6-months FPE 2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest expenses										
• Bank overdraft	-	-	-	-	19	3.6	-	-	38	19.1
• Finance lease payables	22	5.0	31	5.6	23	4.3	12	4.7	7	3.5
• Term loans	428	95.0	516	94.4	490	92.1	244	95.3	154	77.4
	450	100.0	547	100.0	532	100.0	256	100.0	199	100.0

Interest expense on term loans makes up more than 90% of our finance cost for FYE 2015 to 2017. The drop in interest expense on term loans during FYE 2017 was due to the redemption of outstanding term loans arising from our disposal of investment properties. This was partly offset against interest expense on bank overdraft due to the utilisation of overdraft facility during FYE 2017.

Our finance costs for FPE 2017 dropped by RM0.1 million mainly due to the lower interest expenses on term loans as we have disposed our investment properties in February 2017. This was partly offset against interest expense on bank overdraft due to the utilisation of overdraft facility during FPE 2017 for working capital purposes.

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11. FINANCIAL INFORMATION (Cont'd)**(f) PBT and PBT margin**

	Audited			Unaudited	Audited
	FYE 2015	FYE 2016	FYE 2017	6-months FPE 2016	6-months FPE 2017
PBT (RM'000)	2,725	5,921	8,571	1,849	4,412
PBT margin (%)	18.9	23.0	32.3	14.3	28.7

Comparison between FYE 2015 and FYE 2016

Although our GP margin for FYE 2016 reduced to 54.9% (FYE 2015: 66.4%), we recorded higher PBT margin of 23.0% for FYE 2016 (FYE 2015: 18.9%). This was mainly due to lower administrative expenses incurred as a proportion of our revenue. Our administrative expenses as a percentage of revenue for FYE 2016 was 31.6% (FYE 2015: 48.4%).

Comparison between FYE 2016 and FYE 2017

We recorded higher PBT margin of 32.3% for FYE 2017 (FYE 2016: 23.0%). This was mainly due to higher other income in FYE 2017 of RM3.4 million (FYE 2016: RM0.5 million). Included in other income for FYE 2017 was a gain on disposal of investment properties of RM2.1 million.

Comparison between FPE 2016 and FPE 2017

We recorded higher PBT margin of 28.7% for FPE 2017 (FPE 2016: 14.3%). This was mainly due to higher revenue recorded from electronic transaction processing segment in FPE 2017 which had a higher GP margin. Despite the increase in the revenue, our administrative expenses as proportion to our revenue had remained relatively constant at 36.2% in FPE 2017 (FPE 2016: 36.0%).

(g) Taxation

Our tax expenses in the statements of profit or loss and other comprehensive income represent the aggregate amount of current tax and deferred tax.

Our taxation expense and effective tax rate for FYE 2015 to 2017, FPE 2016 and FPE 2017 are as follows:

	Audited			Unaudited	Audited
	FYE 2015	FYE 2016	FYE 2017	6-months FPE 2016	6-months FPE 2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Income tax	571	1,255	949	788	1,389
Deferred tax	38	153	442	111	(335)
Real property gains tax	-	-	248	-	-
	609	1,408	1,639	899	1,054
Effective tax rate (%)	22.3	23.8	19.1	48.6	23.9

Our subsidiary, Revenue Techpark, 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 5 years up to 12 July 2016, which was subsequently extended for another 5 years to 12 July 2021. As such, Revenue Techpark's statutory income during this period is exempted from income tax. Dividends declared out of such profits are also exempted from income tax in the hands of the shareholders.

11. FINANCIAL INFORMATION (Cont'd)

Save for the above tax exemption, we are subject to income tax at the statutory tax rate of 20% on the first RM500,000 and 25.0% on the balance chargeable income for FYE 2015. Effective FYE 2016, the applicable statutory tax rate is 19.0% on the first RM500,000 and 24.0% on the balance chargeable income.

The increase in deferred tax in FYE 2017 was mainly due to timing difference between the capital allowance and depreciation in respect of the EDC terminals. In addition, we also incurred real property gains tax of RM0.3 million arising from the disposal of investment properties in FYE 2017.

11.2.3 Review of financial position**(a) Assets**

Our assets for the financial years under review comprise the following:

	Audited			
	As at 30 June			As at 31 December
	2015	2016	2017	2017
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	11,861	14,044	21,882	22,970
Investment properties	4,944	4,841	-	-
Goodwill on acquisition	2,684	2,684	2,684	2,684
Total non-current assets	19,489	21,569	24,566	25,654
Current assets				
Trade receivables	3,493	5,475	5,295	5,165
Other receivables	750	403	2,888	1,267
Tax recoverable	40	28	457	-
Fixed deposits with licensed banks	675	694	612	544
Cash and bank balances	3,881	9,168	9,175	16,718
Total current assets	8,839	15,768	18,427	23,694
Total assets	28,328	37,337	42,993	49,348

Comparison between FYE 2015 and FYE 2016

Our total assets increased by RM9.0 million from RM28.3 million in FYE 2015 to RM37.3 million in FYE 2016. This was mainly due to the increase in non-current assets and current assets by RM2.1 million and RM7.0 million respectively.

The increase in non-current assets was mainly due to increase in property, plant and equipment largely from the purchases of computer, software and testing equipment (RM1.6 million) and EDC terminals (RM1.7 million) for our business operations.

The increase in current assets was mainly due to higher cash and bank balance as well as trade receivables, which increased by RM5.3 million and RM2.0 million respectively, in line with the increase in business activities during the year. During FYE 2016, our revenue increased by RM11.3 million (or 78.8%) to RM25.7 million (FYE 2015: RM14.4 million).

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2016 and FYE 2017**

Our total assets increased by RM5.7 million from RM37.3 million as at FYE 2016 to RM43.0 million as at FYE 2017. This was mainly due to the increase in non-current assets and current assets by RM3.0 million and RM2.7 million respectively.

During FYE 2017, we continued to purchase computer, software and testing equipment (RM1.7 million) and EDC terminals (RM9.2 million) for our business operations. However, such increase in non-current assets was set-off by the disposal of our investment properties.

The increase in current assets was mainly due to higher other receivables of RM2.9 million (FYE 2016: RM0.4 million). Included in other receivables as at 30 June 2017 was an amount of RM2.2 million, being the balance proceeds receivable from the disposal of our investment properties. We have collected this amount subsequent to FYE 2017.

Comparison between FYE 2017 and FPE 2017

Our total assets increased by RM6.3 million from RM43.0 million as at FYE 2017 to RM49.3 million as at FPE 2017. This was mainly due to increase in non-current assets and current assets by RM1.1 million and RM5.2 million respectively.

During FPE 2017, we continued to purchase computer, software and testing equipment (RM0.7 million) and EDC terminals (RM2.5 million) for our business operations.

The increase in current assets was mainly due to higher cash and bank balance which increased by RM7.5 million, in line with the increase in our business activities.

(b) Liabilities

Our liabilities for the financial years under review comprise the following:

	Audited			As at 31
	As at 30 June			December
	2015	2016	2017	2017
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
Bank borrowings	11,450	11,118	7,029	6,899
Finance lease payables	330	435	349	73
Deferred tax liabilities	286	439	881	546
Total non-current liabilities	12,066	11,992	8,259	7,518
Current liabilities				
Trade payables	883	2,315	2,468	2,348
Other payables	6,567	9,599	11,676	17,503
Amount due to Directors	583	438	2,408	1
Bank borrowings	586	349	1,120	1,165
Finance lease payables	87	104	89	15
Tax payable	82	553	279	726
Total current liabilities	8,788	13,358	18,040	21,758
Total liabilities	20,854	25,350	26,299	29,276

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2015 and FYE 2016**

Our total liabilities increased by RM4.5 million from RM20.9 million in FYE 2015 to RM25.4 million in FYE 2016. This was mainly due to the increase in our current liabilities by RM4.6 million.

The increase in current liabilities was largely due to higher trade payables and other payables, which increased by RM1.4 million and RM3.0 million respectively.

The increase in trade payables was largely due to an increase in the number of EDC terminals purchased. Included in other payables as at 30 June 2016 are the following key items:

- (i) Other payables (including GST payables) of RM4.6 million (FYE 2015: RM2.2 million); and
- (ii) Deposits of RM4.4 million (FYE 2015: RM3.8 million).

Other payables mainly relate to timing differences between payment received from the consumers and our settlement via Company A to the Merchant, which is a PRC online marketplace. The increase in other payables as at 30 June 2016 was mainly due to the increase in online transactional value conducted through the said Merchant during FYE 2016. During FYE 2016, we processed a total transactional value for purchases made via the PRC online marketplace amounting to approximately RM128.0 million (FYE 2016: RM68.2 million).

Deposits mainly relate to security deposits received from our Merchants for the rental of EDC terminals. The increase in deposits as at 30 June 2016 was mainly due to the increase in the number of EDC terminals deployed to our Merchants for rental purpose.

Comparison between FYE 2016 and FYE 2017

Our total liabilities increased by RM0.9 million from RM25.4 million in FYE 2016 to RM26.3 million in FYE 2017. Although our current liabilities increased by RM4.7 million, such increase was set-off by a decrease of RM3.7 million in our non-current liabilities.

The non-current portion of our bank borrowings reduced to RM7.0 million as at 30 June 2017 (FYE 2016: RM11.1 million). This reduction was mainly due to the redemption of outstanding term loans arising from our disposal of investment properties.

The increase in current liabilities was largely due to higher other payables of RM11.7 million (FYE 2016: RM9.6 million). Included in other payables as at 30 June 2017 are the following key items:

- (i) Other payables (including GST payables) of RM8.0 million (FYE 2016: RM4.6 million); and
- (ii) Deposits of RM2.9 million (FYE 2016: RM4.4 million).

As with our commentary for FYE 2016 above, the increase in other payables as at 30 June 2017 was mainly due to the increase in online transactional value conducted through a PRC online marketplace (which is our Merchant) during FYE 2017. During FYE 2017, we processed a total transactional value for purchases made via the PRC online marketplace amounting to approximately RM298.1 million (FYE 2016: RM128.0 million).

11. FINANCIAL INFORMATION (Cont'd)

The decrease in deposits as at 30 June 2017 was mainly due to our new business strategy with financial institutions whereby the rental of the terminals will be paid by the financial institutions. We do not collect deposits from the financial institutions.

The amount due to Directors increased to RM2.4 million as at 30 June 2017 (FYE 2016: RM0.4 million) was mainly due to outstanding dividends to shareholders which are also our Directors, as at the year end. This amount has been fully repaid subsequent to the year end.

Comparison between FYE 2017 and FPE 2017

Our total liabilities increased by RM3.0 million from RM26.3 million in FYE 2017 to RM29.3 million in FPE 2017. Although our current liabilities increased by RM3.7 million, such increase was set-off by a decrease of RM0.7 million in our non-current liabilities.

The non-current portion of our bank borrowings and finance lease payables as at 31 December 2017 reduced to RM6.9 million (FYE 2017: RM7.0 million) and RM0.1 million (FYE 2017: RM0.3 million) respectively was mainly due to the redemption of outstanding term loans arising from our disposal of investment properties in FYE 2017 and the repayment of the finance lease in FPE 2017.

The increase in current liabilities was largely due to higher other payables of RM17.5 million (FYE 2017: RM11.7 million). Included in other payables as at 31 December 2017 are the following key items:

- (i) Other payables (including GST payables) of RM14.2 million (FYE 2017: RM8.0 million); and
- (ii) Deposits of RM2.2 million (FYE 2017: RM2.9 million).

As with our commentary for FYE 2017 above, the increase in other payables as at 31 December 2017 was mainly due to the increase in online transactional value conducted through a PRC online marketplace (which is our Merchant) during FPE 2017. During FPE 2017, we processed a total transactional value for purchases made via the PRC online marketplace amounting to approximately RM230.4 million (FYE 2017: RM298.1 million).

The decrease in deposits as at 31 December 2017 was mainly due to the continuation of our new business strategy with financial institutions whereby the rental of the terminals will be paid by the financial institutions. We do not collect deposits from the financial institutions.

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11. FINANCIAL INFORMATION (Cont'd)**11.2.4 Review of cash flows**

The following table sets out the summary of the audited statements of cash flows of our Group for the FYE 2015 to 2017 and FPE 2017, which have been extracted from the Accountants' Report set out in Section 12. It should be read in conjunction with the Accountants' Report set out in Section 12.

	Audited			
	FYE 2015	FYE 2016	FYE 2017	6-months FPE 2017
	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	790	9,868	9,101	10,971
Net cash used in investing activities	(2,065)	(3,788)	(5,621)	(1,011)
Net cash used in financing activities	(422)	(723)	(4,448)	(2,451)
Net change in cash and cash equivalents	(1,697)	5,357	(968)	7,509
Cash and cash equivalents at the beginning of the financial year	5,615	3,918	9,275	8,321
Effect of exchange translation differences on cash and cash equivalents	-	-	14	28
Cash and cash equivalents at the end of the financial year	3,918	9,275	8,321	15,858
Analysis of cash and cash equivalents				
Fixed deposits with licensed banks	675	694	612	544
Cash and bank balances	3,881	9,168	9,175	16,718
Bank overdrafts	(68)	-	(961)	(974)
	4,488	9,862	8,826	16,288
Less: Fixed deposits pledged to licensed banks ⁽¹⁾	(570)	(587)	(505)	(430)
	3,918	9,275	8,321	15,858

Note:

(1) These fixed deposits has been pledged to certain banks as security for acting as the respective bank's Master Merchant.

Commentary of cash flows**FYE 2015****Net cash from operating activities**

For FYE 2015, we generated net operating cashflow of RM0.8 million. We collected approximately RM14.4 million from our customers as well as interest and tax received amounting to RM0.1 million which was partially offset by cash payments of approximately RM13.7 million. Such cash payments were mainly for:

- (i) Approximately RM3.8 million paid to our trade suppliers;
- (ii) Approximately RM8.6 million paid to other payables for our operating expenses and RM0.4 million being refund of EDC rental deposits due to the termination or cancellation of rental from our Merchants. There are various reasons for termination or cancellation of rental of EDC terminals such as Merchants business strategy to undertake marketing campaigns with other banks or competitive rental rates/promotional rates offered by our competitors; and

11. FINANCIAL INFORMATION (Cont'd)

(iii) Interest and tax paid of RM0.4 million and RM0.5 million respectively.

Net cash used in investing activities

We recorded a net cash outflow of RM2.1 million from our investing activities in FYE 2015, mainly due to outflows of RM2.1 million for the purchase of property, plant and equipment. During FYE 2015, we purchased property, plant and equipment amounting to RM9.7 million of which RM7.6 million was financed through term loans, and the balance of RM2.1 million via our internally generated funds. Property, plant and equipment purchased in FYE 2015 were mainly land and buildings amounting to RM8.4 million which are currently being used as our head office and branch office and computers and software amounting to RM1.1 million which are being used for our business operations.

Net cash used in financing activities

In FYE 2015, the cash outflow in financing activities of RM0.4 million was mainly due to repayment of term loans of RM0.6 million. This outflow was partially set-off by a release in fixed deposits pledged of RM0.2 million.

FYE 2016**Net cash from operating activities**

For FYE 2016, we generated operating net cashflow of RM9.9 million. We collected approximately RM28.5 million from our customers as well as interest and tax received amounting to RM0.1 million which was partially offset by cash payments of approximately RM18.7 million. Such cash payments were mainly for:

- (i) Approximately RM9.2 million paid to our trade suppliers;
- (ii) Approximately RM8.1 million paid to other payables for our operating expenses; and
- (iii) Interest and tax paid of RM0.6 million and RM0.8 million respectively.

Net cash used in investing activities

During FYE 2016, we recorded a net cash outflow of RM3.8 million from our investing activities. This was mainly due to outflows of RM3.9 million for the purchase of property, plant and equipment. During FYE 2016, we purchased property, plant and equipment amounting to RM4.3 million of which RM0.4 million was financed through finance lease, and the balance of RM3.9 million via our internally generated funds. Property, plant and equipment purchased in FYE 2016 were mainly computers and software amounting to RM1.6 million which are being used for our business operations and RM1.7 million for EDC terminals for our rental business.

Net cash used in financing activities

Our cash outflow in financing activities during FYE 2016 was RM0.7 million, mainly due to repayment of finance lease and term loans of RM0.2 million and RM0.5 million respectively.

11. FINANCIAL INFORMATION (Cont'd)**FYE 2017****Net cash from operating activities**

For FYE 2017, we generated net operating cashflow of RM9.1 million. We collected approximately RM31.9 million from our customers and interest received of RM0.1 million which was partially offset by cash payments of approximately RM22.9 million. Such cash paid payments were mainly for:

- (i) Approximately RM8.8 million paid to our trade suppliers;
- (ii) Approximately RM11.7 million paid to other payable for our operating expenses; and
- (iii) Interest and tax paid of RM0.5 million and RM1.9 million respectively.

Net cash used in investing activities

We recorded a net cash outflow of RM5.6 million from our investing activities in FYE 2017. This was mainly due to outflow of RM11.0 million for the purchase of property, plant and equipment during FYE 2017, all of which was financed by our internally generated funds. The outflow was however, offset by inflow from the disposal of investment properties of RM4.6 million. Property, plant and equipment purchased in FYE 2017 were mainly EDC terminals amounting to RM9.2 million for our rental business and computer and software amounting to RM1.7 million which are being used for our business operations.

Net cash used in financing activities

Our cash outflow in financing activities during FYE 2017 was RM4.4 million. During the financial year, we repaid term loans of RM4.3 million, as we had disposed of the investment properties which were financed by the term loans.

FPE 2017**Net cash from operating activities**

For FPE 2017, we generated net operating cashflow of RM11.0 million. We collected approximately RM25.8 million from our customers and interest received of RM0.1 million which was partially offset by cash payments of approximately RM15.4 million. Such cash paid payments were mainly for:

- (i) Approximately RM4.3 million paid to our trade suppliers;
- (ii) Approximately RM10.4 million paid to other payables for our operating expenses; and
- (iii) Interest and tax paid of RM0.2 million and RM0.5 million respectively.

Net cash used in investing activities

We recorded a net cash outflow of RM1.0 million from our investing activities in FPE 2017. The was mainly due to outflow of RM3.2 million for the purchase of property, plant and equipment during FPE 2017, all of which was financed by our internally generated funds. The property, plant and equipment purchased in FPE 2017 were mainly EDC terminals amounting to RM2.5 million for our rental business and computer and software amounting to RM0.7 million which are being used for our business operations. The outflow was however, offset by inflow from the remaining proceeds from the disposal of investment properties of RM2.2 million.

11. FINANCIAL INFORMATION (Cont'd)

Net cash used in financing activities

Our cash outflow in financing activities during FPE 2017 was RM2.5 million mainly due to repayment of finance lease and term loans of RM0.3 million and RM0.1 million respectively as well as the dividend payment of RM2.1 million which was declared in FYE 2017 and paid out during FPE 2017.

11.3 LIQUIDITY AND CAPITAL RESOURCES**11.3.1 Working capital**

Our business requires working capital to finance the purchases of EDC terminals, hardware and software, expenses related to running our revPAY infrastructure such as internet connectivity, hosting and data storage expenses as well as manpower cost.

Our working capital is funded by our existing cash and bank balances, cash generated from our operations, credit extended by suppliers and credit facilities from financial institutions. Our credit facilities from financial institutions comprise term loan, bank overdraft and finance lease facilities.

As at 31 December 2017, we have:

- (a) Cash and bank balances (net of bank overdrafts) and short-term deposits placed with licensed banks as security for our banking facilities of approximately RM16.8 million; and
- (b) Credit facilities (excluding finance lease) up to a limit of RM2.0 million, of which RM1.0 million has been utilised.

Based on the pro forma consolidated statements of financial position of our Group as at 31 December 2017 (after the Acquisition of Revenue Harvest and before the Public Issue), our NA position stood at RM20.1 million and our gearing level is 0.41 times. Our NA position and gearing level after the Acquisition of Revenue Harvest and Public Issue (and utilisation of proceeds) are RM38.0 million and 0.15 times respectively. Please refer to Section 13 for further details of our pro forma consolidated statements of financial position.

Our Board is confident that, after taking into account our gearing and cash flow position as well as the credit facilities currently available to our Group, our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date.

11. FINANCIAL INFORMATION (Cont'd)**11.4 BORROWINGS**

We utilise credit facilities such as overdrafts and term loans to partially finance our working capital. In addition, we also utilise term loans and finance lease to finance the purchase of our property, plant and equipment.

Our total outstanding bank borrowings as at 31 December 2017 stood at RM8.2 million, details of which are set out below. All our bank borrowings are interest-bearing, and denominated in RM.

	Purpose	Security	Tenure	Interest rate % per annum	As at 31 December 2017 RM'000
Interest bearing short-term borrowings, payable within 1 year:					
Bank overdrafts	Working capital	The term loans and bank overdrafts are secured	On demand	8.2	974
Term loans	Purchase of properties	by: (a) Legal charge over our freehold land and buildings; and (b) Joint and several guarantees by our Executive Directors.	25 years	4.4	191
Finance lease liabilities	Purchase of motor vehicles	The finance lease are secured by assets purchased through the facility	Between 5 to 9 years	4.5 – 5.1	15
			Sub-total		1,180
Interest bearing long-term borrowings, payable after 1 year:					
Term loans	Purchase of properties	The term loans and bank overdrafts are secured	25 years	4.4	6,899
		by: (a) Legal charge over our freehold land and buildings; and (b) Joint and several guarantees by our Executive Directors.			
Finance lease liabilities	Purchase of motor vehicles	The finance lease are secured by assets purchased through the facility	Between 5 to 9 years	4.5 – 5.1	73
			Sub-total		6,972
					8,152
					0.41
					0.15

Total borrowings**Pro forma gearing (times)**

After Acquisition of Revenue Harvest but before the Public Issue⁽¹⁾

After the Public Issue⁽²⁾

11. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) Computed based on our pro forma shareholders fund of RM20.1 million in the pro forma consolidated statements of financial position after the Acquisition of Revenue Harvest before the Public Issue.
- (2) Computed based on our pro forma shareholders fund of RM38.0 million in the pro forma consolidated statements of financial position after the Acquisition of Revenue Harvest and Public Issue (and utilisation of proceeds).

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11. FINANCIAL INFORMATION (Cont'd)

Our pro forma gearing ratio is expected to improve from 0.41 times (before the Public Issue) to 0.15 times (after the Public Issue and utilisation of proceeds) due to the increase in shareholders' fund arising from the issuance of new Shares pursuant to the Public Issue as well as partial repayment of our bank borrowings from the proceeds of the Public Issue.

Our bank borrowings bear interests at the following rates for the past 3 financial years and FPE 2017 under review:

	FYE 2015	FYE 2016	FYE 2017	6-months FPE 2017
	% per annum			
Floating rates				
Bank overdrafts	3.3	-	8.2	8.2
Term loans	4.6 – 5.0	4.6– 5.0	4.4	4.4

Our finance lease liabilities bear interest at the following rates for the past 3 financial years under review:

	FYE 2015	FYE 2016	FYE 2017	6-months FPE 2017
	% per annum			
Fixed rates				
Finance lease liabilities	4.5 – 6.7	4.5 – 6.7	4.5 – 6.3	4.5 – 5.1

The following table sets out the maturities of our total borrowings and finance lease liabilities:

	FYE 2015	FYE 2016	FYE 2017	6-months FPE 2017
	RM'000	RM'000	RM'000	RM'000
Bank borrowings				
Within one year	586	349	1,120	1,165
Between 1 to 2 years	349	267	195	201
Between 2 to 3 years	268	280	204	210
Between 3 to 4 years	281	293	213	220
Between 4 to 5 years	294	306	223	230
After 5 years	10,258	9,971	6,194	6,038
	12,036	11,466	8,149	8,064
Finance lease liabilities				
Within one year	87	104	89	15
Later than 1 year but not later than 2 years	82	89	94	16
Later than 2 years but not later than 5 years	153	258	222	55
More than 5 years	96	88	33	2
	418	539	438	88
Total borrowings	12,454	12,005	8,587	8,152

11. FINANCIAL INFORMATION (Cont'd)

As at the LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency. We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout the FYE 2015 to 2017 and FPE 2017 and the subsequent financial period up to LPD.

As at the LPD, neither our Company nor our subsidiaries are in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

Over the FYE 2015 to 2017 and FPE 2017, we have not experienced any claw back or reduction in the facilities limit granted to us by our lenders.

11.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

As at the LPD, save for our bank borrowings as disclosed in Section 11.4, we do not utilise any other financial instruments.

We finance our operations mainly through cash generated from our operations, as well as external sources of funds which mainly comprise bank borrowings. Our bank borrowings (save for our finance lease liabilities) as at 31 December 2017 are priced based on base lending rate plus a rate which varies depending on the different type of credit facility. Our finance lease liabilities as at 31 December 2017 are based on fixed rate.

The principal usage of these credit facilities is for working capital, purchase of properties and purchase of motor vehicles.

11.6 MATERIAL CAPITAL COMMITMENTS, MATERIAL LITIGATION AND CONTINGENT LIABILITY**11.6.1 Material capital commitments**

As at the LPD, we do not have any material commitments.

11.6.2 Material litigation and contingent liability

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and do not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at the LPD.

Save as disclosed below, there are no contingent liabilities incurred by us or our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries as at the LPD:

	RM'000
Bank guarantee given in favour of PayNet for our appointment as Acquirer for MyDebit	900

11. FINANCIAL INFORMATION (Cont'd)**11.7 KEY FINANCIAL RATIOS**

The key financial ratios of our Group for FYE 2015 to 2017 and FPE 2017 are as follows:

	Audited			
	FYE 2015	FYE 2016	FYE 2017	6-months FPE 2017
Trade receivable turnover (days) ⁽¹⁾	88.6	77.7	72.9	61.7
Trade payable turnover (days) ⁽²⁾	66.6	72.9	83.6	78.7
Current ratio (times) ⁽³⁾	1.0	1.2	1.0	1.1
Gearing ratio (times) ⁽⁴⁾	1.7	1.0	0.5	0.4

Notes:

- (1) Computed based on trade receivables and net of allowances for impairment loss as at year end over revenue for the year multiplied by 365 days for each of the FYE 2015 to 2017. For FPE 2017, it was computed based on trade receivables over revenue for the financial period multiplied by 184 days.
- (2) Computed based on trade payables as at year end over cost of sales for the year multiplied by 365 days for each of the FYE 2015 to 2017. For FPE 2017, it was computed based on trade payables over cost of sales for the financial period multiplied by 184 days.
- (3) Computed based on current assets over current liabilities as at year end for each of the FYE 2015 to 2017 and FPE 2017.
- (4) Computed based on total bank borrowings over total equity as at year end for each of the FYE 2015 to 2017 and FPE 2017.

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11. FINANCIAL INFORMATION (Cont'd)**11.7.1 Trade receivables turnover**

The ageing analysis of our trade receivables as at 31 December 2017 is as follows:

	Trade receivables as at 31 December 2017		Amount collected subsequent to 31 December 2017 up to the LPD		Trade receivables net of subsequent collections	
	RM'000 (a)	Percentage of trade receivables (a) / total of (a)	RM'000 (b)	Percentage collected (b) / (a)	RM'000 (c)	Percentage of trade receivables net of subsequent collections (c) / total of (c)
Neither past due nor impaired	2,507	44.2	2,441	73.3	66	2.8
Past due but not impaired:						
• Less than 30 days	687	12.1	632	19.0	55	2.4
• 31 to 60 days	308	5.4	105	3.2	203	8.7
• 61 to 90 days	97	1.7	49	1.5	48	2.1
• More than 90 days	1,566	27.6	103	3.1	1,463	62.6
	2,658	46.9	889	26.7	1,769	75.7
Impaired	5,165	91.1	3,330	100.0	1,835	78.5
Total	5,668	100.0	3,330	100.0	2,338	100.0

As at 31 December 2017, 46.9% of our trade receivables is past due but not impaired. These trade receivables are mainly rental receivables from our rental of EDC terminals to Merchants. We have subsequent to 31 December 2017 and up to the LPD collected RM3.3 million (representing 64.5% of the amount past due but not impaired as at 31 December 2017).

We collect security deposit from our Merchants who are renting our EDC terminals. These deposits act as collateral for the rental of the EDC terminals, and in the event of any default in the payment of rental for the EDC terminals, such deposits can be used to set-off the defaulted amount. As at 31 December 2017, such rental deposits amounted to RM2.2 million.

11. FINANCIAL INFORMATION (Cont'd)

The normal credit period granted by our Group in respect of our trade receivables is 30 days from the date of tax invoice. Although the credit period as per contractual terms is 30 days, there is still a gap between contractual terms and actual collections as indicated in the trade receivable turnover days. Majority of our Merchants will accumulate their monthly rental before making a lump sum payment to us. Included in the receivables past due but not impaired (more than 90 days band) is an amount owing by a Card Scheme of RM0.3 million which has an arrangement to pay us only upon completion of the on-going services and solutions project. This project is scheduled for completion by the second quarter of 2018.

Notwithstanding the actual practice by our Merchants, we opt not to extend our credit period to reflect the actual practice as our customers may take even longer time to pay if longer payment terms are granted. The trade receivables which is past due but not impaired (more than 90 days band) as at 31 December 2017 comprise approximately 3,100 Merchants.

As at 31 December 2017, our Group's trade receivable exposure is concentrated mainly on 2 debtors, namely AmBank and Pine Payment Solutions Sdn Bhd; which collectively accounted for 17.0% of our revenue for FPE 2017 and 33.4% of our total trade receivables as at 31 December 2017. Subsequent to 31 December 2017 up to the LPD, we have collected RM1.8 million from the 2 said debtors (representing 95.3% of their total outstanding balances as at 31 December 2017). AmBank has been our major customer since 2004, and we have not experienced any history of default with them. Pine Payment Solutions Sdn Bhd is a new major customer in FPE 2017.

Our management monitors the recoverability of our overdue trade receivables on a regular basis, and, when appropriate, provides for impairment of these trade receivables. As at 31 December 2017, our allowance for impairment loss stood at RM0.5 million.

Our Group has not encountered any major disputes with our debtors. During the financial years / period under review, we have made the following allowances for impairment loss:

	Audited			
	FYE 2015	FYE 2016	FYE 2017	6-months FPE 2017
	RM'000	RM'000	RM'000	RM'000
Impairment losses recognised	-	800	419	60
Bad debts written off (trade receivables)	50	3	-	184

Trade receivables that are impaired are debts outstanding for more than 1 year. During FYE 2016 and 2017 and FPE 2017, we made an impairment of RM0.8 million, RM0.4 million and RM0.1 million respectively in respect of various debtors where our management is doubtful on its recoverability as these customers are currently in financial difficulties and/or have defaulted on payments to us.

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11. FINANCIAL INFORMATION (Cont'd)**11.7.2 Trade payables turnover**

The ageing analysis of our trade payables as at 31 December 2017 is as follows:

	RM'000	Percentage of trade payables
Within credit period	1,012	43.1
Exceeding credit period:		
• Less than 30 days	2	0.1
• 31 to 60 days	13	0.6
• 61 to 90 days	-	-
• More than 90 days	1,321	56.3
	1,336	56.9
	2,348	100.0

Note:

- (1) Subsequent to 31 December 2017 and up to the LPD, we have paid our creditors amounting to RM2.0 million.

The normal credit terms granted by our trade creditors to our Group is 30 days from the date of tax invoice. Although the contractual credit terms granted to us is 30 days, there is also a gap between the contractual terms and actual payment by us as indicated in the trade payables turnover days. This was mainly due to our cash management strategy to match the timing of payments to our trade creditors with the collections from our customers.

As at the LPD, there are no disputes in respect of our trade payables and no legal action has been initiated by our suppliers to demand for payment.

11.7.3 Current ratio

Our current ratio throughout the financial years / period under review ranged from 1.0 to 1.2 times. Our current assets and current liabilities as at 30 June 2015 to 2017 and 31 December 2017 are as follows:

	Audited			
	FYE 2015	FYE 2016	FYE 2017	6-months FPE 2017
	RM'000	RM'000	RM'000	RM'000
Current assets	8,839	15,768	18,427	23,694
Current liabilities	8,788	13,358	18,040	21,758
Net current assets	51	2,410	387	1,936
Current ratio (times)	1.0	1.2	1.0	1.1

Our current ratio (calculated as current assets over current liabilities) of above 1 time as at the balance sheet dates of 30 June 2015, 2016 and 2017 as well as 31 December 2017 reflects our ability to meet short-term obligations.

11. FINANCIAL INFORMATION (Cont'd)

Moving forward, we also propose to utilise RM2.5 million from the proceeds of our Public Issue to partially reduce our bank borrowings. This will further improve our current ratio, as illustrated by our pro forma financial position as at 31 December 2017:

	RGB	I	II	III
	As at 31 December 2017	After the Acquisition of Revenue Harvest	After I and Public Issue	After II and utilisation of proceeds
Current assets (RM'000)	158	23,694	44,307	31,007
Current liabilities (RM'000)	159	21,758	21,758	20,746
Current ratio (times)	N/A	1.1	2.0	1.5

Note:

N/A Not applicable.

Please refer to the Reporting Accountants' letter on the Pro forma Consolidated Statements of Financial Position as set out in Section 13 for further details of our pro forma financial position as at 31 December 2017.

11.7.4 Gearing ratio

Our gearing ratio throughout the financial years/ period under review is as follows:

	Audited			
	FYE 2015	FYE 2016	FYE 2017	6-months FPE 2017
Total bank borrowings (RM'000)	12,454	12,005	8,587	8,152
Total equity attributable to owners of the Company (RM'000)	7,474	11,987	16,713	20,045
Gearing ratio (times)	1.7	1.0	0.5	0.4

Our gearing ratio decreased from 1.7 times to 0.4 times over the financial years/ period under review.

In FYE 2016, our gearing ratio decreased to 1.0 times mainly due to the improvement in our total equity for FYE 2016 as a result of the increase in our retained earnings. In addition, our total borrowings also decreased from RM12.5 million in FYE 2015 to RM12.0 million in FYE 2016.

In FYE 2017, our gearing ratio decreased to 0.5 times mainly due to repayment of outstanding term loans arising from our disposal of investment properties. This led to a reduction in our total borrowings from RM12.0 million in FYE 2016 to RM8.6 million in FYE 2017.

11. FINANCIAL INFORMATION (Cont'd)**11.8 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES**

In the Financial Sector Blueprint 2011 - 2020, BNM has identified the migration to electronic payments as a key enabler for greater economic efficiency, by transforming the payment landscape in Malaysia into one that is cost-effective, safe, fast and easy to use. To accelerate the migration to electronic payments, BNM has adopted a three-pronged approach:

- (a) Implementing a conducive pricing structure to incentivise the use of electronic payments;
- (b) Enhancing the electronic payments infrastructure to widen accessibility, enhance convenience, and strengthen security; and
- (c) Promoting greater awareness in the benefits of using electronic payments.

The above has augured well for our Group, resulting in our revenue to grow from RM14.4 million in FYE 2015 to RM26.5 million in FYE 2017. Save for the above, there were no government, economic, fiscal or monetary policies or factors which have materially affected our financial performance during the financial years under review.

There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward. Risks relating to government, economic, fiscal or monetary policies or factors which may adversely and materially affect our operations are set out in Section 9.

11.9 IMPACT OF INFLATION

Our financial performance during the financial years / period under review was not significantly affected by the impact of inflation. However, there is no assurance that our business will not be adversely affected by the impact of inflation in the future.

11.10 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES**11.10.1 Impact of foreign exchange rates**

	RM'000 equivalent of balances denominated in			Total
	USD	RMB	SGD	
Financial assets				
Trade receivables	530	-	-	530
Cash and bank balances	563	1,004	9	1,576
Total	1,093	1,004	9	2,106
Financial liabilities				
Trade payables	2,145	-	-	2,145
Other payables	2,382	-	-	2,382
Total	4,527	-	-	4,527

Based on the table above:

- (a) Our foreign currency trade receivables represent only 10.3% of our total trade receivables of RM5.2 million as at 31 December 2017;

11. FINANCIAL INFORMATION (Cont'd)

- (b) Our foreign currency cash and bank balances represent only 9.5% of our total cash and bank balances of RM16.7 million as at 31 December 2017;
- (c) Our foreign currency trade payables represent 91.4% of our total trade payables of RM2.3 million as at 31 December 2017; and
- (d) Our foreign currency other payables represent 13.6% of our total other payables of RM17.5 million as at 31 December 2017.

At the moment, we do not enter into forward exchange contracts to hedge foreign currency risks. However, we monitor foreign exchange fluctuations on an on-going basis to ensure that our net foreign currency exposure is at an acceptable level.

Moving forward, as we expand into Cambodia and Myanmar, we will be subject to higher risk of fluctuations in foreign exchange rates. If required, necessary steps will be taken which include but not limited to entering into forward exchange contracts or alternatively, we may opt for a natural hedge mechanism by maintaining foreign currency accounts to minimise the foreign currency risk.

11.10.2 Impact of interest rates

	Audited			
	FYE 2015	FYE 2016	FYE 2017	6-months FPE 2017
EBIT	3,148	6,433	8,984	4,551
Finance costs	450	547	532	199
Interest coverage ratio (times) ⁽¹⁾	7.0	11.8	16.9	22.9

Note:

- ⁽¹⁾ Computed based on EBIT over finance costs for the FYE 2015 to 2017 and FPE 2017.

Interest coverage ratio measures the number of times a company can make its interest payments with its EBIT.

Our interest coverage ratio of between 7.0 to 22.9 times for FYE 2015 to 2017 and FPE 2017 indicates that our Group has been able to generate sufficient EBIT to meet our interest serving obligations.

Our Group's financial results for the financial years under review were not materially affected by fluctuations in interest rates. However, major increase in interest rates would raise the cost of borrowings and our finance costs, which may have an adverse effect on the performance of our Group.

11.10.3 Impact of commodity prices

We were not directly affected by fluctuations in commodity prices for FYE 2015 to 2017 and FPE 2017.

11. FINANCIAL INFORMATION (Cont'd)

11.11 DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

- (a) Our revenue will remain sustainable with an upward growth trend, in line with the growth in the payments industry as set out in the IMR Report;
- (b) Our liquidity will improve subsequent to the Public Issue given the additional funds to be raised for us to carry out our business strategies as stated in Section 7.17; and
- (c) Our financial resources will strengthen, taking into account the amount to be raised from the IPO as well as internally generated funds. We may consider debt funding for our business expansion should the need arises.

In addition to the above, there are no circumstances which would result in a significant decline in our revenue and GP margins or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

11.12 TREND INFORMATION

Our financial results for the past years/ period under review have been and will continue to correlate to trends in the electronic payments industry, including the shift toward cashless payments, the increasing level of international travel into Malaysia and the rapid adoption of electronic commerce in Malaysia as well as on a global scale.

Based on our track record for the past years under review, including our segmental analysis of revenue and profitability, the following trends may continue to affect our business:

- (a) During FYE 2015 and 2016, more than 65.0% of our revenue was derived from our EDC terminals segment, while revenue from the electronic transaction processing segment was between 25.0% to 30.0%. In FYE 2017 and FPE 2017, revenue from our electronic transaction processing segment picked up and contributed 44.0% and 50.2% respectively of our total revenue. Given the on-going payments industry reforms initiated by BNM whereby BNM has set a target of 800,000 EDC terminals to be deployed by 2020 and wider acceptance of cashless payments by consumers including the rapid adoption of electronic commerce, we expect our EDC terminals and electronic transaction processing segments to continue contributing significantly to our revenue in the future;
- (b) During FYE 2015 to 2016, between 75.0% to 85.0% of our cost of sales were incurred from our EDC terminals segment, while 14.0% to 24.0% of our cost of sales was incurred from our electronic transaction processing segment, in line with our revenue segmentation. In FPE 2017, cost of sales from our electronic transaction processing segment represented 35.0% of our total cost of sales given the increase in revenue contribution from this segment. Moving forward, our cost of sales is expected to fluctuate in tandem with our revenue segmentation. Our cost of sales is dependent on amongst others, the availability and price fluctuation of EDC terminals, manpower costs and transaction volume; and
- (c) We achieved a GP margin of 66.4%, 54.9%, 59.4% and 64.4% for FYE 2015, FYE 2016, FYE 2017 and FPE 2017 respectively. We hope to maintain our GP margin within the same range in the future. This would depend on, amongst others, our continued ability to manage our costs efficiently and our revenue segmentation in the future.

11. FINANCIAL INFORMATION (Cont'd)

As at the LPD, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

- (a) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations other than those discussed in Section 11.2;
- (b) Material commitments for capital expenditure;
- (c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations save as discussed in Sections 11.2.1(i) and 11.10;
- (d) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our revenue save for those that had been discussed in Sections 11.2.1(i) and 11.2.2; and
- (e) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 11.2.1(i) and 11.2.2.

Our Board is optimistic of our future prospects given our competitive position set out in Section 7.16 and our business strategies as set out in Section 7.17.

Due to the nature of our business where there are no long term contracts or purchase orders with our customers, we do not have an order book.

11.13 DIVIDEND POLICY

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, and consent from the financiers of Revenue Harvest and Revenue Solution as set out in the respective facility agreements, there are no legal, financial, or economic restrictions on the ability of our existing subsidiary to transfer funds in the form of cash dividends, loans or advances to us. Moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to shareholders' approval. It is our intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

Actual dividends proposed and declared may vary depending on the financial performance and cash flows of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

11. FINANCIAL INFORMATION (Cont'd)**11.14 CAPITALISATION AND INDEBTEDNESS**

The table below summarises our capitalisation and indebtedness:

- (a) Based on the latest unaudited financial information as at 30 April 2018; and
- (b) After adjusting for the effects of the Acquisition of Revenue Harvest and Public Issue including the utilisation of proceeds from the Public Issue.

	RGB	I	II	III
	As at 30 April 2018	After the Acquisition of Revenue Harvest	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
Capitalisation				
Shareholders' equity	(1)	21,625	42,238	39,538
Total capitalisation	(1)	21,625	42,238	39,538
Indebtedness⁽¹⁾				
Current				
Bank overdrafts	-	993	993	-
Term loans	-	195	195	156
Finance lease liabilities	-	16	16	16
Non-current				
Term loans	-	6,833	6,833	5,365
Finance lease liabilities	-	67	67	67
Contingent liabilities ⁽²⁾	-	900	900	900
Total indebtedness	-	9,004	9,004	6,504
Total capitalisation and indebtedness	(1)	30,629	51,242	46,042
Gearing ratio⁽³⁾(times)	-	0.4	0.2	0.2

Notes:

- (1) All of our indebtedness are secured.
- (2) Contingent liabilities consist of bank guarantee issued in favour to PayNet for our appointment as Acquirer for MyDebit.
- (3) Calculated based on the total indebtedness divided by the total capitalisation.

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12. ACCOUNTANTS' REPORT



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11 MAY 2018

The Board of Directors
Revenue Group Berhad
No.12, Jalan Udang Harimau 2
Kepong Business Park
51200 Kuala Lumpur

Dear Sirs,

REVENUE GROUP BERHAD (“RGB” OR “THE COMPANY”) ACCOUNTANTS' REPORT

1. INTRODUCTION

This report has been prepared for inclusion in the Prospectus of RGB in relation to the listing of and quotation for the entire enlarged issued share capital on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing”). Details of the listing scheme are disclosed in Section 2 of this report.

2. DETAILS OF THE LISTING

In conjunction with and as an integral part of the Listing, RGB intends to undertake the followings:

2.1 Acquisition

In conjunction with and as an integral part of the Listing, RGB have undertaken the acquisition of Revenue Harvest Sdn. Bhd. (“Revenue Harvest”). On 19 December 2017, RGB entered into a conditional share sale agreement with the Revenue Harvest’s vendors to acquire the entire equity interest in Revenue Harvest comprising 1,000,000 ordinary shares for a total purchase consideration of RM16,693,600. The purchase consideration for the acquisition of Revenue Harvest was satisfied by the issuance of 166,936,000 new ordinary shares in RGB (“Shares” or “RGB Shares”) to the Revenue Harvest’s vendors at an issue price of RM0.10 each.

The acquisition of Revenue Harvest was completed on 30 April 2018. Thereafter, Revenue Harvest became the wholly-owned subsidiary company of RGB.

12. ACCOUNTANTS' REPORT (Cont'd)



2. DETAILS OF THE LISTING (CONT'D)

2.2 Public Issue

A total of 55,712,000 Issue Shares representing approximately 25% of the enlarged share capital are offered at IPO ("Initial Public Offering") price of RM0.37 each. The Issue Shares shall be allocated in the following manner:

(a) Malaysian Public

11,142,400 Shares, representing 5% of the enlarged share capital, will be made available for application by the Malaysian Public, to be allocated via balloting process as follows:

- (i) 5,571,200 Shares made available to public investors; and
- (ii) 5,571,200 Shares made available to Bumiputera public investors.

(b) Eligible Directors and employees who have contributed to the success of RGB Group

11,142,400 Shares, representing 5% of the enlarged share capital, will be reserved for the eligible Directors and employees who have contributed to the success of the RGB Group under the Pink Form Allocations. Further details of the Pink Form Allocations are set out in Section 4.4.3 of this Prospectus.

(c) Private placement to selected investors

33,427,200 Shares, representing 15% of the enlarged share capital, have been reserved for private placement to selected investors.

2.3 Offer for Sale

The Selling Shareholders will undertake an offer for sale of 16,713,600 Offer Shares at the IPO Price by way of private placement to selected investors.

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12. ACCOUNTANTS' REPORT (Cont'd)**2. DETAILS OF THE LISTING (CONT'D)****2.4 Listing**

Upon completion of the Acquisition, Public Issue and Offer for Sale, the Company's entire enlarged share capital of RM37,327,040 comprising 222,848,000 Shares shall be listed on the ACE Market of Bursa Securities.

2.5 Utilisation of Proceeds

The gross proceeds from the IPO of RM20,613,440 are intended to be utilised by RGB in the following manner:

Details of the utilisation of proceeds	Amount of proceeds		Estimated timeframe for utilisation from the date of Listing
	RM	%	
Capital expenditure	8,100,000	39.3	Within 24 months
Enhancement of revPAY and expansion of IT team	4,040,000	19.6	Within 24 months
Repayment of bank borrowings	2,500,000	12.1	Within 3 months
Business expansion	1,500,000	7.3	Within 24 months
Working capital	1,773,440	8.6	Within 24 months
Estimated listing expenses	2,700,000	13.1	Immediately
Total	20,613,440	100.0	

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12. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION****3.1 Background Information**

RGB was incorporated in Malaysia under the Companies Act, 2016 on 26 September 2017 as a public limited company. The Company's principal activity is investment holding company. Through its subsidiary companies, the Company is principally involved in the electronic payments industry.

Please refer to Note 3.4 for further details of the principal activities of its subsidiary companies.

3.2 Share Capital

The movements in the issued share capital of RGB since its incorporation to the date of this report are as follows:

Date of Allotment	Consideration	Number of Shares Allotted	<----- Cumulative Total ----->	
			Number of Shares	Total Issued Shares RM
26 September 2017	Cash: Subscribers' shares	200,000	200,000	20,000
30 April 2018	Consideration for the Acquisition of Revenue Harvest	166,936,000	167,136,000	16,713,600

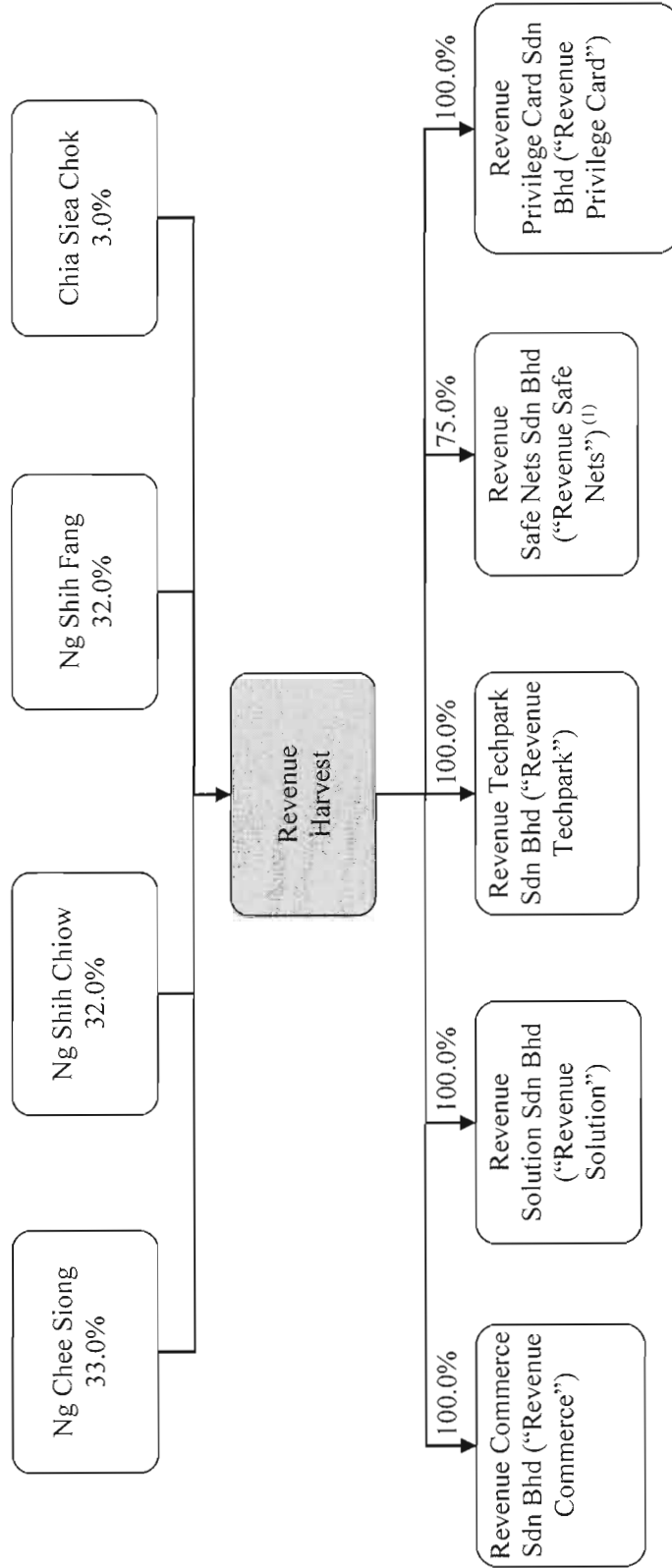
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12. ACCOUNTANTS' REPORT (Cont'd)

3. GENERAL INFORMATION (CONT'D)

3.3 Group Structure

(i) Group structure before and prior to Acquisition of Revenue Harvest:



Note:

(1) The remaining 25.0% interest in Revenue Safe Nets is held by Lai Wei Keat, who is also its Managing Director.

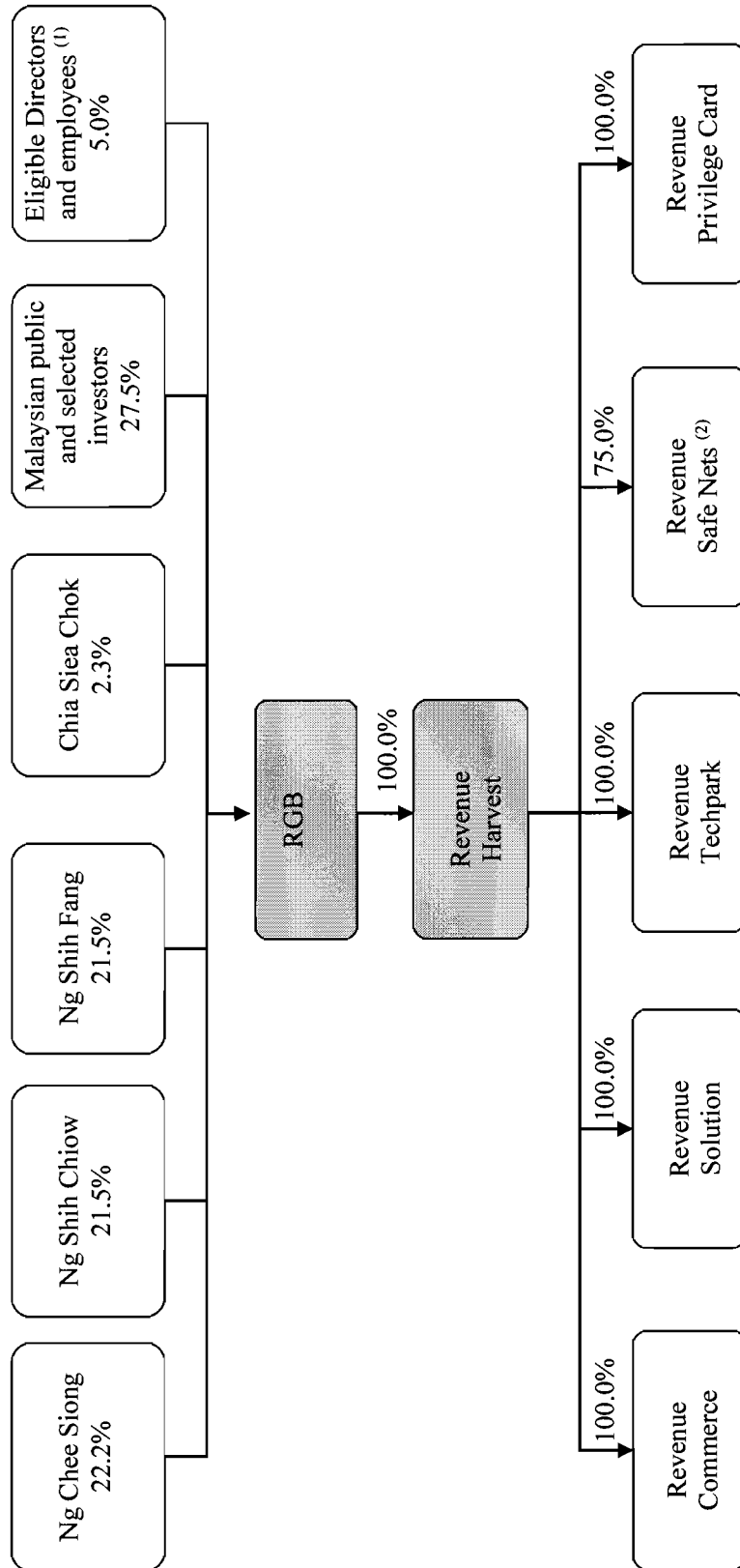


12. ACCOUNTANTS' REPORT (Cont'd)

3. GENERAL INFORMATION (CONT'D)

3.3 Group Structure (Cont'd)

(i) Group structure as at latest practicable date ("LPD") after the Acquisition of Revenue Harvest and IPO:



Notes:

- (1) Assuming that all the eligible Directors and employees will subscribe for the Pink Form Allocations.
- (2) The remaining 25.0% interest in Revenue Safe Nets is held by Lai Wei Keat, who is also its Managing Director.

12. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION (CONT'D)****3.4 Subsidiary companies of RGB**

Details of subsidiary companies are as follows:

Name of company	Date and country of incorporation	Issued and fully paid shares RM	Effective Interest %	Principal activities
<i>Held by RGB:</i>				
Revenue Harvest	17 July 2003/ Malaysia	1,000,000	100	Distribution and maintenance of EDC terminals, provision of merchant acquisition services, as well as the provision of electronic transaction processing services
<i>Held by Revenue Harvest:</i>				
Revenue Commerce	4 September 2009/ Malaysia	100,000	100	Distribution and maintenance of EDC terminals, provision of merchant acquisition services, as well as the provision of electronic transaction processing services
Revenue Solution	25 September 2003/ Malaysia	500,000	100	Distribution and maintenance of EDC terminals, provision of merchant acquisition services, as well as the provision of electronic transaction processing services

12. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION (CONT'D)****3.4 Subsidiary companies of RGB (Cont'd)**

Details of subsidiary companies are as follows: (Cont'd)

Name of company	Date and country of incorporation	Issued and fully paid shares RM	Effective Interest %	Principal activities
<i>Held by Revenue Harvest:</i>				
Revenue Techpark	7 July 2005/ Malaysia	200,000	100	Engaged in research and development, sale and licensing of software, as well as the development, maintenance and provision of support services for the payment infrastructure and technology
Revenue Safe Nets	23 March 2010/ Malaysia	100,000	75	Sale and provision of maintenance services for information technology hardware and software
Revenue Privilege Card	14 July 2005/ Malaysia	2	100	Business in selling of incentive reward points for gift redemption and e-commerce platform

12. ACCOUNTANTS' REPORT (Cont'd)**4. RELEVANT FINANCIAL YEARS/PERIOD**

The relevant financial years/period of the audited combined financial statements presented for the purpose of this report ("Relevant Financial Years/Period") for the Relevant Financial Years/Period are set out below:

Companies	Relevant Financial Years/Period
RGB	Financial period ended ("FPE") 31 December 2017
Revenue Harvest	Financial year ended ("FYE") 30 June 2015
	FYE 30 June 2016
	FYE 30 June 2017
	FPE 31 December 2017

The audited financial statements of Revenue Harvest for the Relevant Financial Years/Period were reported without any audit qualification.

5. COMBINED FINANCIAL STATEMENTS AND BASIS OF PREPARATION

This report has been prepared based on the combined financial statements of RGB, which were drawn up so as to give a true and fair view of the financial position of the RGB Group which is reported by us without qualifications. The combined financial statements of RGB Group has been prepared solely for the purpose of the Listing and for no other purpose.

The combined financial statements consist of the financial statements of combining entities, which were under common control throughout the reporting periods by virtue of common controlling shareholders, and has been accounted for as a business combination under common control in a manner similar to pooling of interests.

Accordingly, the combined financial statements for FYE 30 June 2015, FYE 30 June 2016, FYE 30 June 2017 and FPE 31 December 2017 have been prepared on the basis of merger accounting and comprise the financial statements of the combining entities which are under common control of shareholders that existed prior to the Listing during the relevant reporting periods or since their respective date of incorporation.

The financial information as presented in the combined financial statements do not correspond to the consolidated financial statements of the Company, as the combined financial statements reflect business combinations under common control for the purpose of the Listing. Consequently, the financial information from the combined financial statements do not purport to predict the financial positions, results of operations and cash flows of the combining entities during the reporting periods.

12. ACCOUNTANTS' REPORT (Cont'd)



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11 MAY 2018

The Board of Directors
Revenue Group Berhad
No. 12, Jalan Udang Harimau 2
Kepong Business Park
51200 Kuala Lumpur

Dear Sirs,

Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Revenue Group Berhad

Opinion

We have audited the accompanying combined financial statements of Revenue Group Berhad ("RGB" or "the Company") and its subsidiaries ("RGB Group" or "the Group"), which comprise the statements of financial position as at 30 June 2015, 30 June 2016, 30 June 2017 and 31 December 2017 of the Group, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the financial years/period then ended, and notes to the combined financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 14 to 98.

The combined financial statements has been prepared for inclusion in the prospectus of RGB in connection with the listing of and quotation for the entire enlarged issued share capital of RGB on the ACE Market of Bursa Malaysia Securities Berhad (the "Prospectus"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines") and is given for the purpose of complying with the Prospectus Guidelines and for no other purpose.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the Group as at 30 June 2015, 30 June 2016, 30 June 2017 and 31 December 2017 and of their financial performance and their cash flows for the financial years/period then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

12. ACCOUNTANTS' REPORT (Cont'd)



Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Revenue Group Berhad (Cont'd)

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Requirements

We are independent of the Group in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Responsibilities of the Directors for the Combined Financial Statements

The Directors of the Company are responsible for the preparation of the combined financial statements of the Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an accountants' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the combined financial statements.

12. ACCOUNTANTS' REPORT (*Cont'd*)



Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Revenue Group Berhad (*Cont'd*)

*Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (*Cont'd*)*

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our accountants' report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

12. ACCOUNTANTS' REPORT (Cont'd)



Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Revenue Group Berhad (Cont'd)

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (Cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

This report is made solely to the Directors of RGB for the listing of and quotation for the entire enlarged issued share capital of Revenue Group Berhad on the ACE Market of Bursa Securities and accordingly, we do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'Jm'.

UHY
Firm Number: AF 1411
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Lim Bee Peng'.

LIM BEE PENG
Approved Number: 03307/06/2019 J
Chartered Accountant

KUALA LUMPUR

12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
STATEMENTS OF FINANCIAL POSITION**

	Note	As at 30 June			As at 31 December	
		2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Assets						
Non-Current Assets						
Property, plant and equipment	3	11,860,401	14,044,350	21,882,122	17,964,487	22,969,849
Investments properties	4	4,944,367	4,840,638	-	4,788,776	-
Goodwill on consolidation	5	2,683,977	2,683,977	2,683,977	2,683,977	2,683,977
		<u>19,488,745</u>	<u>21,568,965</u>	<u>24,566,099</u>	<u>25,437,240</u>	<u>25,653,826</u>
Current Assets						
Trade receivables	6	3,493,290	5,475,112	5,294,807	5,325,845	5,164,758
Other receivables	7	749,850	402,841	2,887,759	864,234	1,267,184
Tax recoverable		40,440	28,050	457,156	26,230	-
Fixed deposits with licensed banks	8	674,705	694,164	612,307	694,164	543,927
Cash and bank balances		3,880,833	9,167,854	9,174,910	11,379,879	16,717,957
		<u>8,839,118</u>	<u>15,768,021</u>	<u>18,426,939</u>	<u>18,290,352</u>	<u>23,693,826</u>
Total Assets		<u>28,327,863</u>	<u>37,336,986</u>	<u>42,993,038</u>	<u>43,727,592</u>	<u>49,347,652</u>

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12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
STATEMENTS OF FINANCIAL POSITION (CONT'D)**

	Note	As at 30 June			As at 31 December	
		2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Equity and Liabilities						
Equity						
Share capital	9	1,000,000	1,000,000	1,000,000	1,000,000	1,020,000
Retained earnings		6,473,639	10,986,616	15,712,703	11,988,142	19,024,658
Equity attributable to owners of the parent		7,473,639	11,986,616	16,712,703	12,988,142	20,044,658
Non-controlling interests		-	-	(19,084)	(27,231)	26,728
Total Equity		7,473,639	11,986,616	16,693,619	12,960,911	20,071,386
Liabilities						
Non-Current Liabilities						
Finance lease payables	10	330,428	435,369	348,733	394,861	72,801
Bank borrowings	11	11,449,598	11,117,879	7,028,772	7,103,581	6,898,995
Deferred tax liabilities	12	286,439	439,250	881,141	550,245	546,157
Total Non-Current Liabilities		12,066,465	11,992,498	8,258,646	8,048,687	7,517,953
Current Liabilities						
Trade payables	13	883,295	2,314,910	2,468,318	3,849,151	2,348,035
Other payables	14	6,566,922	9,599,089	11,676,426	13,451,597	17,502,796
Amount due to Directors	15	582,743	438,270	2,408,297	4,254,242	1,025
Finance lease payables	10	87,312	103,635	89,046	91,600	15,469
Bank borrowings	11	585,954	348,502	1,119,736	215,491	1,165,366
Tax payable		81,533	553,466	278,950	855,913	725,622
		8,787,759	13,357,872	18,040,773	22,717,994	21,758,313
Total Liabilities		20,854,224	25,350,370	26,299,419	30,766,681	29,276,266
Total Equity and Liabilities		28,327,863	37,336,986	42,993,038	43,727,592	49,347,652
Net assets ("NA") (RM)		7,473,639	11,986,616	16,693,619	12,960,911	20,071,386
Number of ordinary shares		1,000,000	1,000,000	1,000,000	1,000,000	1,020,000
NA per ordinary share (sen)		747.36	1,198.66	1,669.36	1,296.09	1,967.78

12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	FYE 30 June			FPE 31 December	
		2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Revenue	16	14,385,552	25,726,063	26,525,736	12,926,722	15,397,171
Cost of sales		<u>(4,837,203)</u>	<u>(11,596,712)</u>	<u>(10,780,400)</u>	<u>(6,472,644)</u>	<u>(5,488,619)</u>
Gross profit		9,548,349	14,129,351	15,745,336	6,454,078	9,908,552
Other income		592,939	467,898	3,435,453	301,112	272,986
Administrative expenses		(6,966,703)	(8,129,157)	(10,077,513)	(4,650,002)	(5,570,252)
Finance costs	17	<u>(449,956)</u>	<u>(547,326)</u>	<u>(532,422)</u>	<u>(256,329)</u>	<u>(199,436)</u>
Profit before tax	18	2,724,629	5,920,766	8,570,854	1,848,859	4,411,850
Taxation	19	<u>(608,758)</u>	<u>(1,407,789)</u>	<u>(1,638,851)</u>	<u>(899,564)</u>	<u>(1,054,083)</u>
Profit for the financial year/ period representing total comprehensive income for the financial year/period		<u>2,115,871</u>	<u>4,512,977</u>	<u>6,932,003</u>	<u>949,295</u>	<u>3,357,767</u>
Total comprehensive income for the financial year/period attributable to:						
Owners of the parent		2,115,871	4,512,977	6,976,087	1,001,526	3,311,955
Non-controlling interests		-	-	(44,084)	(52,231)	45,812
		<u>2,115,871</u>	<u>4,512,977</u>	<u>6,932,003</u>	<u>949,295</u>	<u>3,357,767</u>

12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)**

	Note	FYE 30 June			FPE 31 December	
		2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Key financial ratio:						
Earnings before interest, tax, depreciation and amortisation		5,022,535	8,510,650	12,195,564	3,426,714	6,670,043
Gross profit margin (%)		66.37	54.92	59.36	49.93	64.35
Profit before tax margin (%)		18.94	23.01	32.31	14.30	28.65
Net profit margin (%)		14.71	17.54	26.13	7.34	21.81
Effective tax rate (%)		22.34	23.78	19.12	48.66	23.89
Basic earnings per share (sen)*	20(a)	1.27	2.70	4.17	0.60	1.98
Number of ordinary shares in issue after Acquisition		167,136,000	167,136,000	167,136,000	167,136,000	167,136,000
Basic earnings per share (sen)^	20(b)	0.95	2.03	3.13	0.45	1.49
Number of ordinary shares in issue after IPO		<u>222,848,000</u>	<u>222,848,000</u>	<u>222,848,000</u>	<u>222,848,000</u>	<u>222,848,000</u>

* The basic earnings per share is computed by dividing the net profit against the number of ordinary shares in issue after the Acquisition.

^ The basic earnings per share is computed by dividing the net profit against the number of ordinary shares in issue after IPO.

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
STATEMENTS OF CHANGES IN EQUITY**

	Attributable to owners of the parent				Non-Controlling Interests RM	Total Equity RM
	Share Capital RM	Distributable Retained Earnings RM	Total RM	Total RM		
As at 1 July 2014	1,000,000	4,357,768	5,357,768	-	5,357,768	
Profit for the financial year, representing total comprehensive income for the financial year	-	2,115,871	2,115,871	-	2,115,871	
As at 30 June 2015	1,000,000	6,473,639	7,473,639	-	7,473,639	
As at 1 July 2015	1,000,000	6,473,639	7,473,639	-	7,473,639	
Profit for the financial year, representing total comprehensive income for the financial year	-	4,512,977	4,512,977	-	4,512,977	
As at 30 June 2016	1,000,000	10,986,616	11,986,616	-	11,986,616	

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
STATEMENTS OF CHANGES IN EQUITY**

	Attributable to owners of the parent				Non-Controlling Interests RM	Total Equity RM
	Share Capital RM	Distributable Retained Earnings RM	Total RM	Total RM		
As at 1 July 2016	1,000,000	10,986,616	11,986,616	-	11,986,616	
Profit for the financial year, representing total comprehensive income for the financial year	-	6,976,087	6,976,087	(44,084)	6,932,003	
Transactions with owners						
Dividends to owners of the parent (Note 21)	-	(2,250,000)	(2,250,000)	-	(2,250,000)	
Change in ownership interest in a subsidiary company	-	-	-	25,000	25,000	
As at 30 June 2017	1,000,000	15,712,703	16,712,703	(19,084)	16,693,619	

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

	Attributable to owners of the parent			Non-Controlling Interests RM	Total Equity RM
	Share Capital RM	Distributable Retained Earnings RM	Total RM		
As at 1 July 2016	1,000,000	10,986,616	11,986,616	-	11,986,616
Profit for the financial period, representing total comprehensive income for the financial period	-	1,001,526	1,001,526	(52,231)	949,295
Change in ownership interest in a subsidiary company	-	-	-	25,000	25,000
As at 31 December 2016	1,000,000	11,988,142	12,988,142	(27,231)	12,960,911
As at 1 July 2017	1,000,000	15,712,703	16,712,703	(19,084)	16,693,619
Profit for the financial period, representing total comprehensive income for the financial period	-	3,311,955	3,311,955	45,812	3,357,767
Transactions with owners Issued of ordinary shares (Note 9)	20,000	-	20,000	-	20,000
As at 31 December 2017	1,020,000	19,024,658	20,044,658	26,728	20,071,386

12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
STATEMENTS OF CASH FLOWS**

	FYE 30 June			FPE 31 December	
	2015	2016	2017	2016	2017
	RM	RM	RM	RM	RM
Cash Flows From Operating Activities					
Profit before tax	2,724,629	5,920,766	8,570,854	1,848,859	4,411,850
Adjustments for:					
Bad debts written off					
- trade receivables	50,347	2,790	-	-	184,368
- other receivables	-	833	24,906	6,573	25,000
Depreciation of property, plant and equipment	1,771,196	1,974,117	3,107,355	1,334,975	2,119,190
Depreciation of investment properties	103,727	103,729	103,728	51,862	-
Finance costs	449,956	547,326	532,422	256,329	199,436
Gain on disposal of property, plant and equipment	(30,543)	(44,189)	(705,646)	-	(14,668)
Gain on disposal of investment properties	-	-	(2,063,090)	-	-
Gain on disposal of a subsidiary company	-	-	(24,213)	-	-
Impairment losses on trade receivables	-	799,977	418,788	530	59,866
Reversal of impairment losses on trade receivables	-	-	-	-	(500)
Deposits forfeited	-	-	-	-	(8,980)
Interest income	(26,973)	(35,288)	(118,795)	(65,311)	(60,433)
Over provision of point redemption in prior year	(309,823)	-	(132,884)	-	-
Unrealised loss/(gain) on foreign exchange	64,780	50,463	(124,712)	(68,474)	(137,178)
Operating profit before working capital changes	4,797,296	9,320,524	9,588,713	3,365,343	6,777,951
Change in working capital:					
Receivables	300,720	(2,488,876)	(527,177)	(294,229)	(689,903)
Payables	(3,489,830)	4,465,683	2,483,526	5,430,270	5,815,452
Amount due to Directors	(40,452)	(144,473)	(129,973)	3,815,972	(307,272)
	(3,229,562)	1,832,334	1,826,376	8,952,013	4,818,277
Cash generated from operations	1,567,734	11,152,858	11,415,089	12,317,356	11,596,228
Interest paid	(449,956)	(547,326)	(532,422)	(256,329)	(199,436)
Interest received	26,973	35,288	118,795	65,311	60,433
Tax paid	(482,448)	(812,996)	(1,900,582)	(484,302)	(519,619)
Tax refund	128,454	40,440	-	-	34,380
Net cash from operating activities	790,757	9,868,264	9,100,880	11,642,036	10,971,986

12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
STATEMENTS OF CASH FLOWS (CONT'D)**

	FYE 30 June			FPE 31 December	
	2015	2016	2017	2016	2017
	RM	RM	RM	RM	RM
Cash Flows From Investing Activities					
Net cash outflows arising from disposal of a subsidiary company	-	-	(441)	-	-
Proceeds from disposal of property, plant and equipment	34,800	158,650	719,778	-	16,800
Proceeds from disposal of investment properties	-	-	4,619,227	-	2,180,773
Purchase of property, plant and equipment [Note 3(c)]	(2,100,248)	(3,946,527)	(10,959,259)	(5,255,112)	(3,209,049)
Net cash used in investing activities	<u>(2,065,448)</u>	<u>(3,787,877)</u>	<u>(5,620,695)</u>	<u>(5,255,112)</u>	<u>(1,011,476)</u>
Cash Flows From Financing Activities					
Decrease/(Increase) in fixed deposits pledged	245,035	(17,500)	81,857	-	75,108
Dividends paid (Note 21)	-	-	(150,000)	-	(2,100,000)
Proceeds from issuance of shares (Note 9)	-	-	-	-	20,000
Repayment of finance lease payables	(82,623)	(204,736)	(101,225)	(52,543)	(349,509)
Repayment of term loans	(584,243)	(501,456)	(4,278,597)	(4,148,675)	(97,136)
Net cash used in financing activities	<u>(421,831)</u>	<u>(723,692)</u>	<u>(4,447,965)</u>	<u>(4,201,218)</u>	<u>(2,451,537)</u>
Net (decrease)/increase in cash and cash equivalents	(1,696,522)	5,356,695	(967,780)	2,185,706	7,508,973
Cash and cash equivalents at the beginning of the financial year/period	5,614,880	3,918,358	9,275,053	9,275,053	8,321,385
Effect of exchange translation differences on cash and cash equivalents	-	-	14,112	24,953	27,813
Cash and cash equivalents at the end of the financial year/period	<u>3,918,358</u>	<u>9,275,053</u>	<u>8,321,385</u>	<u>11,485,712</u>	<u>15,858,171</u>
Cash and cash equivalents at the end of the financial year/period comprises:					
Cash and bank balances	3,880,833	9,167,854	9,174,910	11,379,879	16,717,957
Fixed deposits with licensed banks	674,705	694,164	612,307	694,164	543,927
Bank overdraft	(67,715)	-	(960,724)	(1,366)	(973,713)
	<u>4,487,823</u>	<u>9,862,018</u>	<u>8,826,493</u>	<u>12,072,677</u>	<u>16,288,171</u>
Less: Fixed deposits pledged with licensed banks	(569,465)	(586,965)	(505,108)	(586,965)	(430,000)
	<u>3,918,358</u>	<u>9,275,053</u>	<u>8,321,385</u>	<u>11,485,712</u>	<u>15,858,171</u>

12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS**
1. Basis of Preparation
(a) Statement of compliance

The combined financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The combined financial statements of the Group have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of amended standards

During the financial period, the Group has adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial period:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014 - 2016 Cycle	Amendments to MFRS 12

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities as disclosed in Note 27 to the combined financial statements. Other than that, the adoption of above amendments to MFRSs did not have any significant impact on the combined financial statements of the Group.

Standards issued but not yet effective

The Group have not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group:

		Effective dates for financial periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS
1. Basis of Preparation (Cont'd)
(b) Statement of compliance (Cont'd)
Standards issued but not yet effective (Cont'd)

The Group has not applied the following new MFRSs, new interpretation and amendments to MFRSs that have been issued by the Malaysian Accounting Standard Board ("MASB") but are not yet effective for the Group: (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i>	1 January 2018*
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Annual Improvements to MFRSs 2014 - 2016 Cycle:		
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
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 128	Long Term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	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

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
1. Basis of Preparation (Cont'd)
(a) Statement of compliance (Cont'd)
Standards issued but not yet effective (Cont'd)

The Group has not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group: (Cont'd)

	Effective date for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 2 <i>Share-Based Payment</i>	1 January 2020
Amendments to MFRS 3 <i>Business Combination</i>	1 January 2020
• Amendments to MFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2020
• Amendments to MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2020
• Amendments to MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2020
• Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
Amendments to MFRS 134 <i>Interim Financial Reporting</i>	1 January 2020
• Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2020
• Amendments to MFRS 138 <i>Intangible Assets</i>	1 January 2020
• Amendments to IC Interpretation 12 <i>Service Concession Arrangements</i>	1 January 2020
• Amendments to IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2020
• Amendments to IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2020
• Amendments to IC Interpretation 22 <i>Foreign Currency Transactions and Advances Consideration</i>	1 January 2020
• Amendments to IC Interpretation 123 <i>Intangible Assets - Website Costs</i>	1 January 2020
MFRS 17	1 January 2021
Amendments to MFRS 10 and MFRS 128	Deferred until further notice
Insurance Contracts	
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	

12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**
1. Basis of Preparation (Cont'd)
(a) Statement of compliance (Cont'd)
Standards issued but not yet effective (Cont'd)

The Group intends to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the combined financial statements of the Group except as mentioned below:

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement*.

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

The Group do not expect adoption of MFRS 9 have any significant impact on the combined financial statements of the Group.

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****1. Basis of Preparation (Cont'd)****(a) Statement of compliance (Cont'd)****Standards issued but not yet effective (Cont'd)****(ii) MFRS 15 Revenue from Contracts with Customers**

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of combined financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group do not expect adoption of MFRS 15 have any significant impact on the combined financial statements of the Group.

(iii) 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 statement 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.

12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
 NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**
1. Basis of Preparation (Cont'd)
(a) Statement of compliance (Cont'd)
Standards issued but not yet effective (Cont'd)
(iii) MFRS 16 Leases (Cont'd)

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 Group do not expect adoption of MFRS 16 have any significant impact on the combined financial statements of the Group.

(b) Functional and presentation currency

These combined financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's combined financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the combined financial statements:

Operating lease commitments – the Group as lessor

The Group has entered into leases on its Electronic Data Capture ("EDC") terminals. The Group has determined that it retains all the significant risks and rewards of ownership of the equipment which are leased out as operating leases due to the lease term is not for the major part of the economic life of the asset.

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****1. Basis of Preparation (Cont'd)****(c) Significant accounting judgements, estimates and assumptions (Cont'd)****Key sources of estimation uncertainty**Useful lives of property, plant and equipment and investment properties

The Group regularly reviews the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount at the reporting date for property, plant and equipment and investment properties are disclosed in Notes 3 and 4 to the combined financial statements respectively.

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 6 and 7 to the combined financial statements respectively.

Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2017, The Group has tax recoverable and tax payable of RMNil (30.6.2017: RM457,156; 31.12.2016: 26,230; 30.6.2016: RM28,050; 30.6.2015: RM40,440) and RM725,622 (30.6.2017: RM278,950; 31.12.2016: RM855,913; 30.6.2016: RM553,466; 30.6.2015: RM81,533) respectively.

12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**
1. Basis of Preparation (Cont'd)
(c) Significant accounting judgments, estimates and assumptions (Cont'd)
Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 25(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

2. Significant Accounting Policies

The Group applies the significant accounting policies set out below, consistently throughout all periods presented in the combined financial statements unless otherwise stated.

(a) Basis of consolidation
(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combination - Merger method

Subsidiary companies are consolidated using merger method of accounting as the business combination of the subsidiary companies involved an entity under common control.

Under the merger method of accounting, the results of subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. Any difference between the consideration paid and the share capital of the combined entities are reflected within equity as merger deficit.

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****2. Significant Accounting Policies (Cont'd)****(a) Basis of consolidation (Cont'd)****(i) Subsidiary companies (Cont'd)****Business combination - Acquisition method**

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Under the acquisition method of accounting, subsidiary companies are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceased. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement* either in profit or loss or other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****2. Significant Accounting Policies (Cont'd)****(a) Basis of consolidation (Cont'd)****(i) Subsidiary companies (Cont'd)**

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

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12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****2. Significant Accounting Policies (Cont'd)****(a) Basis of consolidation (Cont'd)****(iv) Goodwill on consolidation**

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 2(j)(i) to the combined financial statements on impairment of non-financial assets.

(b) Foreign currency translation and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are recognised in profit or loss in the Group's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****2. Significant Accounting Policies (Cont'd)****(c) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2(j)(i) to the combined financial statements.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**
2. Significant Accounting Policies (Cont'd)
(c) Property, plant and equipment (Cont'd)
(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Buildings	2%
Leasehold building	Over the remaining lease period
Computer, software and testing equipment	25% to 50%
EDC terminals	20%
Motor vehicles	14% to 20%
Office equipment, furniture and fittings	10% to 25%
Renovation	10%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

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12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
2. Significant Accounting Policies (Cont'd)
(d) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

As lessee
(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
 NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**
2. Significant Accounting Policies (Cont'd)
(d) Leases (Cont'd)
As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold land and buildings	2%
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 2(j)(i) on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****2. Significant Accounting Policies (Cont'd)****(f) Financial assets**

Financial assets are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group classifies its financial assets depending on the purpose for which the financial assets were acquired at initial recognition, into the loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial assets has expired or has been transferred and the Group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in the profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****2. Significant Accounting Policies (Cont'd)****(g) Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

The Group classifies their financial liabilities at initial recognition, into:

(a) Financial liabilities measured at amortised cost

The Group's financial liabilities comprise trade and other payables, amount due to Directors and loans and borrowings.

Trade and other payables and amount due to Directors are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****2. Significant Accounting Policies (Cont'd)****(g) Financial liabilities (Cont'd)**

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(h) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment of assets**(i) Non-financial assets**

The carrying amounts of non-financial assets (except for deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****2. Significant Accounting Policies (Cont'd)****(j) Impairment of assets (Cont'd)****(i) Non-financial assets (Cont'd)**

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****2. Significant Accounting Policies (Cont'd)****(j) Impairment of assets (Cont'd)****(ii) Financial assets**

All financial assets, other than those categorised as fair value through profit or loss and investments in subsidiary companies, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****2. Significant Accounting Policies (Cont'd)****(k) Share capital**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholder.

(l) Provision

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

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12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****2. Significant Accounting Policies (Cont'd)****(m) Employee benefits****(i) Short term employee benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(n) Revenue**(i) Sales of goods**

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the reporting period.

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****2. Significant Accounting Policies (Cont'd)****(n) Revenue (Cont'd)****(iii) Commission**

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(iv) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

(v) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the year in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****2. Significant Accounting Policies (Cont'd)****(p) Income taxes**

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year/period, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****2. Significant Accounting Policies (Cont'd)****(q) Goods and Services Tax ("GST")**

Revenue, expenses and assets are recognised net of the amount of GST except:

- (i) where the GST incurred in a purchase of assets or services is not recoverable from taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

(r) Deferred revenue

Deferred revenue represents the cash received in advance from customer and transfer of asset from customer in respect of services which are yet to be provided. Such amounts are recorded as liabilities in the statements of financial position and are only recognised in the statements of profit or loss and other comprehensive income upon the rendering of services to customers.

(s) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

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12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****3. Property, Plant and Equipment**

	Freehold land RM	Buildings RM	Computer, software and testing equipment RM	EDC terminals RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovation RM	Total RM
As at 30 June 2015								
Cost								
At 1 July 2014	-	-	1,906,056	10,980,125	757,436	141,514	146,999	13,932,130
Additions	5,123,757	3,250,000	1,103,659	52,139	-	14,157	181,836	9,725,548
Disposal	-	-	-	(10,740)	-	-	-	(10,740)
At 30 June 2015	5,123,757	3,250,000	3,009,715	11,021,524	757,436	155,671	328,835	23,646,938
Accumulated depreciation								
At 1 July 2014	-	-	1,491,551	8,099,162	245,553	84,948	100,610	10,021,824
Charge for the financial year	-	35,598	550,601	1,042,742	108,205	14,533	19,517	1,771,196
Disposal	-	-	-	(6,483)	-	-	-	(6,483)
At 30 June 2015	-	35,598	2,042,152	9,135,421	353,758	99,481	120,127	11,786,537
Carrying amount								
At 30 June 2015	5,123,757	3,214,402	967,563	1,886,103	403,678	56,190	208,708	11,860,401

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****3. Property, Plant and Equipment (Cont'd)**

	Freehold land RM	Buildings RM	Computer, software and testing equipment RM	EDC terminals RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovation RM	Total RM
As at 30 June 2016								
Cost								
At 1 July 2015	5,123,757	3,250,000	3,009,715	11,021,524	757,436	155,671	328,835	23,646,938
Additions	-	-	1,551,930	1,651,653	361,851	201,714	505,379	4,272,527
Disposals	-	-	-	(11,817)	(236,016)	-	-	(247,833)
At 30 June 2016	5,123,757	3,250,000	4,561,645	12,661,360	883,271	357,385	834,214	27,671,632
Accumulated depreciation								
At 1 July 2015	-	35,598	2,042,152	9,135,421	353,758	99,481	120,127	11,786,537
Charge for the financial year	-	48,165	746,503	923,578	119,775	61,444	74,652	1,974,117
Disposals	-	-	-	(6,935)	(126,437)	-	-	(133,372)
At 30 June 2016	-	83,763	2,788,655	10,052,064	347,096	160,925	194,779	13,627,282
Carrying amount								
At 30 June 2016	5,123,757	3,166,237	1,772,990	2,609,296	536,175	196,460	639,435	14,044,350

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****3. Property, Plant and Equipment (Cont'd)**

	Freehold land RM	Buildings RM	Computer, software and testing equipment RM	EDC terminals RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovation RM	Total RM
As at 30 June 2017								
Cost								
At 1 July 2016	5,123,757	3,250,000	4,561,645	12,661,360	883,271	357,385	834,214	27,671,632
Additions	-	-	1,665,838	9,181,943	-	38,966	72,512	10,959,259
Disposals	-	-	-	(1,076,158)	-	-	-	(1,076,158)
Written off	-	-	-	(1,559,400)	-	-	-	(1,559,400)
At 30 June 2017	5,123,757	3,250,000	6,227,483	19,207,745	883,271	396,351	906,726	35,995,333
Accumulated depreciation								
At 1 July 2016	-	83,763	2,788,655	10,052,064	347,096	160,925	194,779	13,627,282
Charge for the financial year	-	48,166	945,328	1,843,098	113,682	71,546	85,535	3,107,355
Disposals	-	-	-	(1,062,026)	-	-	-	(1,062,026)
Written off	-	-	-	(1,559,400)	-	-	-	(1,559,400)
At 30 June 2017	-	131,929	3,733,983	9,273,736	460,778	232,471	280,314	14,113,211
Carrying amount								
At 30 June 2017	5,123,757	3,118,071	2,493,500	9,934,009	422,493	163,880	626,412	21,882,122

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****3. Property, Plant and Equipment (Cont'd)**

	Freehold land RM	Buildings RM	Computer, software and testing equipment RM	EDC terminals RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovation RM	Total RM
As at 31 December 2016								
Cost								
At 1 July 2016	5,123,757	3,250,000	4,561,645	12,661,360	883,271	357,385	834,214	27,671,632
Additions	-	-	412,347	4,793,709	-	22,522	26,534	5,255,112
Written off	-	-	-	(3,001)	-	-	-	(3,001)
At 31 December 2016	5,123,757	3,250,000	4,973,992	17,452,068	883,271	379,907	860,748	32,923,743
Accumulated depreciation								
At 1 July 2016	-	83,763	2,788,655	10,052,064	347,096	160,925	194,779	13,627,282
Charge for the financial period	-	24,085	443,505	725,448	63,090	36,804	42,043	1,334,975
Written off	-	-	-	(3,001)	-	-	-	(3,001)
At 31 December 2016	-	107,848	3,232,160	10,774,511	410,186	197,729	236,822	14,959,256
Carrying amount								
At 31 December 2016	5,123,757	3,142,152	1,741,832	6,677,557	473,085	182,178	623,926	17,964,487

12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**
3. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Buildings RM	Computer, software and testing equipment RM	EDC terminals RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovation RM	Total RM
As at 31 December 2017								
Cost								
At 1 July 2017	5,123,757	3,250,000	6,227,483	19,207,745	883,271	396,351	906,726	35,995,333
Additions	-	-	656,570	2,540,756	-	11,723	-	3,209,049
Disposals	-	-	-	(8,487)	-	-	-	(8,487)
At 31 December 2017	5,123,757	3,250,000	6,884,053	21,740,014	883,271	408,074	906,726	39,195,895
Accumulated depreciation								
At 1 July 2017	-	131,929	3,733,983	9,273,736	460,778	232,471	280,314	14,113,211
Charge for the financial period	-	24,083	619,576	1,345,847	48,091	37,835	43,758	2,119,190
Disposals	-	-	-	(6,355)	-	-	-	(6,355)
At 31 December 2017	-	156,012	4,353,559	10,613,228	508,869	270,306	324,072	16,226,046
Carrying amount								
At 31 December 2017	5,123,757	3,093,988	2,530,494	11,126,786	374,402	137,768	582,654	22,969,849

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
3. Property, Plant and Equipment (Cont'd)
(a) Assets pledged as securities to a licensed bank

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 11(a) to the combined financial statements are as follows:

	As at 30 June			As at 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Freehold land	5,123,757	5,123,757	5,123,757	5,123,757	5,123,757
Buildings	3,214,402	3,166,237	3,118,071	3,142,152	3,093,988
	<u>8,338,159</u>	<u>8,289,994</u>	<u>8,241,828</u>	<u>8,265,909</u>	<u>8,217,745</u>

(b) Assets held under finance leases

As at 31 December 2017, the net carrying amount of leased motor vehicles of the Group was RM74,334 (30.6.2017: RM411,422; 31.12.2016: RM460,906; 30.6.2016: RM522,889; 30.6.2015: RM403,678).

(c) The aggregate additional cost for the property, plant and equipment of the Group acquired under finance lease financing, term loans financing and cash payments are as follows:

	As at 30 June			As at 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Aggregate costs	9,725,548	4,272,527	10,959,259	5,255,112	3,209,049
Less: Finance lease financing	-	(326,000)	-	-	-
Less: Term loans financing	(7,625,300)	-	-	-	-
Cash payments	<u>2,100,248</u>	<u>3,946,527</u>	<u>10,959,259</u>	<u>5,255,112</u>	<u>3,209,049</u>

(d) Included in the property, plant and equipment of the Group are motor vehicles with carrying amount of RMNil (30.6.2017: RM329,528; 31.12.2016: RM371,453; 30.6.2016: RM425,877; 30.6.2015: RM403,678) held in trust by certain Directors.

12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**
4. Investments Properties

	As at 30 June			As at 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Cost					
At 1 July	5,186,398	5,186,398	5,186,398	5,186,398	-
Disposal during the financial year/ period	-	-	(5,186,398)	-	-
At 30 June/ 31 December	<u>5,186,398</u>	<u>5,186,398</u>	<u>-</u>	<u>5,186,398</u>	<u>-</u>
Accumulated depreciation					
At 1 July	138,304	242,031	345,760	345,760	-
Charge for the financial year/ period	103,727	103,729	103,728	51,862	-
Disposal during the year/ period	-	-	(449,488)	-	-
At 30 June/ 31 December	<u>242,031</u>	<u>345,760</u>	<u>-</u>	<u>397,622</u>	<u>-</u>
Carrying amount					
At 30 June/ 31 December	<u>4,944,367</u>	<u>4,840,638</u>	<u>-</u>	<u>4,788,776</u>	<u>-</u>
Fair value					
At 30 June/ 31 December	<u>5,800,000</u>	<u>7,000,000</u>	<u>-</u>	<u>6,800,000</u>	<u>-</u>

(a) The remaining lease period of the investment properties of the Group is Nil (30.6.2017: Nil; 31.12.2016: 62 years; 30.6.2016: 63 years; 30.6.2015: 64 years).

(b) Income and expenses recognised in profit and loss

The following are recognised in profit and loss in respect of investment properties:

	FYE 30 June			FPE 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Rental income	225,600	267,600	158,368	133,800	21,000
Direct operating expenses	<u>218,755</u>	<u>228,173</u>	<u>210,943</u>	<u>101,202</u>	<u>6,119</u>

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
4. Investments Properties (Cont'd)
(c) Fair value information

Fair value of investment properties was estimated by the Directors based on internal appraisal of market values of comparable properties. The fair values are within Level 2 of the fair value hierarchy.

(d) Investment properties pledged as securities to a licensed bank

Investment properties of the Group amounting to RMNil (30.6.2017: RMNil; 31.12.2016: RM4,788,776; 30.6.2016: RM4,840,638; 30.6.2015: RM4,944,367) have been pledged to secure banking facilities granted to the Group as disclosed in Note 11(a) to the combined financial statements.

5. Goodwill on Consolidation

	As at 30 June			As at 31 December	
	2015	2016	2017	2016	2017
	RM	RM	RM	RM	RM
At 1 July/30 June/ 31 December	2,683,977	2,683,977	2,683,977	2,683,977	2,683,977

(a) Impairment test for goodwill on consolidation

Goodwill on consolidation has been allocated to the subsidiary companies of Revenue Harvest's cash-generating unit ("CGU") which is the subsidiary companies of Revenue Harvest's principal activities that is distribution and maintenance of Electronic Data Capture ("EDC") terminals, provision of merchant acquisition services and provision of electronic transaction processing services.

(b) Key assumptions used to determine recoverable amount

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by the Directors covering a five-year year. Cash flows beyond five years are projected based on assumptions that the fifth year cash flow will be generated by the respective CGUs perpetually. Discount rate used in based on the pre-tax weighted average cost of capital.

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
5. Goodwill on Consolidation (Cont'd)
(b) Key assumptions used to determine recoverable amount (Cont'd)

The key assumptions on which the Directors have based the cash flow projections to undertake impairment testing are as follows:

- (i) Gross margin - Budgeted value based on the average margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements and market development.
- (ii) Growth rate - Not applicable as the cash flow projections made is for 5 years, in accordance with the expected lifecycle of the CGU.
- (iii) Pre-tax discount rate - Rate that reflect specific risks relating to the relevant CGU.

6. Trade Receivables

	As at 30 June			As at 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Trade receivables	3,493,290	6,275,089	5,738,499	6,126,352	5,667,816
Less: Accumulated impairment losses	-	(799,977)	(443,692)	(800,507)	(503,058)
	<u>3,493,290</u>	<u>5,475,112</u>	<u>5,294,807</u>	<u>5,325,845</u>	<u>5,164,758</u>

Trade receivables are non-interest bearing and generally on 30 days (30.6.2017: 30 days; 31.12.2016: 30 days; 30.6.2016: 30 days; 30.6.2015: 30 days). Trade receivables are recognised at their original invoice amounts which represent their fair value on initial recognition.

The Group's credit exposures are concentrated mainly on 2 (30.6.2017: 2; 31.12.2016: 2; 30.6.2016: 2; 30.6.2015: 1) debtors, which accounted for 33% (30.6.2017: 32%; 31.12.2016: 22%; 30.6.2016: 45%; 30.6.2015: 30%) of total trade receivables as at 31 December 2017.

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12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
6. Trade Receivables (Cont'd)

Movements in the allowance for impairment losses of trade receivables are as follows:

	As at 30 June			As at 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
At 1 July	-	-	799,977	799,977	443,692
Impairment losses recognised	-	799,977	418,788	530	59,866
Written off	-	-	(775,073)	-	-
Reversal of impairment losses	-	-	-	-	(500)
At 30 June/31 December	-	799,977	443,692	800,507	503,058

Analysis of the trade receivables ageing as at the end of the reporting period is as follows:

	As at 30 June			As at 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Neither past due nor impaired	613,288	780,646	837,514	1,595,477	2,507,080
<i>Past due but not impaired:</i>					
Less than 30 days	438,856	1,146,792	2,099,383	1,116,119	687,277
31 to 60 days	409,920	488,531	580,529	267,001	308,227
61 to 90 days	2,009,016	403,445	211,771	67,943	96,500
More than 90 days	22,210	2,655,698	1,565,610	2,279,305	1,565,674
	2,880,002	4,694,466	4,457,293	3,730,368	2,657,678
	3,493,290	5,475,112	5,294,807	5,325,845	5,164,758
Impaired	-	799,977	443,692	800,507	503,058
	3,493,290	6,275,089	5,738,499	6,126,352	5,667,816

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2017, trade receivables of RM2,657,678 (30.6.2017: RM4,457,293; 31.12.2016: RM3,730,368; 30.6.2016: RM4,694,466; 30.6.2015: RM2,880,002) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM503,058 (30.6.2017: RM443,692; 31.12.2016: RM800,507; 30.6.2016: RM799,977; 30.6.2015: RMNil) related to customers that are in financial difficulties and/or have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

12. ACCOUNTANTS' REPORT (Cont'd)**NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****7. Other Receivables**

	As at 30 June			As at 31 December	
	2015	2016	2017	2016	2017
	RM	RM	RM	RM	RM
Other receivables	370,618	63,075	2,409,948	161,872	79,685
Deposits	317,092	306,925	334,645	332,785	340,520
Prepayments	37,084	19,558	136,347	22,765	497,364
GST receivables	25,056	13,283	6,819	346,812	349,615
	<u>749,850</u>	<u>402,841</u>	<u>2,887,759</u>	<u>864,234</u>	<u>1,267,184</u>

- (a) Included in the other receivables is an amount of RMNil (30.6.2017: RM122,104; 31.12.2016: RM100,672, 30.6.2016: RM66,757; 30.6.2015: RM66,757) due from companies in which certain Directors of the Group have substantial financial interests. This amount is unsecured, non-interest bearing advances and is repayable on demand.
- (b) Included in other receivables of the Group is an amount of RMNil (30.6.2017: RM2,180,773; 31.12.2016: RMNil; 30.6.2016: RMNil; 30.6.2015: RMNil) due from a solicitor as stakeholder fund. The stakeholder fund is in relation to the balance of proceeds receivable in relation to the disposal of investment properties as disclosed in Note 29(b) to the combined financial statements. This amount has been received in August 2017.

8. Fixed Deposits with Licensed Banks

Fixed deposits of the Group with licensed banks amounting to RM430,000 (30.6.2017: RM505,108; 31.12.2016: RM586,965; 30.6.2016: RM586,965; 30.6.2015: RM569,465) are pledged as security for acting as the bank's Master Merchant.

The fixed deposits are subject to interest rates at 3.15% (30.6.2017: 3.15%; 31.12.2016: 3.15%; 30.6.2016: 3.15%; 30.6.2015: 1.25% to 3.15%) per annum and has maturity period of 30 days (30.6.2017: 30 days; 31.12.2016: 30 days; 30.6.2016: 30 days, 30.6.2015: 30 days to 365 days).

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12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****9. Share Capital**

	As at 30 June		As at 31 December		As at 30 June		As at 31 December	
	2015	2016	2016	2017	2016	2016	2016	2017
	Units	Units	Units	Units	RM	RM	RM	RM
Ordinary shares with no par value (2016: Par value of RM1.00 each; 2015: Par value of RM1.00 each)								
Authorised								
At 1 July/30 June/ 31 December	1,000,000	1,000,000	N/A	1,000,000	1,000,000	1,000,000	1,000,000	N/A
Issued and fully paid ordinary shares								
At 1 July/30 June/ 31 December	1,000,000	1,000,000	1,000,000	1,200,000	1,000,000	1,000,000	1,000,000	1,020,000

N/A - Not applicable due to adoption of the Companies Act, 2016 as disclosed in Note 9(b).

12. ACCOUNTANTS' REPORT (Cont'd)



**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**

9. Share Capital (Cont'd)

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Group. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Group's residual assets.
- (b) The new Companies Act, 2016, which come into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of the member as a result of this transaction.
- (c) The share capital as at 30 June 2015, 30 June 2016, 31 December 2016 and 30 June 2017 represent the issued and paid up share capital of Revenue Harvest.
- (d) The share capital as at 31 December 2017 represents the issued and paid up share capital of the Company and Revenue Harvest.

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12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
10. Finance Lease Payables

	As at 30 June			As at 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Minimum lease payments					
Within one year	104,880	126,844	107,316	112,169	19,584
Later than one year but not later than two years	95,057	107,316	107,316	107,316	19,584
Later than two years but not later than five years	173,658	286,323	238,863	262,593	58,752
Later than five years	100,600	90,040	33,197	64,695	2,138
	<u>474,195</u>	<u>610,523</u>	<u>486,692</u>	<u>546,773</u>	<u>100,058</u>
Less: Future finance charges	(56,455)	(71,519)	(48,913)	(60,312)	(11,788)
Present value of minimum lease payments	<u>417,740</u>	<u>539,004</u>	<u>437,779</u>	<u>486,461</u>	<u>88,270</u>
Present value of minimum lease payments					
Within one year	87,312	103,635	89,046	91,600	15,469
Later than one year but not later than two years	82,109	89,046	93,578	91,312	16,359
Later than two years but not later than five years	152,804	258,186	221,823	240,335	54,415
Later than five years	95,515	88,137	33,332	63,214	2,027
	<u>417,740</u>	<u>539,004</u>	<u>437,779</u>	<u>486,461</u>	<u>88,270</u>
Analysed as:					
Repayable within twelve months	87,312	103,635	89,046	91,600	15,469
Repayable after twelve months	330,428	435,369	348,733	394,861	72,801
	<u>417,740</u>	<u>539,004</u>	<u>437,779</u>	<u>486,461</u>	<u>88,270</u>

The effective interest rate for the finance lease payables as at reporting date range from 4.47% to 5.12% (30.6.2017: 4.47% to 6.34%; 31.12.2016: 4.47% to 5.12%; 30.6.2016: 4.50% to 6.70%; 30.6.2015: 4.50% to 6.70%) per annum.

The Group leases motor vehicles under finance lease [Note 3(b)]. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
11. Bank Borrowings

	As at 30 June			As at 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Secured					
Term loans	11,967,837	11,466,381	7,187,784	7,317,706	7,090,648
Secured					
Bank overdrafts	-	-	960,724	-	973,662
Unsecured					
Bank overdrafts	67,715	-	-	1,366	51
Total	12,035,552	11,466,381	8,148,508	7,319,072	8,064,361
Analysed as:					
Non-current liabilities					
Term loans	11,449,598	11,117,879	7,028,772	7,103,581	6,898,995
Current liabilities					
Term loans	518,239	348,502	159,012	214,125	191,653
Bank overdrafts	67,715	-	960,724	1,366	973,713
	585,954	348,502	1,119,736	215,491	1,165,366
	12,035,552	11,466,381	8,148,508	7,319,072	8,064,361

The term loans and bank overdrafts obtained from licensed banks are secured by the following:

- legal charge over the freehold land and buildings and investment properties as disclosed in Notes 3(a) and 4(d) to the combined financial statements; and
- joint and several guarantee by certain Directors of the Company.

Maturity of bank borrowings is as follows:

	As at 30 June			As at 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Within one year	585,954	348,502	1,119,736	215,491	1,165,366
Between one and two years	349,183	267,430	194,560	191,045	200,658
Between two and three years	268,138	279,825	203,701	200,022	210,085
Between three and four years	280,560	292,794	213,272	209,419	219,955
Between four and five years	293,559	306,364	223,292	219,258	230,289
After five years	10,258,158	9,971,466	6,193,947	6,283,837	6,038,008
	12,035,552	11,466,381	8,148,508	7,319,072	8,064,361

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
11. Bank Borrowings (Cont'd)

The range of interest rates at the reporting date is as follows:

	As at 30 June			As at 31 December	
	2015	2016	2017	2016	2017
	%	%	%	%	%
Term loans	4.60 - 5.00	4.60 - 5.00	4.42	4.60 - 5.00	4.42
Bank overdrafts	3.30	-	8.17	8.17	8.17

12. Deferred Tax Liabilities

	As at 30 June			As at 31 December	
	2015	2016	2017	2016	2017
	RM	RM	RM	RM	RM
At 1 July	248,411	286,439	439,250	439,250	881,141
Recognised in profit and loss	38,028	152,811	441,891	110,995	(334,984)
At 30 June/ 31 December	<u>286,439</u>	<u>439,250</u>	<u>881,141</u>	<u>550,245</u>	<u>546,157</u>

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	As at 30 June			As at 31 December	
	2015	2016	2017	2016	2017
	RM	RM	RM	RM	RM
Deferred tax liabilities	286,569	444,703	886,048	551,193	546,157
Deferred tax assets	(130)	(5,453)	(4,907)	(948)	-
	<u>286,439</u>	<u>439,250</u>	<u>881,141</u>	<u>550,245</u>	<u>546,157</u>

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
12. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liability and assets are as follows:

	As at 30 June			As at 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
<u>Deferred tax liabilities</u>					
Accelerated capital allowances					
At 1 July	249,031	286,569	444,703	444,703	886,048
Recognised in profit or loss	9,628	153,699	452,806	110,527	(163,054)
Change in tax rate	-	-	6	-	-
Under/(Over) provision in prior years	27,910	4,435	(11,467)	(4,037)	(176,837)
At 30 June/ 31 December	<u>286,569</u>	<u>444,703</u>	<u>886,048</u>	<u>551,193</u>	<u>546,157</u>
<u>Deferred tax assets</u>					
Unutilised capital allowances					
At 1 July	-	-	-	-	(4,907)
Recognised in profit or loss	-	-	(4,907)	(948)	4,907
At 30 June/ 31 December	<u>-</u>	<u>-</u>	<u>(4,907)</u>	<u>(948)</u>	<u>-</u>
Unutilised tax losses					
At 1 July	(620)	(130)	(5,453)	(5,453)	-
Recognised in profit or loss	490	(5,323)	6,888	5,453	-
Change in tax rate	-	-	(6)	-	-
Over provision in prior year	-	-	(1,429)	-	-
At 30 June/ 31 December	<u>(130)</u>	<u>(5,453)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>(130)</u>	<u>(5,453)</u>	<u>(4,907)</u>	<u>(948)</u>	<u>-</u>

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12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
12. Deferred Tax Liabilities (Cont'd)

Deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of its recoverability:

	As at 30 June			As at 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Unutilised capital allowances	-	-	6,166	2,839	-
Unutilised tax losses	423,992	181,736	81,854	287,586	53,761
Decelerated capital allowances	-	-	24,873	10,572	250,955
Others	-	-	115,762	-	-
	<u>423,992</u>	<u>181,736</u>	<u>228,655</u>	<u>300,997</u>	<u>304,716</u>

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

13. Trade Payables

The normal trade credit terms granted to the Group is 30 days (30.6.2017: 30 days; 31.12.2016: 30 days; 30.6.2016: 30 days; 30.6.2015: 30 days) depending on the terms of the contracts.

14. Other Payables

	As at 30 June			As at 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Other payables	2,034,555	4,536,656	7,712,249	9,454,981	14,028,573
Accruals	467,668	520,690	678,693	913,160	826,143
Deposit received	3,814,536	4,351,746	2,922,949	2,665,193	2,248,269
GST payables	123,663	57,113	245,268	289,174	203,630
Provision	126,500	132,884	1,505	129,089	1,505
Deferred revenue	-	-	115,762	-	194,676
	<u>6,566,922</u>	<u>9,599,089</u>	<u>11,676,426</u>	<u>13,451,597</u>	<u>17,502,796</u>

Deferred revenue represents the amount received in advance from customers for which services have yet to be performed.

15. Amount Due to Directors

This represents unsecured, non-interest bearing advances and repayable on demand.

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
16. Revenue

	FYE 30 June			FPE 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Gross receivables from electronic transactions	284,829,095	334,891,102	647,241,237	304,201,739	476,930,699
Less: Gross payables for electronic transactions	(282,022,025)	(330,022,386)	(637,610,551)	(300,309,004)	(470,143,259)
Net receivables from electronic transactions	2,807,070	4,868,716	9,630,686	3,892,735	6,787,440
Payment gateway	1,500,573	1,840,043	2,043,966	985,956	936,686
Rental from EDC equipment	6,859,543	6,732,385	8,534,326	4,198,718	5,169,257
Sales of EDC equipment	2,489,128	10,429,628	4,536,114	2,893,408	616,924
Project revenue	483,946	158,941	625,306	505,425	918,888
Software development	205,000	1,667,850	690,480	441,480	490,120
Sales of redemption point	40,292	28,500	9,000	9,000	-
Service maintenance fee	-	-	455,858	-	477,856
	<u>14,385,552</u>	<u>25,726,063</u>	<u>26,525,736</u>	<u>12,926,722</u>	<u>15,397,171</u>

17. Finance Costs

	FYE 30 June			FPE 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Interest expenses on:					
Bank overdrafts	-	20	19,550	-	37,914
Finance lease	22,257	30,879	23,312	11,835	7,579
Term loans	427,699	516,417	489,560	244,494	153,943
Others	-	10	-	-	-
	<u>449,956</u>	<u>547,326</u>	<u>532,422</u>	<u>256,329</u>	<u>199,436</u>

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
18. Profit before Tax

Profit before tax is determined after charging/(crediting) amongst other, the following items:

	FYE 30 June			FPE 31 December	
	2015	2016	2017	2016	2017
	RM	RM	RM	RM	RM
Auditors' remuneration					
- statutory	33,000	33,000	46,000	-	50,000
- under/(over) provision in prior years	10,764	(1,000)	9,000	-	-
Bad debts written off					
- trade receivables	50,347	2,790	-	-	184,368
- other receivables	-	833	24,906	6,573	25,000
Depreciation of					
- property, plant and equipment	1,771,196	1,974,117	3,107,355	1,334,975	2,119,190
- investment properties	103,727	103,729	103,728	51,862	-
Impairment losses on trade receivables	-	799,977	418,788	530	59,866
Incorporation fee	-	-	-	-	3,500
Reversal of impairment loss on trade receivables	-	-	-	-	(500)
Loss/(Gain) on foreign exchange					
- realised	25	(102,368)	120,803	178,232	63,986
- unrealised	64,780	50,463	(124,712)	(68,474)	(137,178)
Rental expenses					
- hostel	72,000	153,000	180,000	-	-
- motor vehicle	6,012	1,503	670	670	-
- office/space	366,334	227,640	312,996	145,730	82,534
- server	15,468	10,478	3,950	3,950	-
- leased equipment	-	-	129,694	64,847	32,423
Bad debts recovered	-	-	(66,500)	-	-
Deposits forfeited	-	-	-	-	(8,980)
Gain on disposal of property, plant and equipment	(30,543)	(44,189)	(705,646)	-	(14,668)
Gain on disposal of investment properties	-	-	(2,063,090)	-	-
Gain on disposal of a subsidiary company	-	-	(24,213)	-	-
Interest income	(26,973)	(35,288)	(118,795)	(65,311)	(60,433)
Over provision of point redemption in prior year	(309,823)	-	(132,884)	-	-
Rental income	(225,600)	(267,600)	(184,784)	(147,008)	(21,000)

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
19. Taxation

	FYE 30 June			FPE 31 December	
	2015	2016	2017	2016	2017
	RM	RM	RM	RM	RM
Tax expenses recognised in profit and loss:					
Malaysian income tax:					
Current tax provision	426,900	1,203,000	908,500	434,000	1,211,560
Under provision in prior years	143,830	51,978	40,285	354,569	177,507
	<u>570,730</u>	<u>1,254,978</u>	<u>948,785</u>	<u>788,569</u>	<u>1,389,067</u>
Deferred taxation: (Note 12)					
Relating to origination and reversal of temporary differences	10,118	148,376	454,787	115,032	(158,147)
Under/(Over) provision in prior years	27,910	4,435	(12,896)	(4,037)	(176,837)
	<u>38,028</u>	<u>152,811</u>	<u>441,891</u>	<u>110,995</u>	<u>(334,984)</u>
Real property gain tax	-	-	248,175	-	-
Tax expense for the financial year/period	<u>608,758</u>	<u>1,407,789</u>	<u>1,638,851</u>	<u>899,564</u>	<u>1,054,083</u>

Malaysian income tax is calculated at the statutory tax rate of 18% (30.6.2017: 19%; 31.12.2016: 19%; 30.6.2016: 19%; 30.6.2015: 19%) on the first RM500,000 and 24% (30.6.2017: 24%; 30.6.2016: 24%; 30.6.2015: 25%) on the balance of chargeable income of the estimated assessable profits for the financial year/period.

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12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
19. Taxation (Cont'd)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate at the effective income tax rate of the Group are as follows:

	FYE 30 June			FPE 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Profit before tax	2,724,629	5,920,766	8,570,854	1,848,859	4,411,850
At Malaysian statutory tax rate of 24% (30.6.2017: 24%, 31.12.2016: 24%, 30.6.2016: 24%, 30.6.2015: 25%)	681,157	1,420,984	2,057,005	443,726	1,058,844
Tax incentive obtained from differential tax rate of 18% of 18% (30.6.2017: 19%, 31.12.2016: 19%, 30.6.2016: 19%, 30.6.2015: 20%)	(25,000)	(25,000)	(77,942)	(62,981)	(99,920)
Effect of changes in tax rate	-	(11,599)	-	-	-
Expenses not deductible for tax purposes	67,262	234,039	255,918	165,454	215,579
Income not subject to tax	-	(10,605)	(559,547)	(16,828)	(40,177)
Income exempted under pioneer status	(191,914)	(210,444)	(323,407)	(8,961)	(116,703)
Deferred tax assets not recognised	30	4,526	45,544	28,622	35,790
Real property gain tax	-	-	248,175	-	-
Utilisation of previously unrecognised deferred tax assets	(94,517)	(50,525)	(34,284)	-	-
Under/(Over) provision in prior years					
- income tax	143,830	51,978	40,285	354,569	177,507
- deferred tax	27,910	4,435	(12,896)	(4,037)	(176,837)
Tax expense for the financial year/period	608,758	1,407,789	1,638,851	899,564	1,054,083

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
19. Taxation (Cont'd)

A subsidiary company of the Group was granted pioneer status by Malaysian Investment Development Authority under the provisions of the Promotion of Investment Act, 1986 on 13 July 2016. By virtue of this pioneer status, the subsidiary company's statutory income from pioneer activities during the pioneer period is exempted from income tax. Dividends declared out of such profits are also exempted from income tax in the hands of the shareholders. This status exempts 100% income of the statutory income. The exemption expires on 12 July 2021.

The Group has the following estimated unutilised capital allowances and unutilised tax losses available for off-set against future taxable profits. The said amounts are subject to approval by the tax authorities.

	As at 30 June			As at 31 December	
	2015	2016	2017	2016	2017
	RM	RM	RM	RM	RM
Unutilised capital allowances	-	-	26,611	6,790	-
Unutilised tax losses	424,642	210,435	81,854	287,586	53,761
	<u>424,642</u>	<u>210,435</u>	<u>108,465</u>	<u>294,376</u>	<u>53,761</u>

20. Basic Earnings per Share**(a) Earnings per share after Acquisition****(i) Basic earnings per share before IPO**

The basic earnings per share are calculated based on the consolidated profit for the financial year/period attributable to owners of the parent by the number of ordinary shares of the Company after completion of the Acquisition:

	2015	FYE 30 June	2017	FPE 31 December	2017
	RM	2016	RM	2016	RM
Profit attributable to owners of the parent	<u>2,115,871</u>	<u>4,512,977</u>	<u>6,976,087</u>	<u>1,001,526</u>	<u>3,311,955</u>
Number of shares after completion of the Acquisition	<u>167,136,000</u>	<u>167,136,000</u>	<u>167,136,000</u>	<u>167,136,000</u>	<u>167,136,000</u>
Basic earnings per ordinary share (in sen)	<u>1.27</u>	<u>2.70</u>	<u>4.17</u>	<u>0.60</u>	<u>1.98</u>

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
20. Basic Earnings per Share (Cont'd)
(a) Earnings per share after Acquisition (Cont'd)
(ii) Diluted earnings per share

The Company has no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year/period and before the authorisation of these combined financial statements.

(b) Earnings per share after completion of IPO
(i) Basic earnings per share after IPO

The basic earnings per share are calculated based on the consolidated profit for the financial year/period attributable to owners of the parent by the expected number of ordinary shares of the Company upon completion of the Listing:

	2015 RM	FYE 30 June 2016 RM	2017 RM	FPE 31 December 2016 RM	2017 RM
Profit attributable to owners of the parent	2,115,871	4,512,977	6,976,087	1,001,526	3,311,955
Expected number of shares upon completion of the Listing	222,848,000	222,848,000	222,848,000	222,848,000	222,848,000
Basic earnings per ordinary share (in sen)	0.95	2.03	3.13	0.45	1.49

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12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**
20. Basic Earnings per Share (Cont'd)

(b) Earnings per share after completion of IPO (Cont'd)

(ii) Diluted earnings per share

The Company has no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year/period and before the authorisation of these combined financial statements.

21. Dividends

	FYE 30 June		FPE 31 December		
	2015	2016	2017	2016	2017
	RM	RM	RM	RM	RM
Dividends recognised as distribution to ordinary shareholders of the Company:					
First interim single-tier dividend paid in respect of the FYE 30 June 2017 - single tier dividend of RM0.15 per ordinary share	-	-	150,000	-	-
Second interim single-tier dividend paid in respect of the FYE 30 June 2017 - single tier dividend of RM0.21 per ordinary share	-	-	2,100,000	-	-
	<u>-</u>	<u>-</u>	<u>2,250,000</u>	<u>-</u>	<u>-</u>
	-	-	-	-	-

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12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**
22. Staff Costs

	FYE 30 June			FPE 31 December	
	2015	2016	2017	2016	2017
	RM	RM	RM	RM	RM
Salaries, wages and other emoluments	4,021,830	4,564,758	5,734,124	3,032,068	3,113,685
Defined contribution plans	485,651	567,331	714,075	325,368	375,873
Social security contributions	23,032	28,271	40,915	18,899	23,959
Other benefits	95,252	250,355	352,556	497,882	256,191
	<u>4,625,765</u>	<u>5,410,715</u>	<u>6,841,670</u>	<u>3,874,217</u>	<u>3,769,708</u>

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Group during the financial year/period as below:

	FYE 30 June			FPE 31 December	
	2015	2016	2017	2016	2017
	RM	RM	RM	RM	RM
Executive Directors					
Salaries and other emoluments	1,539,000	1,566,000	1,778,270	878,226	900,000
Defined contribution plans	184,680	187,840	213,396	105,396	108,000
Social security contributions	-	-	2,267	1,188	1,240
	<u>1,723,680</u>	<u>1,753,840</u>	<u>1,993,933</u>	<u>984,810</u>	<u>1,009,240</u>

23. Related Party Disclosures**(a) Identifying related parties**

For the purposes of these combined financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**
23. Related Party Disclosures (Cont'd)**(b) Significant related party transactions**

Other than related party balances disclosed elsewhere in the combined financial statements, the Group do not have any transactions with related party during the financial year/period.

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management personnel are as follows:

	FYE 30 June			FPE 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Salaries and other emoluments	1,738,200	1,802,836	2,068,188	998,908	1,147,226
Defined contribution plans	207,910	214,408	245,468	118,978	135,630
Social security contributions	1,240	1,240	3,802	1,882	2,597
	<u>1,947,350</u>	<u>2,018,484</u>	<u>2,317,458</u>	<u>1,119,768</u>	<u>1,285,453</u>

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12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**
24. Segment Information

The main business segments of the Group comprise the following:

EDC terminals	Distribution, deployment and maintenance of EDC terminals
Electronic transaction processing	Provision of electronic transaction processing services for credit cards and debit cards, where Revenue Group Berhad act as Acquirers, Master Merchants, Third Party Acquirers or Third Party Payment Processors
Solution and services	Provision of solutions and services such as ICT solutions and network infrastructure

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the combined financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Information about segment assets and liabilities are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

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12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****24. Segment Information (Cont'd)**

	EDC terminals RM	Electronic transaction processing RM	Solutions and services RM	Total segments RM	Eliminations RM	Consolidated RM
FYE 30 June 2017						
Revenue						
Revenue from external customers	13,070,440	11,674,653	1,780,643	26,525,736	-	26,525,736
Inter-segment revenue	9,824,705	-	2,569,963	12,394,668	(12,394,668)	-
Total revenue	22,895,145	11,674,653	4,350,606	38,920,404	(12,394,668)	26,525,736
FYE 30 June 2016						
Revenue						
Revenue from external customers	17,162,013	6,708,759	1,855,291	25,726,063	-	25,726,063
Inter-segment revenue	9,503,654	-	2,193,464	11,697,118	(11,697,118)	-
Total revenue	26,665,667	6,708,759	4,048,755	37,423,181	(11,697,118)	25,726,063
FYE 30 June 2015						
Revenue						
Revenue from external customers	9,348,671	4,307,643	729,238	14,385,552	-	14,385,552
Inter-segment revenue	66,360	-	1,505,414	1,571,774	(1,571,774)	-
Total revenue	9,415,031	4,307,643	2,234,652	15,957,326	(1,571,774)	14,385,552

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**

24. Segment Information (Cont'd)



	EDC terminals RM	Electronic transaction processing RM	Solutions and services RM	Total segments RM	Eliminations RM	Consolidated RM
FPE 31 December 2017						
Revenue						
Revenue from external customers	5,786,181	7,724,126	1,886,864	15,397,171	-	15,397,171
Inter-segment revenue	2,669,054	-	1,814,339	4,483,393	(4,483,393)	-
Total revenue	8,455,235	7,724,126	3,701,203	19,880,564	(4,483,393)	15,397,171
FPE 31 December 2016						
Revenue						
Revenue from external customers	7,092,126	4,878,691	955,905	12,926,722	-	12,926,722
Inter-segment revenue	6,873,845	-	793,859	7,667,704	(7,667,704)	-
Total revenue	13,965,971	4,878,691	1,749,764	20,594,426	(7,667,704)	12,926,722

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
24. Segment Information (Cont'd)
(a) Adjustments and eliminations

Inter-segment revenues are eliminated on consolidation.

(b) Geographic information

Revenue information based on the geographical location of customers are as follows:

	FYE 30 June			FPE 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Malaysia	14,385,552	25,021,472	25,991,918	12,403,787	14,916,877
Brunei	-	704,591	533,818	522,935	-
Dubai	-	-	-	-	480,294
	<u>14,385,552</u>	<u>25,726,063</u>	<u>26,525,736</u>	<u>12,926,722</u>	<u>15,397,171</u>

(c) Major customers

Revenue from major customers with revenue equal or more than 10% of the Group's revenue are as follows:

	Revenue				
	2015 RM	FYE 30 June 2016 RM	2017 RM	FPE 31 December 2016 RM	2017 RM
Company A	1,990,255	3,802,372	6,773,613	2,407,704	4,119,360
Ambank (M) Berhad	6,929,954	12,279,313	4,098,673	2,465,494	2,081,847
	<u>8,920,209</u>	<u>16,081,685</u>	<u>10,872,286</u>	<u>4,873,198</u>	<u>6,201,207</u>

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12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
25. Financial Instruments
(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 to the combined financial statements describe how the classes of the financial instruments are measured and how income and expenses including fair values gain or loss are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis:

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
As at 30 June 2015			
Financial assets			
Trade receivables	3,493,290	-	3,493,290
Other receivables	687,710	-	687,710
Fixed deposits with licensed banks	674,705	-	674,705
Cash and bank balances	3,880,833	-	3,880,833
	<u>8,736,538</u>	<u>-</u>	<u>8,736,538</u>
Financial liabilities			
Trade payables	-	883,295	883,295
Other payables	-	6,443,259	6,443,259
Amount due to Directors	-	582,743	582,743
Finance lease payables	-	417,740	417,740
Bank borrowings	-	12,035,552	12,035,552
	<u>-</u>	<u>20,362,589</u>	<u>20,362,589</u>

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
25. Financial Instruments (Cont'd)
(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
As at 30 June 2016			
Financial Assets			
Trade receivables	5,475,112	-	5,475,112
Other receivables	370,000	-	370,000
Fixed deposits with licensed banks	694,164	-	694,164
Cash and bank balances	9,167,854	-	9,167,854
	<u>15,707,130</u>	<u>-</u>	<u>15,707,130</u>
Financial Liabilities			
Trade payables	-	2,314,910	2,314,910
Other payables	-	9,541,976	9,541,976
Amount due to Directors	-	438,270	438,270
Finance lease payables	-	539,004	539,004
Bank borrowings	-	11,466,381	11,466,381
	<u>-</u>	<u>24,300,541</u>	<u>24,300,541</u>
At at 30 June 2017			
Financial assets			
Trade receivables	5,294,807	-	5,294,807
Other receivables	2,744,593	-	2,744,593
Fixed deposits with licensed banks	612,307	-	612,307
Cash and bank balances	9,174,910	-	9,174,910
	<u>17,826,617</u>	<u>-</u>	<u>17,826,617</u>

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
25. Financial Instruments (Cont'd)
(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
As at 30 June 2017			
Financial liabilities			
Trade payables	-	2,468,318	2,468,318
Other payables	-	11,315,396	11,315,396
Amount due to Directors	-	2,408,297	2,408,297
Finance lease payables	-	437,779	437,779
Bank borrowings	-	8,148,508	8,148,508
	<u>-</u>	<u>24,778,298</u>	<u>24,778,298</u>
At as 31 December 2016			
Financial assets			
Trade receivables	5,325,845	-	5,325,845
Other receivables	494,657	-	494,657
Fixed deposits with licensed banks	694,164	-	694,164
Cash and bank balances	11,379,879	-	11,379,879
	<u>17,894,545</u>	<u>-</u>	<u>17,894,545</u>
Financial liabilities			
Trade payables	-	3,849,151	3,849,151
Other payables	-	13,162,423	13,162,423
Amount due to Directors	-	4,254,242	4,254,242
Finance lease payables	-	486,461	486,461
Bank borrowings	-	7,319,072	7,319,072
	<u>-</u>	<u>29,071,349</u>	<u>29,071,349</u>

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
25. Financial Instruments (Cont'd)
(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
As at 31 December 2017			
Financial assets			
Trade receivables	5,164,758	-	5,164,758
Other receivables	420,205	-	420,205
Fixed deposits with licensed banks	543,927	-	543,927
Cash and bank balances	16,717,957	-	16,717,957
	<u>22,846,847</u>	<u>-</u>	<u>22,846,847</u>
Financial liabilities			
Trade payables	-	2,348,035	2,348,035
Other payables	-	17,104,490	17,104,490
Amount due to Directors	-	1,025	1,025
Finance lease payables	-	88,270	88,270
Bank borrowings	-	8,064,361	8,064,361
	<u>-</u>	<u>27,606,181</u>	<u>27,606,181</u>

(b) Financial risk management objective and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

12. ACCOUNTANTS' REPORT (Cont'd)



**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**

25. Financial Instruments (Cont'd)

(b) Financial risk management objective and policies (Cont'd)

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The carrying amount of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's maximum exposure to credit risk except as disclosed in Note 6.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****25. Financial Instruments (Cont'd)****(b) Financial risk management objective and policies (Cont'd)****(ii) Liquidity risk (Cont'd)**

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
As at 30 June 2015						
<i>Non-derivative financial liabilities</i>						
Trade payables	883,295	-	-	-	883,295	883,295
Other payables	6,443,259	-	-	-	6,443,259	6,443,259
Amount due to Directors	582,743	-	-	-	582,743	582,743
Finance lease payables	104,880	95,057	173,658	100,600	474,195	417,740
Bank borrowings	1,126,507	861,840	2,296,584	14,992,105	19,277,036	12,035,552
	9,140,684	956,897	2,470,242	15,092,705	27,660,528	20,362,589

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****25. Financial Instruments (Cont'd)****(b) Financial risk management objective and policies (Cont'd)****(ii) Liquidity risk (Cont'd)****As at 30 June 2016***Non-derivative**financial liabilities*

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Carrying amount RM
Trade payables	2,314,910	-	-	-	2,314,910	2,314,910
Other payables	9,541,976	-	-	-	9,541,976	9,541,976
Amount due to Directors	438,270	-	-	-	438,270	438,270
Finance lease payables	126,844	107,316	286,323	90,040	610,523	539,004
Bank borrowings	861,841	765,528	2,296,584	15,126,447	19,050,400	11,466,381
	13,283,841	872,844	2,582,907	15,216,487	31,956,079	24,300,541

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****25. Financial Instruments (Cont'd)**

(b) Financial risk management objective and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within		1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Carrying amount RM
	1 year RM						
As at 30 June 2017							
<i>Non-derivative financial liabilities</i>							
Trade payables	2,468,318	-	-	-	-	2,468,318	2,468,318
Other payables	11,315,396	-	-	-	-	11,315,396	11,315,396
Amount due to Directors	2,408,297	-	-	-	-	2,408,297	2,408,297
Finance lease payables	107,316	107,316	238,863	33,197	33,197	486,692	437,779
Bank borrowings	1,474,540	513,816	1,541,448	9,050,028	9,050,028	12,579,832	8,148,508
	17,773,867	621,132	1,780,311	9,083,225	9,083,225	29,258,535	24,778,298

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****25. Financial Instruments (Cont'd)**

(b) Financial risk management objective and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within		1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Carrying amount RM
	1 year RM	RM					
As at 31 December 2016							
<i>Non-derivative financial liabilities</i>							
Trade payables	3,849,151	-	-	-	-	3,849,151	3,849,151
Other payables	13,162,423	-	-	-	-	13,162,423	13,162,423
Amount due to Directors	4,254,242	-	-	-	-	4,254,242	4,254,242
Finance lease payables	112,169	107,316	262,593	64,695	64,695	546,773	486,461
Bank borrowings	547,286	513,816	1,541,448	9,267,778	9,267,778	11,870,328	7,319,072
	21,925,271	621,132	1,804,041	9,332,473	9,332,473	33,682,917	29,071,349

12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****25. Financial Instruments (Cont'd)**

(b) Financial risk management objective and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within			After 5 years RM	Total contractual cash flows RM	Carrying amount RM
	1 year RM	1 to 2 years RM	2 to 5 years RM			
As at 31 December 2017						
<i>Non-derivative financial liabilities</i>						
Trade payables	2,348,035	-	-	-	2,348,035	2,348,035
Other payables	17,104,490	-	-	-	17,104,490	17,104,490
Amount due to Directors	1,025	-	-	-	1,025	1,025
Finance lease payables	19,584	19,584	58,752	2,138	100,058	88,270
Bank borrowings	1,487,529	513,816	1,541,448	8,728,832	12,271,625	8,064,361
	20,960,663	533,400	1,600,200	8,730,970	31,825,233	27,606,181

12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**
25. Financial Instruments (Cont'd)
(b) Financial risk management objective and policies (Cont'd)
(iii) Market risks
Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD), Chinese Renminbi (RMB) and Singapore Dollar (SGD).

The Group have not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	USD RM	RMB RM	SGD RM	Total RM
As at 30 June 2015				
Other receivables	6,214	-	-	6,214
Cash and bank balances	2,590	271,522	53,970	328,082
Trade payables	(74,930)	-	-	(74,930)
Other payables	(9,582)	-	-	(9,582)
	<u>(75,708)</u>	<u>271,522</u>	<u>53,970</u>	<u>249,784</u>
As at 30 June 2016				
Trade receivables	617,452	-	-	617,452
Other receivables	6,214	-	53,970	60,184
Cash and bank balances	309,778	1,054,983	-	1,364,761
Trade payables	(1,944,838)	-	-	(1,944,838)
	<u>(1,011,394)</u>	<u>1,054,983</u>	<u>53,970</u>	<u>97,559</u>

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
25. Financial Instruments (Cont'd)
(b) Financial risk management objective and policies (Cont'd)
(iii) Market risks (Cont'd)
Foreign currency risk (Cont'd)

	USD RM	RMB RM	SGD RM	Total RM
As at 30 June 2017				
Trade receivables	472,340	-	-	472,340
Other receivables	6,214	-	69,425	75,639
Cash and bank balances	173,579	517,032	9,314	699,925
Trade payables	(2,310,297)	-	-	(2,310,297)
Other payables	(2,164,176)	-	-	(2,164,176)
	<u>(3,822,340)</u>	<u>517,032</u>	<u>78,739</u>	<u>(3,226,569)</u>
As at 31 December 2016				
Trade receivables	743,355	-	-	743,355
Other receivables	-	-	75,639	75,639
Cash and bank balances	397,358	1,208,640	-	1,605,998
Trade payables	(3,489,298)	-	-	(3,489,298)
	<u>(2,348,585)</u>	<u>1,208,640</u>	<u>75,639</u>	<u>(1,064,306)</u>
As at 31 December 2017				
Trade receivables	530,325	-	-	530,325
Cash and bank balances	563,057	1,003,809	8,903	1,575,769
Trade payables	(2,145,104)	-	-	(2,145,104)
Other payables	(2,382,363)	-	-	(2,382,363)
	<u>(3,434,085)</u>	<u>1,003,809</u>	<u>8,903</u>	<u>(2,421,373)</u>

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
25. Financial Instruments (Cont'd)
(b) Financial risk management objective and policies (Cont'd)
(iii) Market risks (Cont'd)
Foreign currency sensitive analysis

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, RMB and SGD exchange rates against RM, with all other variables held constant.

Change in currency rate	FYE 30 June			FPE 31 December	
	2015	2016	2017	2016	2017
	Effect on profit before tax RM	Effect on profit before tax RM	Effect on profit before tax RM	Effect on profit before tax RM	Effect on profit before tax RM
USD Strengthen 1%	(757)	(10,114)	(38,223)	(23,486)	(34,341)
USD Weakened 1%	757	10,114	38,223	23,486	34,341
RMB Strengthen 1%	2,715	10,550	5,170	12,086	10,038
RMB Weakened 1%	(2,715)	(10,550)	(5,170)	(12,086)	(10,038)
SGD Strengthen 1%	540	540	787	756	89
SGD Weakened 1%	(540)	(540)	(787)	(756)	(89)

Interest rate risk

The Group's fixed rate deposits placed with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks and financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**
25. Financial Instruments (Cont'd)
(b) Financial risk management objective and policies (Cont'd)
(iii) Market risks (Cont'd)
Interest rate risk (Cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	As at 30 June			As at 31 December	
	2015	2016	2017	2016	2017
	RM	RM	RM	RM	RM
Fixed rate instruments					
Fixed deposits with licensed banks	674,705	694,164	612,307	694,164	543,927
Finance lease payables	(417,740)	(539,004)	(437,779)	(486,461)	(88,270)
Term loans	(276,985)	(92,917)	-	(31,652)	-
	<u>(20,020)</u>	<u>62,243</u>	<u>174,528</u>	<u>176,051</u>	<u>455,657</u>
Floating rate instruments					
Bank overdrafts	67,715	-	-	1,366	51
Term loans	11,690,852	11,373,464	7,187,784	7,286,054	7,090,648
	<u>11,758,567</u>	<u>11,373,464</u>	<u>7,187,784</u>	<u>7,287,420</u>	<u>7,090,699</u>

12. ACCOUNTANTS' REPORT (Cont'd)



**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**

25. Financial Instruments (Cont'd)

(b) Financial risk management objective and policies (Cont'd)

(iii) Market risks (Cont'd)

Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) The Group's profit before tax by RM80,644 (30.6.2017: RM81,845; 31.12.2016: RM72,874; 30.6.2016: RM113,735; 30.6.2015: RM117,586) respectively, arising mainly as a result of lower / higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term loans and borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

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12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**
25. Financial Instruments (Cont'd)
(c) Fair value of financial instruments (Cont'd)

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value			Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	RM
As at 30 June 2015				
Financial liability				
Finance lease payables (Non-current)	-	365,562	-	330,428
As at 30 June 2016				
Financial liability				
Finance lease payables (Non-current)	-	440,349	-	435,369
As at 30 June 2017				
Financial liability				
Finance lease payables (Non-current)	-	346,680	-	348,733
As at 31 December 2016				
Financial liability				
Finance lease payables (Non-current)	-	393,942	-	394,861
As at 31 December 2017				
Financial liability				
Finance lease payables (Non-current)	-	72,658	-	72,801

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years/period.

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
25. Financial Instruments (Cont'd)
(c) Fair value of financial instruments (Cont'd)
(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

26. Contingent Liabilities

	As at 30 June			As at 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Secured					
Bank guarantee given to Payments Network Malaysia Sdn. Bhd. (formerly known as Malaysian Electronic Clearing Corporation Sdn. Bhd.) in favour of Revenue Solution	-	-	900,000	-	900,000

12. ACCOUNTANTS' REPORT (Cont'd)
REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)
27. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group arising from financing activities:

		At 1 July 2017 RM	Financing cash flows (i) RM	At 31 December 2017 RM
	Note			
As at 31 December 2017				
Bank overdraft	11	960,724	12,989	973,713
Term loans	11	7,187,784	(97,136)	7,090,648
Finance lease payables	10	437,779	(349,509)	88,270
		8,586,287	(433,656)	8,152,631

- (i) The cash flows from term loans, bank overdraft and finance lease payables make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

28. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements.

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12. ACCOUNTANTS' REPORT (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)**
28. Capital Management (Cont'd)

The gearing ratios at the end of the reporting period are as follows:

	As at 30 June			As at 31 December	
	2015 RM	2016 RM	2017 RM	2016 RM	2017 RM
Total loan and borrowings	12,453,292	12,005,385	8,586,287	7,805,533	8,152,631
Less: Cash and cash equivalents (excluded bank overdrafts)	<u>(3,986,073)</u>	<u>(9,275,053)</u>	<u>(9,282,109)</u>	<u>(11,487,078)</u>	<u>(16,831,884)</u>
Total net debts/ (excess funds)	<u>8,467,219</u>	<u>2,730,332</u>	<u>(695,822)</u>	<u>(3,681,545)</u>	<u>(8,679,253)</u>
Total equity	<u>7,473,639</u>	<u>11,986,616</u>	<u>16,693,619</u>	<u>12,960,911</u>	<u>20,071,386</u>
Gearing ratio (times)	<u>1.13</u>	<u>0.23</u>	<u>*</u>	<u>*</u>	<u>*</u>

* Gearing ratio is not applicable to as the cash and cash equivalents was sufficient to cover the entire borrowings obligations.

There was no changes in the Group's approach to capital management during the financial year/period.

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12. ACCOUNTANTS' REPORT (Cont'd)**REVENUE GROUP BERHAD
NOTES TO COMBINED FINANCIAL STATEMENTS (CONT'D)****29. Significant Events**

- (a) On 25 July 2016, Revenue Harvest disposed 25,000 ordinary shares of RM1.00 each in Revenue Safe Nets, representing 25% equity interest in Revenue Safe Nets for a cash consideration of RM25,000. Consequently, Revenue Safe Nets became a 75% owned subsidiary company of Revenue Harvest.
- (b) On 10 February 2017, Revenue Harvest entered into a sale and purchase agreement with PB Trustee Services Berhad for the disposal of its investment properties bearing postal address known as No. 71 and No. 73, Jalan 3/62A, Bandar Menjalara, Kepong 52100 Kuala Lumpur for a total consideration of RM6,800,000.

The disposal has been completed during the financial year ended 30 June 2017.

- (c) On 2 March 2017, Revenue Harvest disposed its wholly-owned subsidiary company, Revenue Rich Palm Sdn. Bhd., for a cash consideration of RM2.

The disposal has been completed during the financial year ended 30 June 2017.

- (d) On 19 December 2017, the Company entered into a conditional share sale agreement ("SSA") with the vendors of Revenue Harvest to acquire the entire equity interest in Revenue Harvest comprising 1,000,000 ordinary shares for a total purchase consideration of RM16,693,600. The purchase consideration was satisfied by the issuance of 166,936,000 new RGB's shares to the vendors of Revenue Harvest at an issue price of RM0.10 each.

The acquisition of Revenue Harvest was completed on 30 April 2018. Consequently, Revenue Harvest became a wholly-owned subsidiary of the Company.

30. Subsequent Event

The underwriting agreement dated 7 May 2018 entered into between the Company and M&A Securities Sdn. Bhd. for the underwriting of 22,284,800 Issue Shares for an underwriting commission of 3.0% of the IPO Price multiplied by the number of Issue Shares being underwritten.

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13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION



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11 MAY 2018

The Board of Directors
Revenue Group Berhad
No. 12, Jalan Udang Harimau 2
Kepong Business Park
51200 Kuala Lumpur

Dear Sirs,

**REVENUE GROUP BERHAD
REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF PRO FORMA
CONSOLIDATED FINANCIAL INFORMATION AS AT 31 DECEMBER 2017**

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Financial Information of Revenue Group Berhad (“RGB” or “the Company”) and its subsidiary companies (hereinafter collectively referred as “RGB Group”). The Pro Forma Consolidated Financial Information consists of Pro Forma Consolidated Statement of Financial Position as at 31 December 2017 together with the accompanying notes thereon (as set out in the Notes to the Pro Forma Consolidated Financial Information which we have stamped for the purpose of identification) prepared by the Directors of the Company (“Directors”).

The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Financial Information are as disclosed in Notes to the Pro Forma Consolidated Financial Information and in accordance with the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia (“Prospectus Guidelines”) (“Applicable Criteria”).

The Pro Forma Consolidated Financial Information of the RGB Group has been compiled by the Directors, for illustrative purposes only, for the inclusion in the Prospectus in connection with the initial public offering (“IPO”) and the listing and quotation of the entire enlarged issued share capital of RGB on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”)(“Listing”).

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)



**REVENUE GROUP BERHAD
REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF PRO FORMA
CONSOLIDATED FINANCIAL INFORMATION AS AT 31 DECEMBER 2017 (CONT'D)**

Directors' Responsibility for the Pro Forma Consolidated Financial Information

The Directors are responsible for compiling the Pro Forma Consolidated Financial Information based on the Applicable Criteria.

Reporting Accountants' Independence and Other Ethical Requirements

We are independent of the RGB Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines about whether the Pro Forma Consolidated Financial Information has been compiled, in all material aspects, by the Directors based on the Applicable Criteria.

We conducted our engagement in accordance with International Standards on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material aspects, the Pro Forma Consolidated Financial Information based on the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Consolidated Financial Information, nor have we, in the course of this engagement, perform an audit or review of the financial information used in compiling the Pro Forma Consolidated Financial Information.

The purpose of the Pro Forma Consolidated Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for the purpose of illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)



**REVENUE GROUP BERHAD
REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF PRO FORMA
CONSOLIDATED FINANCIAL INFORMATION AS AT 31 DECEMBER 2017 (CONT'D)**

Reporting Accountants' Responsibilities (Cont'd)

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Financial Information has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the Pro Forma Consolidated Financial Information of the RGB Group in reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- (a) the related pro forma adjustments give appropriate effect to those criteria; and
- (b) the Pro Forma Consolidated Financial Information reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Pro Forma Consolidated Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Pro Forma Consolidated Financial Information of RGB Group as set out in the accompanying notes, which is provided for illustrative purposes only, has been prepared based on the audited combined financial statements of RGB Group, as at 31 December 2017 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and is presented on a basis consistent with both the format and accounting policies normally adopted by the Group and after taking into account adjustments appropriate for the purposes of the Pro Forma Consolidated Financial Information as set out in the accompanying notes; and
- (b) each material adjustments made to the information used in the preparation of the Pro Forma Consolidated Financial Information of the RGB Group is appropriate for the purposes of preparing the Pro Forma Consolidated Financial Information.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)



**REVENUE GROUP BERHAD
REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF PRO FORMA
CONSOLIDATED FINANCIAL INFORMATION AS AT 31 DECEMBER 2017 (CONT'D)**

Other Matters

This letter has been prepared for inclusion in the Prospectus of RGB in connection with the Listing. As such, this letter should not be used, circulated, quoted or otherwise referred to in any document or used for any purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'UHY'.

UHY
Firm Number: AF 1411
Chartered Accountants

A handwritten signature in black ink, appearing to be 'LIM BEE PENG'.

LIM BEE PENG
Approved Number: 03307/06/2019 J
Chartered Accountant

KUALA LUMPUR

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

REVENUE GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AS AT 31 DECEMBER 2017 (CONT'D)

1. Introduction

The Pro Forma Consolidated Financial Information of Revenue Group Berhad (“RGB” or “the Company”) and its subsidiary companies (“hereinafter collectively referred to as the “RGB Group”) has been compiled by the Directors of the Company, for illustrative purposes only, for inclusion in the prospectus of RGB in connection with the initial public offering (“IPO”) and the listing and quotation of the entire enlarged share capital of RGB on the ACE Market of Bursa Malaysia Securities Berhad (“the Listing”).

2. Basis of Preparation

- 2.1 The Pro Forma Consolidated Financial Information of RGB Group as at 31 December 2017 has been prepared on a basis consistent with both the format and accounting policies normally adopted by the RGB Group, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia.
- 2.2 The Pro Forma Consolidated Financial Information of RGB Group as at 31 December 2017 has been compiled based on the assumptions that RGB had been in existence as at the financial period ended 31 December 2017;
- 2.3 The audited combined financial statements of the RGB Group for the financial period ended 31 December 2017 were reported without any modifications and were not subject to any audit qualifications.
- 2.4 RGB Group is regarded as a continuing entity resulting from the acquisition exercise as disclosed in Note 3 to the Pro Forma Consolidated Financial Information because the management of all the entities within RGB Group, which took part in the acquisition exercise were under the common control before and immediately after the acquisition exercise. The Group has applied the merger method of accounting as if the merger had been effected throughout the current financial period.
- 2.5 The Pro Forma Consolidated Financial Information of RGB Group, of which the Directors of RGB are solely responsible, have been prepared to illustrate that the Pro Forma Consolidated Statement of Financial Position of the RGB Group as at 31 December 2017 have been adjusted for based on the assumption that the Acquisition and the Public Issue as disclosed in Notes 3 and 4 have occurred on 31 December 2017 to the Pro Forma Consolidated Financial Information and the utilisation of proceeds from the IPO as disclosed in Note 5 to the Pro Forma Consolidated Financial Information.



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

REVENUE GROUP BERHAD

**NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
AS AT 31 DECEMBER 2017 (CONT'D)**

2. Basis of Preparation (Cont'd)

2.6 The Pro Forma Consolidated Financial Information of the RGB Group has been prepared for illustrative purposes only and, such information may not, because of its nature, give a true picture of the actual financial position and the results of the RGB Group and does not purport to predict the future financial position and results of the RGB Group.

3. Acquisition

In conjunction with and as an integral part of the Listing, RGB have undertaken the acquisition of Revenue Harvest. On 19 December 2017, RGB entered into a conditional share sale agreement with the Revenue Harvest's vendors to acquire the entire equity interest in Revenue Harvest comprising 1,000,000 ordinary shares for a total purchase consideration of RM16,693,600. The purchase consideration for the acquisition of Revenue Harvest was satisfied by the issuance of 166,936,000 new ordinary shares in RGB ("Shares" or "RGB Shares") to the Revenue Harvest's vendors at an issue price of RM0.10 each.

The acquisition of Revenue Harvest was completed on 30 April 2018. Thereafter, Revenue Harvest became the wholly-owned subsidiary of RGB.

4. Listing Scheme

(i) Public Issue

A total of 55,712,000 Issue Shares representing approximately 25% of the enlarged share capital are offered at IPO price of RM0.37 each ("IPO Price"). The Issue Shares shall be allocated in the following manner:

(a) Malaysian Public

11,142,400 Shares, representing 5% of the enlarged share capital, will be made available for application by the Malaysian Public, to be allocated via balloting process as follows:

- (i) 5,571,200 Shares made available to public investors; and
- (ii) 5,571,200 Shares made available to Bumiputera public investors.



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

**REVENUE GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
AS AT 31 DECEMBER 2017 (CONT'D)**

4. Listing Scheme (Cont'd)

(i) Public Issue (Cont'd)

- (b) Eligible Directors and employees who have contributed to the success of the RGB Group

11,142,400 Shares, representing 5% of the enlarged share capital, will be reserved for the eligible Directors and employees who have contributed to the success of the RGB Group under the Pink Form Allocations. Further details of the Pink Form Allocations are set out in Section 4.4.3 of this Prospectus.

- (c) Private placement to selected investors

33,427,200 Shares, representing 15% of the enlarged share capital, have been reserved for private placement to selected investors.

Upon completion of Public Issue, share capital of the Company will increase from RM16,713,600 comprising 167,136,000 Shares to RM37,327,040 comprising 222,848,000 Shares.

(ii) Offer for Sale

The Selling Shareholders will undertake an offer for sale of 16,713,600 Offer Shares at the IPO Price by way of private placement to selected investors.

(iii) Listing

Upon completion of the IPO, the Company's entire enlarged share capital of RM37,327,040 comprising 222,848,000 Shares shall be listed on the ACE Market of Bursa Securities.

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13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
AS AT 31 DECEMBER 2017 (CONT'D)**
5. Utilisation of Proceeds from IPO

The gross proceeds from the IPO of RM20,613,440 are intended to be utilised as follows:

Details of the utilisation of proceeds	Amount of proceeds		Estimated timeframe for utilisation from the date of Listing
	RM'000	%	
Capital expenditure	8,100	39.3	Within 24 months
Enhancement of revPAY and expansion of IT team	4,040	19.6	Within 24 months
Repayment of bank borrowings	2,500	12.1	Within 3 months
Business expansion	1,500	7.3	Within 24 months
Working capital	1,773	8.6	Within 24 months
Estimated listing expenses	2,700	13.1	Immediately
Total	20,613	100.0	

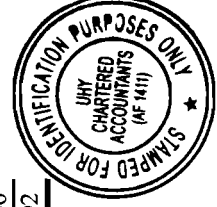
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13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)**REVENUE GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
AS AT 31 DECEMBER 2017 (CONT'D)****6. Pro Forma Consolidated Statement of Financial Position as at 31 December 2017**

The pro forma consolidated statement of financial position of the RGB Group as at 31 December 2017 have been prepared for illustrative purposes only and after making such adjustments as considered necessary assuming that the RGB Group had been in existence on 31 December 2017 and the Listing completed on that date.

	RGB as at 31 December 2017	Note	Adjustment for Acquisition	Proforma I After Acquisition	Adjustment for Public Issue	Proforma II After Proforma I and Public Issue	Adjustment for Utilisation of Proceeds	Proforma III After Proforma II and Utilisation of Proceeds
	RM		RM	RM	RM	RM	RM	RM
NON-CURRENT ASSETS								
Property, plant and equipment	-	6.2	22,969,849	22,969,849		22,969,849	8,100,000	31,069,849
Goodwill on consolidation	-		2,683,977	2,683,977		2,683,977		2,683,977
	-			25,653,826		25,653,826		33,753,826
CURRENT ASSETS								
Trade receivables	-		5,164,758	5,164,758		5,164,758		5,164,758
Other receivables	79,600		1,187,584	1,267,184		1,267,184		1,267,184
Fixed deposits with licensed banks	-		543,927	543,927		543,927		543,927
Cash and bank balances	78,692	6.3	16,639,265	16,717,957	20,613,440	37,331,397	(13,300,000)	24,031,397
	158,292			23,693,826		44,307,266		31,007,266
TOTAL ASSETS	158,292			49,347,652		69,961,092		64,761,092



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)**REVENUE GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
AS AT 31 DECEMBER 2017 (CONT'D)****6. Pro Forma Consolidated Statement of Financial Position as at 31 December 2017 (Cont'd)**

	Note	RGB as at 31 December 2017 RM	Proforma I		Adjustment for Public Issue RM	Proforma II After Proforma I and Public Issue RM		Proforma III After Proforma II and Utilisation of Proceeds of Proceeds RM	
			Adjustment for Acquisition RM	After Acquisition RM		Adjustment for Utilisation of Proceeds of Proceeds RM	Adjustment for Utilisation of Proceeds of Proceeds RM		
EQUITY									
Share capital	6.4	20,000	16,693,600	16,713,600	20,613,440	37,327,040	37,327,040	37,327,040	
Acquisition reserves		-	(15,693,600)	(15,693,600)		(15,693,600)	(15,693,600)	(15,693,600)	
Retained earnings	6.5	(21,076)	19,045,734	19,024,658		19,024,658	(2,700,000)	16,324,658	
Equity attributable to owners of the parent		(1,076)		20,044,658		40,658,098		37,958,098	
Non-controlling interests		-	26,728	26,728		26,728		26,728	
Total equity		(1,076)		20,071,386		40,684,826		37,984,826	
NON-CURRENT LIABILITIES									
Finance lease payables		-	72,801	72,801		72,801		72,801	
Bank borrowings	6.6	-	6,898,995	6,898,995		6,898,995	(1,487,736)	5,411,259	
Deferred tax liabilities		-	546,157	546,157		546,157		546,157	
		-		7,517,953		7,517,953		6,030,217	



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)**REVENUE GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
AS AT 31 DECEMBER 2017 (CONT'D)****6. Pro Forma Consolidated Statement of Financial Position as at 31 December 2017 (Cont'd)**

	Note	RGB as at 31 December 2017		Proforma I		Proforma II		Proforma III	
		RM	RM	Adjustment for Acquisition	After Acquisition	Adjustment for Public Issue	Proforma I and Public Issue	Adjustment for Utilisation of Proceeds	Proforma II After Proforma I and Utilisation of Proceeds
CURRENT LIABILITIES									
Trade payables		-	2,348,035		2,348,035		2,348,035		2,348,035
Other payables		159,368	17,343,428		17,502,796		17,502,796		17,502,796
Amount due to Directors		-	1,025		1,025		1,025		1,025
Finance lease payables		-	15,469		15,469		15,469		15,469
Bank borrowings	6.6	-	1,165,366		1,165,366		1,165,366	(1,012,264)	153,102
Tax payable		-	725,622		725,622		725,622		725,622
					<u>21,758,313</u>		<u>21,758,313</u>		<u>20,746,049</u>
TOTAL LIABILITIES					<u>29,276,266</u>		<u>29,276,266</u>		<u>26,776,266</u>
TOTAL EQUITY									
AND LIABILITIES									
		<u>158,292</u>	<u>49,347,652</u>				<u>69,961,092</u>		<u>64,761,092</u>



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)**REVENUE GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
AS AT 31 DECEMBER 2017 (CONT'D)****6. Pro Forma Consolidated Statement of Financial Position as at 31 December 2017 (Cont'd)**

	RGB as at 31 December 2017 RM	Adjustment for Acquisition RM	Proforma I After Acquisition RM	Adjustment for Public Issue RM	Proforma II After Proforma I and Public Issue RM	Adjustment for Utilisation of Proceeds RM	Proforma III After Proforma II and Utilisation of Proceeds RM
Number of ordinary shares assumed to be in issued ^	200,000		167,136,000		222,848,000		222,848,000
(Net liability) /Net assets ("NA") attributable to owners of the Parent	(1,076)		20,044,658		40,658,098		37,958,098
(Net liability)/ NA per share (RM)	(0.01)		0.12		0.18		0.17
Borrowings	-		8,152,631		8,152,631		5,652,631
Gearing (times)	-		0.41		0.20		0.15

Note:

^ Pursuant to Section 74 of the Companies Act, 2016 (the "Act"), all shares issued before or upon the commencement of this Act shall have no par or nominal value.



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

REVENUE GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AS AT 31 DECEMBER 2017 (CONT'D)

6. Pro Forma Consolidated Financial Information as at 31 December 2017 (Cont'd)

6.1 Pro Forma Adjustments to the Pro forma Consolidated Financial Information

Pro forma I

Pro forma I incorporates the effects of the Acquisition by RGB as disclosed in Note 3 to the Pro Forma Consolidated Financial Information.

Pro forma II

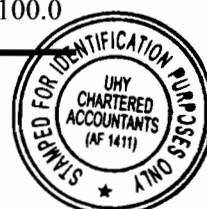
Pro forma II incorporates the effects of Pro forma I and after the Public Issue as disclosed in Note 4 to the Pro Forma Consolidated Financial Information.

Pro forma III

Pro forma III incorporates the effects of Pro forma II and incorporation of the utilisation of proceeds from the IPO as disclosed in Note 5 to the Pro Forma Consolidated Financial Information.

The estimated gross proceeds arising from the IPO of approximately RM20.6 million will be utilised by RGB Group in the following manner:

Details of the utilisation of proceeds	Note	Amount of proceeds		Estimated timeframe for utilisation from the date of Listing
		RM'000	%	
Capital expenditure	(a)	8,100	39.3	Within 24 months
Enhancement of revPAY and expansion of IT team	(b)	4,040	19.6	Within 24 months
Repayment of bank borrowings	(c)	2,500	12.1	Within 3 months
Business expansion	(d)	1,500	7.3	Within 24 months
Working capital	(e)	1,773	8.6	Within 24 months
Estimated listing expenses	(f)	2,700	13.1	Immediately
Total		20,613	100.0	



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

REVENUE GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AS AT 31 DECEMBER 2017 (CONT'D)

6. Pro Forma Consolidated Financial Information as at 31 December 2017 (Cont'd)

6.1 Pro Forma Adjustments to the Pro forma Consolidated Financial Information

Pro forma III (Cont'd)

The estimated gross proceeds arising from the IPO of approximately RM20.6 million will be utilised by RGB Group in the following manner: (Cont'd)

(a) Capital expenditure

RGB Group intend to utilise RM8.1 million of the proceeds to expand their business presence in Malaysia. As such, RGB Group have allocated this amount to purchase new digital EDC terminals with capability to accept QR Payment to increase their deployment of EDC terminals to Physical Store Merchants, in line with the anticipated increase in demand for EDC terminals given BNM's initiative to increase the adoption of cashless payments.

RGB Group currently finance the purchases of the EDC terminals by utilising internally generated funds. The proceeds allocated will provide RGB Group with readily available cash-in-hand for the purchase of EDC terminals.

The allocation of RM8.1 million of the proceeds will enable RGB Group to purchase approximately 9,000 units of EDC terminals.

(b) Enhancement of revPAY and expansion of IT team

RGB Group have allocated RM4.0 million of the proceeds for the following:

Utilisation	RM'000
Upgrade and enhancement of revPAY platform and the data centre to cater for higher volume of electronic transactions, details as follows:	
• Database	200
• Servers	1,000
• Firewalls	300
Recruitment of additional IT personnel such as programmers and software developers to support the product development and business expansion, details as follows:	
• to upgrade and enhance existing revPAY platform	720
• for QR Code technology	180
• for data encryption function	360
• for data / cyber security function	360



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

REVENUE GROUP BERHAD

**NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
AS AT 31 DECEMBER 2017 (CONT'D)**

6. Pro Forma Consolidated Financial Information as at 31 December 2017 (Cont'd)

6.1 Pro Forma Adjustments to the Pro forma Consolidated Financial Information

Pro forma III (Cont'd)

The estimated gross proceeds arising from the IPO of approximately RM20.6 million will be utilised by RGB Group in the following manner: (Cont'd)

(b) Enhancement of revPAY and expansion of IT team (Cont'd)

RGB Group have allocated RM4.0 million of the proceeds for the following: (Cont'd)

Utilisation	RM'000
Upgrade and maintenance of the hardware and software to improve the data encryption, cyber security and system/network/interface on revPAY platform	600
Acquisition of additional hardware and software for the development of QR Payment system	320
	4,040

(c) Repayment of bank borrowings

RGB Group intend to utilise RM2.5 million of the proceeds to reduce the bank borrowings in the following priority:

- (i) To reduce the term loan by approximately RM1.5 million. As at the LPD, the outstanding term loans amounts to RM7.0 million from Alliance Bank Malaysia Berhad, all of which were used for the purchase of the properties as described in Section 6.7.3 of the Prospectus. RGB Group have 2 term loans which will mature by 2039 and 2040 respectively; and
- (ii) To repay the bank overdrafts by approximately RM1.0 million. As at LPD, the outstanding bank overdrafts amounts to RM1.0 million from Alliance Islamic Bank Berhad.

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13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

REVENUE GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AS AT 31 DECEMBER 2017 (CONT'D)

6. Pro Forma Consolidated Financial Information as at 31 December 2017 (Cont'd)

6.1 Pro Forma Adjustments to the Pro forma Consolidated Financial Information

Pro forma III (Cont'd)

The estimated gross proceeds arising from the IPO of approximately RM20.6 million will be utilised by RGB Group in the following manner: (Cont'd)

(d) Business expansion

Approximately RM1.5 million of the proceeds will be used to enter into selected ASEAN markets such as Cambodia and Myanmar. In this respect, RGB Group will partner local financial institutions in those countries and/or Malaysian financial institutions that already have presence in those countries to provide electronic payment processing services (physical or online) for various Card Schemes.

The breakdown for the regional expansion plan is as set out below:

Utilisation	RM'000
Recruitment of marketing, administrative and technical personnel to support the regional expansion. The budget is for the recruitment of between 3 to 5 employees for Cambodia and Myanmar respectively	720
Incorporation and setting up of the overseas offices, details as follows:	
• Registering companies and set up costs such as furniture and fittings, office equipment and IT equipment	300
• Rental of office premise	360
• Marketing expenses and other overhead costs	120
	1,500

The RM1.5 million of the proceeds will be allocated equally between Cambodia and Myanmar.

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13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

**REVENUE GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
AS AT 31 DECEMBER 2017 (CONT'D)**

6. Pro Forma Consolidated Financial Information as at 31 December 2017 (Cont'd)

6.1 Pro Forma Adjustments to the Pro forma Consolidated Financial Information

Pro forma III (Cont'd)

The estimated gross proceeds arising from the IPO of approximately RM20.6 million will be utilised by RGB Group in the following manner: (Cont'd)

(e) Working capital

A total of RM1.8 million of the proceeds raised from the IPO has been earmarked to supplement the general working capital requirements of RGB Group.

The following is a breakdown of the utilisation of proceeds for the working capital:

Utilisation	RM'000
Communication expenses such as data lease line and internet expenses to support the business expansion	1,050
Marketing expenses such as advertisement and promotion on digital media as well as promotions to recruit new Merchants	500
Overheads such as courier charges, transportation and other related costs related to the installation and deployment of EDC terminals	223
	1,773

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13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
AS AT 31 DECEMBER 2017 (CONT'D)**
6. Pro Forma Consolidated Financial Information as at 31 December 2017 (Cont'd)
6.1 Pro Forma Adjustments to the Pro forma Consolidated Financial Information
Pro forma III (Cont'd)

The estimated gross proceeds arising from the IPO of approximately RM20.6 million will be utilised by RGB Group in the following manner: (Cont'd)

(f) Estimated listing expenses

The amount of RM2.7 million is allocated to meet the estimated cost for the Listing. If the actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for the general working capital requirements. Conversely, if the actual listing expenses are lower than the amount budgeted, the excess will be utilised for general working capital requirements.

The following summarises the estimated expenses incidental to the Listing to be borne by RGB Group:

Estimated listing expenses	RM'000
Professional fees ⁽¹⁾	1,800
Fees payable to authorities	80
Underwriting, placement and brokerage fees	660
Printing, advertising fees and contingencies ⁽²⁾	160
	2,700

Notes:

(1) Includes advisory fees for, amongst others, Principal Adviser, Solicitors, Reporting Accountants, IMR and Issuing House.

(2) Other incidental or related expenses in connection with the IPO.

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13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
AS AT 31 DECEMBER 2017 (CONT'D)**
6. Pro Forma Consolidated Financial Information as at 31 December 2017 (Cont'd)
6.2 Property, Plant and Equipment

	RM
As at 31 December 2017	-
Acquisition	22,969,849
As per Pro forma I and II	<u>22,969,849</u>
Utilisation of proceeds from IPO	8,100,000
As per Pro forma III	<u><u>31,069,849</u></u>

6.3 Cash and Bank Balances

	RM
As at 31 December 2017	78,692
Acquisition	16,639,265
As per Pro forma I	<u>16,717,957</u>
Public Issue	20,613,440
As per Pro forma II	<u>37,331,397</u>
Utilisation of proceeds from IPO	<u>(13,300,000)</u>
As per Pro forma III	<u><u>24,031,397</u></u>

6.4 Share Capital

	Number of shares Units	Amount RM
As at 31 December 2017	200,000	20,000
Acquisition	166,936,000	16,693,600
As per Pro forma I	<u>167,136,000</u>	<u>16,713,600</u>
Public Issue	55,712,000	20,613,440
As per Pro forma II and III	<u><u>222,848,000</u></u>	<u><u>37,327,040</u></u>



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)
**REVENUE GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
AS AT 31 DECEMBER 2017 (CONT'D)**
6. Pro Forma Consolidated Financial Information as at 31 December 2017 (Cont'd)
6.5 Retained Earnings

	RM
As at 31 December 2017	(21,076)
Acquisition	19,045,734
As per Pro forma I and II	<u>19,024,658</u>
Utilisation of proceeds from IPO	<u>(2,700,000)</u>
As per Pro forma III	<u><u>16,324,658</u></u>

6.6 Bank Borrowings

	Non-current liabilities RM	Current liabilities RM	Total RM
As at 31 December 2017	-	-	-
Acquisition	<u>6,898,995</u>	<u>1,165,366</u>	<u>8,064,361</u>
As per Pro forma I and II	6,898,995	1,165,366	8,064,361
Utilisation of proceeds from IPO	<u>(1,487,736)</u>	<u>(1,012,264)</u>	<u>(2,500,000)</u>
As per Pro forma III	<u><u>5,411,259</u></u>	<u><u>153,102</u></u>	<u><u>5,564,361</u></u>

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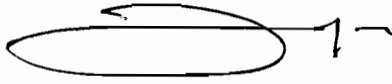


13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

**REVENUE GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
AS AT 31 DECEMBER 2017 (CONT'D)**

Approval by Board of Directors

Approved and adopted by the Board of Directors of Revenue Group Berhad in accordance with a resolution dated **11 MAY 2018**



NG CHEE SIONG
Director



NG SHIH CHIOU
Director



14. STATUTORY AND OTHER INFORMATION

14.1 SHARE CAPITAL

- (a) As at the date of this Prospectus, we only have 1 class of shares, namely, ordinary shares, all of which rank *pari passu* with one another.
- (b) Save for 11,142,400 Shares under the Pink Form Allocations as disclosed in Section 4.4.3,
- (i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
- (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (c) Save for the new Shares issued pursuant to the Acquisition of Revenue Harvest and Public Issue as disclosed in Sections 4.4 and 6.3 respectively and the 200,000 subscriber shares in RGB transferred to Ng Chee Siong, Ng Shih Chiow, Ng Shih Fang and Chia Siea Chok, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (d) Other than our Public Issue as disclosed in Section 4.4, there is no intention on the part of our Directors to further issue any Shares.
- (e) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

14.2 CHANGES IN SHARE CAPITAL OF OUR SUBSIDIARIES

14.2.1 Revenue Harvest

Revenue Harvest's share capital as at the LPD is RM1,000,000 comprising 1,000,000 ordinary shares. The movements in the share capital of Revenue Harvest since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital
			RM
17 July 2003	2	Subscribers' shares	2
20 October 2003	99,998	Cash	100,000
20 February 2012	900,000	Otherwise than cash (capitalisation of amount owing to directors)	1,000,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Revenue Harvest. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

14. STATUTORY AND OTHER INFORMATION (Cont'd)**14.2.2 Revenue Commerce**

Revenue Commerce's share capital as at the LPD is RM100,000 comprising 100,000 ordinary shares. The movements in the share capital of Revenue Commerce since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
4 September 2009	2	Subscribers' shares	2
1 October 2009	99,998	Cash	100,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Revenue Commerce. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

14.2.3 Revenue Solution

Revenue Solution's share capital as at the LPD is RM500,000 comprising 500,000 ordinary shares. The movements in the share capital of Revenue Solution since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
25 September 2003	2	Subscribers' shares	2
29 December 2003	99,998	Cash	100,000
17 January 2006	100,000	Cash	200,000
31 July 2006	300,000	Cash	500,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Revenue Solution. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

14.2.4 Revenue Techpark

Revenue Techpark's share capital as at the LPD is RM200,000 comprising 200,000 ordinary shares. The movements in the share capital of Revenue Techpark since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
7 July 2005	2	Subscribers' shares	2
6 February 2006	199,998	Cash	200,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Revenue Techpark. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

14. STATUTORY AND OTHER INFORMATION (Cont'd)**14.2.5 Revenue Safe Nets**

Revenue Safe Nets' share capital as at the LPD is RM100,000 comprising 100,000 ordinary shares. The movements in the share capital of Revenue Safe Nets since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
23 March 2010	2	Subscribers' shares	2
18 May 2010	99,998	Cash	100,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Revenue Safe Nets. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

14.2.6 Revenue Privilege Card

Revenue Privilege Card's share capital as at the LPD is RM2.00 comprising 2 ordinary shares. There is no change in the share capital of Revenue Privilege Card since its incorporation.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Revenue Privilege Card. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

14.3 CONSTITUTION

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

(1) Changes in Share Capital and Variation of Class Rights

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

(i) Power to issue shares with special rights

Paragraph 12 - Without prejudice to any special rights previously conferred on the holders of any existing shares but subject to the Act and to the Constitution, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors, subject to any ordinary resolution of the Company, determine.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

(ii) Allotment of shares

Paragraph 14- Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of the Constitution and to the Act and to the resolutions of the Company, shares in the Company may be issued by the Directors, who may allot or otherwise dispose of such shares to such persons, on such terms and conditions with such (whether in regard to the dividend, voting or return of capital) preferred, deferred or other special rights and subject to such restrictions and at such times as the Directors may by ordinary resolution determine but the Directors in making an issue of shares shall comply with the following conditions:-

- (a) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the members in general meeting;
- (b) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in the Constitution;
- (c) no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without prior approval of the members of the Company in general meeting; and
- (d) every Share Issuance Scheme and issue of options to employees shall be approved by the members in general meeting and no Director shall participate in such Share Issuance Scheme and issue of options unless the members in general meeting have approved of the specific allotment to be made to such Directors, with each approval being made in a separate resolution.

(iii) Issue of new shares to members

Paragraph 15 - Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meeting in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.

Paragraph 16 - The offer shall be made by noticed specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiry of that time, or on the receipt on an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

(iv) New issue of Securities

Paragraph 19 - The Company must ensure that all new issues of securities by the Company for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such securities save and except where the Company is specifically exempted from compliance with the Central Depositories Act, in which event it shall so similarly be exempted from compliance with the Listing Requirements. For this purpose, the Company is authorised to notify the Depository of the names of the allottees and all such particulars required by the Depository, to enable the Depository to make the appropriate entries in the Securities Accounts of such allottees.

(v) Rights of preference shareholders

Paragraph 21- Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed but the total value of the issue preference shares shall not exceed the total value of the issued ordinary shares at any time and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith.

Paragraph 22 - The holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited financial statements, and attending general meetings of the Company.

Paragraph 23 - Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital, or winding up or proposal to wind-up, or sanctioning the disposal of the whole of the Company's property, business and undertaking, or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the preference shares is in arrears for more than 6 months.

(vi) Modification of class rights

Paragraph 25 - Whenever the capital of the Company is divided into different classes of shares or groups the special rights attached to any class or group may subject to the provisions of the Company's Constitution (unless otherwise provided by the terms of issue of the shares of the class), either with the consent in writing of the holders of three-quarters (3/4) of the issued shares of the class or group, or with the sanction of any special resolution passed at a separate general meeting of such holders (but not otherwise), be modified or abrogated, and may be so modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, and such writing or resolution shall be binding upon all the holders of shares of the class.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

(2) Borrowing and Voting Powers of the Directors

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

(i) Directors' borrowing powers

Paragraph 113- The Directors may exercise all the powers of the Company to borrow any sums of money from any person, bank, firm or company (expressly including any person holding the office of Director) and to mortgage or charge its undertaking, property or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company, or its wholly owned subsidiaries.

(ii) Chairman to have a casting vote

Paragraph 133- Subject to the Constitution, any question arising at any meeting of Directors shall be decided by a majority of vote and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors collectively. Each Director shall have one vote and in case of an equality of votes, the chairman of the meeting shall have second or casting vote except where only 2 Directors are competent to vote on the question at issue or where only 2 directors form a quorum and only such quorum is present at the meeting, the chairman shall not have a casting vote.

(iii) Proceedings of Directors –Meeting of Directors

Paragraph 127- All proceedings of Board meetings may be recorded by the Company and may be held either:

- (a) by a number of the Directors who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; or
- (b) by means of audio, or audio and visual, communication by which all Directors participating and constituting a quorum can simultaneously hear and communicate with each other throughout the meeting.
- (c) a resolution of the Board is passed if it is agreed to by all Directors present without dissent or if a majority of the votes cast on it are in favour of it.
- (d) Director present at a meeting of the Board is presumed to have agreed to, and to have voted in favour of, a resolution of the Board unless he expressly dissents from or votes to object against the resolution at the meeting.
- (e) The dissenting view of a Director shall be in his own writing, addressed to the Chairman immediately at the meeting and be included as part of the minutes.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

(iv) Restriction on voting

Paragraph 136- Subject to the Act, a Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly a personal interest nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

(v) Power of vote

Paragraph 137- A Director may vote in respect of:

- (a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by deposit of a security.

(3) Remuneration of Directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:

(i) Directors' remuneration

Paragraph 109- The Directors shall be paid by way of remuneration for their services such fixed sum (if any) as shall from time to time be determined by the company in general meeting, and such remuneration shall be divided among the Directors in such proportion and manner as the Directors may determine. Provided always that:

- (a) fees payable to Directors who hold no executive office in the company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) any fee paid to an Alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out the remuneration of the latter.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

(4) Transfer of shares

The provisions in our Constitution dealing with transfer of shares are as follows:

- Paragraph 47 – (1) Subject to the Constitution, SICDA and the Rules of the Depository (with respect to transfer of a deposited security), any member may transfer all or any of his shares by written instrument of transfer in the form as approved by the Exchange and the Act. The transfer of any shares or class of shares of the Company which have been deposited with the Depository shall be made by way of book entry by the Depository in accordance with SICDA and the Rules of the Depository and, notwithstanding Section 103 and 104 of the Act, but subject to Section 107C(2) of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such shares.
- (2) The Depository may refrain authorised depository agents from accepting any transfer of securities in such circumstances determined by the Depository from time to time.
- (3) The Company may require the Depository to suspend the registration of transfer at such times and for such periods as the Directors may from time to time determine, not exceeding in the whole 30 days in any calendar year. In this respect, the Company shall request the Depository, in accordance with Section 34 of SICDA and the Rules of the Depository, to issue the appropriate Record of Depositors.
- (4) Nothing in this Constitution shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

14.4 GENERAL INFORMATION

- (a) Save for the dividend paid to the shareholders of Revenue Harvest in respect of the FYE 2017, purchase consideration paid to the Revenue Harvest Vendors pursuant to the Acquisition of Revenue Harvest as disclosed in Section 6.3 and Directors' remuneration as disclosed in Section 5.2, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoter, Director or substantial shareholder.
- (b) Save as disclosed in Section 5.6, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in Section 15.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

14.5 CONSENTS

- (a) The written consents of the Adviser, Sponsor, Underwriter, Placement Agent, Principal Banker, Solicitors, Share Registrar, Company Secretary and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (b) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and letter relating to the Pro forma Consolidated Financial Information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (c) The written consent of the IMR to the inclusion in this Prospectus of its name and the report titled "Executive Summary of the Strategic Analysis of the Electronic Payments Industry in Malaysia", in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

14.6 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (a) Constitution of our Company;
- (b) The audited financial statements of RGB Group for the FYE 2015, 2016 and 2017 and FPE 2017;
- (c) The Accountants' Report as set out in Section 12;
- (d) The Reporting Accountants' reports relating to our pro forma consolidated financial information as set out in Section 13;
- (e) The executive summary of the IMR Report as set out in Section 8, and the full report thereon;
- (f) The material contracts as set out in Section 6.5; and
- (g) The letters of consent as set out in Section 14.5.

14. STATUTORY AND OTHER INFORMATION *(Cont'd)*

14.7 RESPONSIBILITY STATEMENTS

Our Directors and Promoters have seen and approved this Prospectus, and they collectively and individually accept full responsibility for the accuracy of the information contained herein, and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledge that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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15. PROCEDURES FOR APPLICATION AND ACCEPTANCE

15.1 OPENING AND CLOSING OF APPLICATION

The period for Application will open at 10.00 a.m. on 11 June 2018 and will remain open until at 5.00 p.m. on 6 July 2018. Any changes to the Closing Date will be published in a widely circulated daily Bahasa Malaysia and English newspapers within Malaysia prior to the original closing date of the Application. Following this, the dates for the balloting of the Applications, allotment of our IPO Shares and Listing would be extended accordingly. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

15.2 METHODS OF APPLICATION

The Applications shall be made in relation with and subject to the terms of this Prospectus and our Constitution.

Types of Application	Application Method
Applications for the 11,142,400 Issue Shares made available for application by our eligible Directors and employees who have contributed to the success of our Group.	Pink Form Applications only
Applications for the 11,142,400 Issue Shares made available for applications by the Malaysian Public:	
(a) Malaysian Public – Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Malaysian Public – Non-Individuals	White Application Form only

FULL INSTRUCTIONS FOR THE APPLICATION FOR OUR IPO SHARES AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. YOU ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

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15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

15.3 APPLICATIONS USING APPLICATION FORM

15.3.1 Types of Application Forms

The following relevant Application Forms are issued with their notes and instructions enclosed together with this Prospectus:

- (a) **Pink Application Forms** for application by our eligible Directors and employees who have contributed to the success of our Group.
- (b) **White Application Forms** for application by the Malaysian Public.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability, from M&A Securities, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and our Issuing House.

The submission of an Application Form does not necessarily mean that your Application will be successful.

15.3.2 Terms and Conditions for Applications Using Application Forms

Only 1 Application Form from each applicant will be considered and an application must be for 100 ordinary shares or multiples thereof. **MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED.** If you submit multiple applications in your own name or by using the name of others, with or without their consents, you will be committing an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and a jail term of up to 10 years under Section 182 of the CMSA.

Application for our IPO Shares must be made on the respective Application Form provided together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and in this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed thereon shall constitute integral part of this Prospectus. Applications which do not **STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed thereon or which are illegible may not be accepted.

Each completed Application Form must be accompanied by a remittance in Ringgit Malaysia for the full amount payable by either:

- (a) **BANKER'S DRAFT OR CASHIER'S ORDER** purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants); or
- (b) **MONEY ORDER OR POSTAL ORDER** (for applicants from Sabah and Sarawak only); or
- (c) **GUARANTEED GIRO ORDER ("GGO")** from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants); or
- (d) **ATM STATEMENTS OBTAINED FROM ANY OF THE FOLLOWING FINANCIAL INSTITUTIONS:**
 - **HONG LEONG BANK BERHAD;**
 - **MALAYAN BANKING BERHAD;**
 - **RHB BANK BERHAD.**

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

made out in favour of:

"TIIH SHARE ISSUE ACCOUNT NO. 678"

and crossed **"A/C Payee Only"** (excluding ATM statements) and endorsed on the reverse side with your name and address.

Applications accompanied by mode of payment other than in the manner stated above or with excess or insufficient remittances or inappropriate Banker's Drafts, Cashier's Orders, Money Orders or Postal Order, ATM Statement or GGO will not be accepted. Details of remittances must be completed in the appropriate boxes provided in the Application Forms.

If you are an individual and not a member of the Armed Forces/Police, your name and identity card number must be exactly the same as that stated in:

- (a) Your national registration identity card;
- (b) Any valid temporary identity document issued by the National Registration Department from time to time; or
- (c) Your "Resit Pengenalan Sementara (**"KPPK 09"**) issued pursuant to Peraturan 5(5), Peraturan- Peraturan Pendaftaran Negara 1990.

If you are a member of the Armed Forces/Police, your name and your Armed Forces or Police personnel number, as the case may be, must be exactly the same as that stated in your authority card and your address must be the address of your respective camp, base or station.

For corporation/institutional applicants, the name and certificate of incorporation number must be exactly the same as that stated in the corporation's or certificate of incorporation and the address must be the registered address.

We, together with our Issuing House will not issue any acknowledgement of the receipt of your Application Form or application monies.

Applications accompanied by mode of payment other than those stated above or with excess or insufficient remittance may not be accepted. You must complete details of the remittance in the appropriate boxes provided on the Application Form.

You must state your CDS Account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS Account to our Issuing House and/or our Company. If you do not presently have a CDS Account, you may open 1 by contacting any one of the ADAs as stated in Section 15.9.

You must write your name and address on the reverse side of the Banker's Draft, Cashier's Order, ATM statement, Money Order or GGO from Bank Simpanan Nasional Malaysia Berhad.

Insert the relevant Application Form together with payment and a legible photocopy of your identification document (identity card/valid temporary identity document issued by the National Registration Department/"Resit Pengenalan Sementara (KPPK 09)" /authority card for armed forces or police personnel/certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport (where applicable) into the Official "A" envelope and seal it.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

You must write your name and address on the outside of the Official "A" and "B" envelopes. The name and address written must be identical to your name and address as per your identity card/valid temporary identity document issued by the National Registration Department/"Resit Pengenalan Sementara (KPPK 09)" /authority card for armed forces or police personnel/certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport (where applicable).

Affix an 80 sen stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by ORDINARY POST in the official envelopes provided to the following address:

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at their Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

so as to arrive not later **than 5.00 p.m. on 6 July 2018** or such extended date.

Registered post must not be used.

No acknowledgement of the receipt of Application Forms or application monies will be made.

Please direct all enquiries in respect of the White Application Form to our Issuing House.

15.4 APPLICATIONS USING ELECTRONIC SHARE APPLICATION

15.4.1 Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches with the respective processing fee:

- Affin Bank Berhad – No fee will be charged for application by their account holders;
- Alliance Bank Malaysia Berhad – RM1.00;
- AmBank (M) Berhad – RM1.00;
- CIMB Bank Berhad – RM2.50
- HSBC Bank Malaysia Berhad – RM2.50;
- Malayan Banking Berhad – RM1.00;
- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50; or
- Standard Chartered Bank Malaysia Berhad (as selected branches only) – RM2.50

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

15.4.2 Terms and Conditions for Electronic Share Application

The procedures for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions. For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in Section 15.4.3. The steps set out the actions that you must take at the ATM to complete an Electronic Share Application. Please read and understand carefully the terms of this Prospectus, the steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

In the case of Electronic Share Application, only an applicant who is an individual with a CDS Account is eligible to utilise the facility.

You must have an existing bank account with, and be an ATM cardholder of, 1 of the Participating Financial Institutions before you can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by 1 of the Participating Financial Institutions cannot be used to apply for our IPO Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or Issuing House. The Transaction Record is for your retention and should not be submitted with any Application Form.

Upon the closing of offer for the application for our IPO Shares on 6 July 2018 at 5.00 p.m., the Participating Financial Institutions shall submit the magnetic tapes containing their respective customers' applications for our IPO Shares to our Issuing House as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

You are allowed to make an Electronic Share Application for our IPO Shares via an ATM that accepts the ATM cards of the Participating Financial Institutions with which you have an account and its branches, subject to you making only 1 Application. You can apply for our IPO Shares via an ATM card of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to you making only 1 Application.

You must ensure that you use your own CDS Account number when making an Electronic Share Application. If you have a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS Account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing conditions.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Constitution of our Company.
- (b) You are required to confirm the following statements (by depressing predesignated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:
 - (i) You have attained 18 years of age as at the Closing Date;
 - (ii) You are a Malaysian citizen residing in Malaysia;

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iii) You have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
 - (iv) This is the only application that you are submitting; and
 - (v) You thereby give consent to the participating financial institution and Bursa Depository to disclose information pertaining to yourself and your account with the participating financial institution and Bursa Depository to our Issuing House and other relevant authorities.
- (c) Your Application will not be successfully completed and cannot be recorded, as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia, including Section 133 of the Financial Services Act, 2013 and Section 45 of the SICDA to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to our Issuing House or any other relevant regulatory bodies.
- (d) You confirm that you are not applying for our IPO Shares as nominee of any other person and that any Electronic Share Application that you make is made by yourself as the beneficial owner. You shall only make 1 Electronic Share Application and shall not make any other application for our IPO Shares, whether at the ATMs of any Participating Financial Institution or on the prescribed Application Forms or via Internet share application.
- (e) You must have sufficient funds in your account with the relevant Participating Financial Institutions at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (f) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key on the ATM) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number IPO Shares that may be allotted or allocated to you and to be bound by our Constitution.
- (g) Our Issuing House, acting under the authority of our Board, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (h) You request and authorise us:
 - (i) to credit our IPO Shares allotted or allocated to you into your CDS Account; and

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (ii) to issue share certificate(s) representing such IPO Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (i) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, Issuing House, the Participating Financial Institution or Bursa Depository, and irrevocably agree that if:
 - (i) our Company or Issuing House do/does not receive your Electronic Share Application; and
 - (ii) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or Issuing House,

you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against the Company, the Issuing House, the Participating Financial Institutions or Bursa Depository for our IPO Shares applied for or for any compensation, loss or damage.
- (j) All your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct and our Company, Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (k) You shall ensure that your particulars as recorded by both Bursa Depository and the relevant participating financial institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (l) By making and completing an Electronic Share Application, you agree that:
 - (i) in consideration of our Company agreeing to allow and accept the making of any application for our IPO Shares via the Electronic Share Application facility established by the Participating Financial Institution at their respective ATMs, your Electronic Share Application is irrevocable;
 - (ii) our Company, the Participating Financial Institutions, Bursa Depository and our Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown, failure of transmission or communication facilities, or to any cause beyond our/their control;
 - (iii) notwithstanding the receipt of any payment by our Company or on behalf of our Company, the acceptance of your offer to subscribe for and purchase of our IPO Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said IPO Shares;

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iv) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of our IPO Shares allotted or allocated to you; and
 - (v) our Company agrees that in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the electronic share scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (m) Our Issuing House, acting under the authority of our Board, reserves the right to reject applications which do not conform to these instructions.

15.4.3 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account;
- (b) You must have a CDS Account; and
- (c) You have to choose the Electronic Share Application option at the ATM of the Participating Financial Institution. Mandatory statements required in the Application are set out on Section 15.4.2 relating to the terms and conditions for Electronic Share Application. You have to enter at least the following information through the ATM where the instructions on the ATM screen require you to do so:
 - Personal Identification Number ("PIN Number");
 - **TIH Share Issue Account No. 678;**
 - CDS Account number;
 - Number of IPO Shares applied for and/or the Ringgit Malaysia amount to be debited from the account; and
 - Confirmation of several mandatory statements.

15.5 APPLICATIONS USING INTERNET SHARE APPLICATION

15.5.1 Steps for Internet Share Application through an Internet Participating Financial Institution's website

The exact steps for Internet Share Application in respect of the Shares are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an application for our IPO Shares via Internet Application may be as set out below. The steps set out the actions that you must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

YOU MUST HAVE A CDS ACCOUNT BEFORE YOU CAN MAKE ANY APPLICATION FOR THE SHARES. PLEASE TAKE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account.
- (b) Login to the Internet financial services facility by entering your user identification and PIN Number/password.
- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of our IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.
- (g) Check that the information contained in the online application form such as the Shares counter, identity card number, CDS Account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.

By confirming such information, you also undertake that the following information given is true and correct:

- (i) You have attained 18 years of age as at the Closing Date;
- (ii) You are a Malaysian citizen residing in Malaysia;
- (iii) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of the Prospectus, the contents of which you have read and understood;
- (iv) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for our IPO Shares;
- (v) The Internet Share Application is the only application that you are submitting for our IPO Shares;
- (vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
- (vii) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of the SICDA) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to our Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (viii) You are not applying for our IPO Shares as a nominee of any other person and the application is made in your own name, as the beneficial owner and subject to the risks referred to in this Prospectus; and
- (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO Shares, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with our IPO Shares. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of your information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services;
- (h) Upon submission of your online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application money for our IPO.
- (i) As soon as your transaction is completed, a message from the Authorised Financial Institution pertaining to your payment status will appear on the screen of the website through which the online payment of your application money is being made.
- (j) Subsequent to the above, the Internet Participating Financial Institution shall confirm that your Internet Share Application has been completed, via the Confirmation Screen on its website.
- (k) You are advised to print out the Confirmation Screen for reference and retention.

15.5.2 Terms and Conditions for Internet Share Application

Applications for our IPO Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

YOU ARE ADVISED NOT TO APPLY FOR OUR IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institution

Internet Share Applications may be made through a website of the following Participating Financial Institutions with the respective processing fee:

- CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;
- CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for applicants with CDS Accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS Accounts with other ADAs;
- Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;
- RHB Bank Berhad (www.rhb.com.my) – RM2.50;

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- Affin Bank Berhad (www.affinOnline.com) – No fees will be charged for application by their account holders;
- Public Bank Berhad (www.pbebank.com) – RM2.00; and
- Alliance Bank Malaysia Berhad (www.allianceonline.com.my) – RM1.00.

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND THE SEQUENCE FOR INTERNET SHARE APPLICATIONS IN RESPECT OF OUR IPO SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out herein:

- (a) You can make an Internet Share Application if you fulfill all of the following:
- (i) You are an individual with a CDS Account and in the case of a joint account, an individual CDS Account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS Account registered in the joint account holder's name;
 - (ii) You have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification ("User ID") and Personal Identification Numbers ("PIN")/password for the relevant Internet financial services facilities; and
 - (iii) You are a Malaysian citizen and have a mailing address in Malaysia.

You are advised to note that a User ID and PIN/password issued by 1 of the Internet Participating Financial Institutions cannot be used to apply for our IPO Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (b) An Internet Share Application shall be made on and shall be subject to the terms of this prospectus and our Company's Constitution.
- (c) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:
- (i) You have attained 18 years of age as at the Closing Date;
 - (ii) You are a Malaysian citizen residing in Malaysia;

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iii) You have, prior to making your Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
 - (iv) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in the Prospectus before making your Internet Share Application for our IPO;
 - (v) Your Internet Share Application is the only application that you are submitting for our IPO Shares;
 - (vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - (vii) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of the SICDA) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to our Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
 - (viii) You are not applying for our IPO Shares as a nominee of any other person and your application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with our IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of your information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (d) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that your Internet Share Application has been completed and states the details of your Internet Share Application, including the number of IPO Shares applied for which you can print out for your records.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 15.5.2 (c).

- (e) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making your Internet Share Application, to cover and pay for our IPO Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which your Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- (f) You irrevocably agree and undertake to subscribe for and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted to you in respect of the Internet Share Application. If our Company decides to allot or allocate any lesser number of such Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision of our Company as final.

In the course of completing your Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of IPO Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

- (i) Your acceptance of the number of IPO Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
 - (ii) Your agreement to be bound by the Constitution of our Company.
- (g) You are fully aware that multiple or suspected multiple Internet Share Applications for our IPO Shares will be rejected. Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefore. We will give due consideration to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
 - (h) If your Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. If your Internet Share Application is unsuccessful, the Internet Participating Financing Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of your application money in Ringgit Malaysia (without interest or any Shares of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within 2 market days after receipt of written confirmation from our Issuing House.

Our Issuing House shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within 2 Market Days from the balloting date.

If your Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of your application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution within 2 Market Days after receipt of written confirmation from our Issuing House.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

However, a number of applications will be held in reserve to replace any successfully balloted applications that are subsequently rejected. If your application is held in reserve, and subsequently rejected, your application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to you by the Internet Participating Financial Institutions by crediting into the applicant's account with the Internet Participating Financial Institution within 10 Market Days from the day of the final ballot of the applications list.

If your application is held in reserve and which are subsequently unsuccessful (or only partly successful), the Issuing House shall inform the relevant Participating Financial Institutions of the non-successful or partly successful Applications within 2 Market Days after the final balloting date. The Internet Participating Financial Institutions will then credit the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) into your account within 2 Market Days after the receipt of written confirmation from the Issuing House.

Except where our Issuing House is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult the Internet Participating Financial Institution through which your application was made in respect of the mode or procedure of enquiring on the status of your Internet Share Application in order to determine the status or exact number of IPO Shares allotted, if any, before trading of our IPO Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 p.m. on 6 July 2018 or such other extended date. An Internet Share Application is deemed to be received only upon its completion, which is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (j) You irrevocably agree and acknowledge that your Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution, our Issuing House and our Company. If, in any such event, we, our Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or the payment therefore, or in the event that any data relating to your Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an Internet Share Application and you shall have made no claim whatsoever against us, our Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to our IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (k) All of your particulars in the records of the relevant Internet Participating Financial Institution at the time of your Internet Share Application shall be deemed to be true and correct, and we, our Issuing House, the Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particular as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application is liable to be rejected. The notification letter on successful allocation or allotment will be sent to your address last registered with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

- (l) By making and completing an Internet Share Application, you are deemed to have agreed that:
- (i) in consideration of us making available the Internet Share Application facility to you, through the Internet Participating Financial Institution acting as our agents, the Internet Share Application is irrevocable;
 - (ii) you have irrevocably requested and authorised us to register our IPO Shares allotted or allocated to you for deposit into your CDS Account;
 - (iii) neither we nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to your Internet Share Application to our Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 15.5.2(j) or to any cause beyond their control;
 - (iv) you shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by our Issuing House, us and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
 - (v) the acceptance of the offer made by you to subscribe for our IPO Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by us or on our behalf and not otherwise, notwithstanding the receipt of any payment by us or on our behalf;
 - (vi) you are not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your Internet Application by us;
 - (vii) in making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, M&A Securities and any other person involved in our IPO shall not be liable for any information not contained in this Prospectus which may have been relied on by you in making the Internet Share Application; and

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (viii) the acceptance of your Internet Share Application by us and the contract resulting therefrom under our IPO shall be governed by and construed in accordance with the laws of Malaysia, and you irrevocably submit to the jurisdiction of the courts of Malaysia.

15.6 APPLICATIONS AND ACCEPTANCES

You can only apply for our IPO Shares if:

- (i) You have attained 18 years of age as at the Closing Date;
- (ii) You are a Malaysian citizen residing in Malaysia;
- (iii) You are a corporation/institution incorporated in Malaysia where, there is a majority of Malaysian citizens on your board of Directors/trustee and if you have a share capital, more than half of your issued share capital, excluding preference share capital, is held by Malaysian citizens;
- (iv) You are a superannuation, provident or pension fund established or operating in Malaysia;
- (v) You have a CDS Account;
- (vi) You have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
- (vii) You are not a Director or employee of our Issuing House or their immediate family members;
- (viii) This is the only application that you are submitting; and
- (ix) You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining yourself and your account with the Participating Financial Institution and Bursa Depository to us, our Issuing House and other relevant authorities.

The amount payable in full on application is RM0.37 per IPO Share. Persons submitting applications by way of Application Forms may not submit applications by way of Electronic Share Applications or by way of Internet Share Application and vice versa. A corporation or institution cannot submit an Application by way of Electronic Share Application or Internet Share Application.

Our Issuing House, acting under the authority of our Board reserves the right not to accept any Application or accept any Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our IPO Shares.

Our Issuing House, acting under the authority of our Board reserves the right not to accept any application which does not strictly comply with the instructions or to accept any Application in part only without assigning any reason therefore.

The submission of your Application Form or the completion of your Electronic Share Application or Internet Share Application does not necessarily mean that your Application will be successful.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner as approved by our Directors. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner, and in our best interest. Due consideration will be given to the desirability of distributing our IPO Shares to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the trading of our Shares.

The final allocation of our IPO Shares to any single applicant will be made to ensure that our Company complies with the public shareholding spread requirement under the Listing Requirements, which is at least 25.0% of our total enlarged share capital of our Shares for which listing is sought must be in the hands of public shareholders, with a minimum of 200 public shareholders holding not less than 100 Shares each upon admission to the Official List of the ACE Market. In the event that the above requirement is not met pursuant to our Listing, we may not be allowed to proceed with our Listing. In the event thereof, your monies paid in respect of your Applications will be returned without interest if the said permission for listing and quotation is not granted. Applicants will be selected in a manner determined by our Directors.

YOUR APPLICATION MUST BE FOR 100 ORDINARY SHARES OR MULTIPLES THEREOF.

In the event of an under-subscription of IPO Shares by the Malaysian Public, such number of IPO Shares not applied for will be reallocated in the manner as specified in Section 4.4.5.

If you are unsuccessful/partially successful in your Application, the full amount or the balance of the Application monies, as the case may be, will be refunded without interest in the following manner:

- (a) For an Application by way of Application Form, the application monies or the balance of it, as the case may be, will be returned to you via the self-addressed and stamped Official "A" envelope you provided, by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend /distribution if you have provided such bank account information to Bursa Depository or by ordinary post to your last address maintained with the Bursa Depository, if you have not provided such bank account information to Bursa Depository (for partially successful applications), at your own risk within 10 Market Days from the date of the final ballot.

If your application is rejected because you did not provide a CDS Account, the full amount of your application monies will be sent to you to the address as per the identity card or "Resit Pengenalan Sementara (KPPK 09)" or any valid temporary identity document as issued by the National Registration Department from time to time, or authority card in the case of armed forces/police personnel, at your own risk.

Our Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded within 10 Market Days from the date of the final ballot by crediting into your bank account for purposes of cash dividend /distribution if you have provided such bank account information to Bursa Depository or by ordinary post to your last address maintained with the Bursa Depository at your own risk if you have not provided such bank account information to Bursa Depository.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (b) For an Application by way of Electronic Share Application, where an Electronic Share Application is not successful or successful in part only, the relevant participating financial institution will be informed of the non-successful or partially successful applications. If the Electronic Share Application is not successful, the relevant Participating Financial Institutions will credit the full amount of your Application monies into your account with that Participating Financial Institution within 2 Market Days after the receipt of confirmation from our Issuing House. Our Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful Applications within 2 Market Days after the balloting date. You may check your account on the 5th Market Day from the balloting date.

Where your Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of your Application monies without interest into your account with the Participating Financial Institution within 2 Market Days after the receipt of confirmation from our Issuing House. A number of Applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such Applications, which are subsequently rejected, the Application monies without interest will be refunded to you by the Participating Financial Institutions by crediting into the applicant's account with the Participating Financial Institution not later than 10 Market Days from the day of the final ballot of the application list.

Where for Applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Issuing House shall inform the relevant Participating Financial Institutions of the non-successful or partly successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will then credit the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) into your account within 2 Market Days after the receipt of written confirmation from the Issuing House.

- (c) For an Application by way of Internet Share Application, please refer to Section 15.5.2(h).

If you encounter any problems in your Application, you may refer to the Participating Financial Institutions.

If you are successful in your Application, our Directors reserve the rights to require you to appear in person at the registered office of our Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any of your expenses incurred or to be incurred for the purpose of complying with this provision.

Your remittance having been presented for payment shall not signify that your Application has been accepted.

15.7 CDS ACCOUNT

Pursuant to Section 14(1) of SICDA, Bursa Securities has prescribed the Issues Shares as Prescribed Securities. In consequence thereof, the share issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Following the above, in accordance to Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, all dealings in our IPO Shares of our Company including our IPO Shares will be by book entries through CDS Accounts. No share certificates will be issued to you.

You must have a CDS Account when applying for our IPO Shares. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an application for our IPO Shares.

In the case of an Application by way of Application Form, you should state your CDS Account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS Account to our Issuing House or our Company and any relevant regulatory bodies, as the case may be.

In the case of an Application by way of Electronic Share Application, you shall furnish your CDS Account number to the Participating Financial Institution by way of keying in your CDS Account number if the instructions on the ATM screen require you to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an applicant who has a CDS Account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, the applicant's CDS Account number would automatically appear in the e-IPO online application form.

Failure to comply with these specific instructions or inaccuracy in the CDS Account number, arising from use of invalid, third party or nominee accounts, may result in the Application being rejected. If a successful applicant fails to state his / her CDS Account number, our Issuing House, on our authority, will reject the Application. Our Issuing House, acting under the authority of our Board also reserves the right to reject any incomplete and inaccurate Application.

Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

15.8 NOTICES OF ALLOTMENT

Our IPO Shares allocated to you will be credited into your CDS Account if you are successful or partially successful in your application. A notice of allotment will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application.

You shall ensure that your personal particulars as recorded by both Bursa Depository and relevant participating financial institutions are correct and identical. You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of Bursa Depository, failing which the notification letter on successful allotment shall be sent to your address last registered with Bursa Depository.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

You may also check the status of your application by calling your respective ADAs as stated in Section 15.9 or at the telephone numbers of our Issuing House stated below (during office hours only) or by checking at our Issuing House's website stated below after the date of allotment of the Shares:

Issuing House Enquiry Services : 03-2783 9299

Issuing House Website : www.myetricor.com

The results of the allocation of shares derived from successful balloting will be made available to the public at Issuing House website: www.myetricor.com 1 Market Day after the balloting date.

15.9 LIST OF ADAs

The list of ADAs and their respective addresses, telephone numbers and ADA codes are available at the website / link below:

www.bursamalaysia.com/market/securities/equities/brokers

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APPENDIX I MAJOR APPROVALS, LICENSES AND PERMITS

Save as disclosed below, as at the LPD there are no other major approvals, major licences and permits issued to our Group in order for us to carry out our operations other than those pertaining to the general business requirements.

No.	Licencee	Issuing Authority	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(a)	Revenue Harvest	BNM	4 February 2013	N/A	BNM notifies that Revenue Harvest has complied with the requirements of Section 5(3) of the Payment Systems Act 2003 ("PSA"), thus Revenue Harvest is able to operate its revPay system.	<ol style="list-style-type: none"> 1. Revenue Harvest is to notify BNM within 30 days prior to making any major changes to its revPay system, including accepting any new payment option. 2. Revenue Harvest is to notify BNM of the commencement date of the proposed system. 3. Should Revenue Harvest fails to commence the system by 31 July 2013, this notification will no longer be valid. 	Complied
(b)	Revenue Solution	BNM	1 September 2009	N/A	BNM notifies that Revenue Solution has complied with the requirements of Section 5(3) of the PSA, thus Revenue Solution is able to operate a payment system as Third Party Acquirer to Malaysian Electronic Payment System (1997) Sdn Bhd	None stated	N/A

APPENDIX I MAJOR APPROVALS, LICENSES AND PERMITS (Cont'd)

No.	Licencee	Issuing Authority	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(c)	Revenue Solution	BNM	21 June 2011	N/A	Revenue proposal to offer merchant services for UnionPay card payments has been duly noted by BNM	None stated.	N/A
(d)	Revenue Solution	BNM	2 May 2017	N/A	BNM has no objection on Revenue Solution's proposal to enable the acceptance of QR payments in Malaysia	<p>1. Notify BNM in writing of the following:</p> <p>(i) Commencement date of the acceptance of QR payments (which shall be within 1 year from the date of this letter, including copy of the agreement between Revenue Solution and Company A, as well as between Revenue Solution and its merchants.</p> <p>(ii) For any subsequent changes to the proposed business model including but not limited to any change of target market, mode of payment acceptance, as well as payment and settlement flow, Revenue Solution is required to submit to BNM the details of the proposed changes 30 days prior to the effective date of the proposed changes. BNM may specify standards to be complied by Revenue Solution, which include any obligation or requirements on business conduct pursuant to Section 123(1) of the Financial Services Act 2013.</p>	Complied

APPENDIX I MAJOR APPROVALS, LICENSES AND PERMITS (Cont'd)

No.	Licencee	Issuing Authority	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
						<p>2. Operate in a safe and sound manner, including having internal controls that commensurate with the merchant acquiring business operations risk by establishing adequate risk management and control measures to ensure safety, reliability and integrity of the payment system operation.</p> <p>3. Ensure timely and complete fund settlements within the timeframe, of no longer than 2 working days to merchants. Revenue Solution shall also be liable to provide full settlement to the merchants in the event of any settlement failure by Company A to Revenue Solution.</p> <p>4. Where Revenue Solution acquires SME merchants, it shall establish a trust account with licensed banking institutions in Malaysia in accordance with the Trustee Act 1949, to deposit funds that can only be used for making payment to its SME merchants for QR payments, at all times.</p>	

APPENDIX I MAJOR APPROVALS, LICENSES AND PERMITS (Cont'd)

No.	Licencee	Issuing Authority	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
5.						Provide adequate disclosure to the merchants in the contractual agreement on the possible risks relating to the acceptance of QR payments (including but not limited to settlement and fraud risks), prior to entering into the agreement with its potential merchants.	
6.						Implement effective and efficient fraud detection and monitoring mechanism to identify potential fraud, high risk and unusual transactions on a timely manner for appropriate and immediate corrective measures to be taken.	
7.						Establish appropriate rules and procedures on liability management and chargeback if the transaction acceptance procedures as stipulated in the merchant agreement have been adhered to by the merchants.	
8.						Establish a robust dispute resolution procedure to ensure effective and timely resolution of dispute cases between Revenue Solution and its merchants.	
9.						Ensure a safe and secure environment for the interchange of confidential data, where the security, confidentiality and integrity of customers' and merchants' data are maintained at all times.	

APPENDIX I MAJOR APPROVALS, LICENSES AND PERMITS (Cont'd)

No.	Licencee	Issuing Authority	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
10.						Remain responsible and accountable for the services outsourced to any third party, where a comprehensive service level agreement and due diligence mechanism for periodic performance monitoring shall be established.	
11.						Ensure that there is no exclusivity in the use of the payment or point of sale terminals to support only a specific payment network or instrument.	
12.						Ensure the acceptance of QR payments by the merchants shall not be misused to facilitate any dubious or illegal activities including money laundering and terrorism financing.	
13.						Conduct a post implementation review no later than 6 months after the implementation of the acceptance of QR payments including but not limited to, identifying any issue/gap, fraud incidents and to implement effective action plans to resolve any shortcoming identified.	
14.						Conduct frequent vulnerability assessment and system penetration testing on systems and networks facilitating QR payments and rectify all issues/gaps/vulnerabilities identified.	

APPENDIX I MAJOR APPROVALS, LICENSES AND PERMITS (Cont'd)

No.	Licencee	Issuing Authority	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
15.						Use secured version of communication security, i.e. transport layer security for QR payments.	
16.						Use secured encryption standards for customers' data, i.e. data-at-rest, data-in-use and data-in-motion for QR payments.	
17.						Deploy robust monitoring capabilities such as automated monitoring tool for managing fraud, cyber threats and money laundering risks.	
18.						Ensure robust barcode and QR Code security setup are in place.	
19.						Enforce daily transaction reconciliation process.	
20.						Comply at all times with the requirements for merchant acquirers as stipulated in the policy documents for credit card, credit card-i, debit card, debit card-i, charge card, charge card-i, Payment Card Reform Framework and all other relevant standards and requirements issued by BNM from time to time.	

APPENDIX I MAJOR APPROVALS, LICENSES AND PERMITS (Cont'd)

No.	Licencee	Issuing Authority	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(e)	Revenue Solution	BNM	20 June 2017	N/A	BNM noted Revenue Solution's expansion of its merchant acquiring services to include the acceptance of payments made with foreign issued Diners and NETS cards at Revenue Solution's participating merchants in Malaysia	<p>1. Notify BNM in writing of the following:</p> <p>(i) The commencement date of the acceptance of the abovementioned payment cards, and to provide a copy of the agreements entered with NETS, Diners, as well as its merchants; and</p> <p>(ii) For any subsequent changes to the proposed business model including but not limited to any change of the target market, mode of payment acceptance, as well as, the clearing and settlement flows, Revenue Solution is required to submit to BNM the abovementioned details, 30 days prior to the effective date of the proposed changes.</p> <p>2. Operate in a safe and sound manner, including having internal controls that commensurate with the merchant acquiring business operations by establishing adequate risk management and control measures to ensure safety, reliability and integrity of the payment system operation.</p> <p>3. Ensure timely and complete fund settlements within the timeframe, of no longer than 2 working days to merchants. Revenue Solution shall also be liable to provide full settlement to the merchants in the event of any settlement failure by Diners to Revenue Solution.</p>	Complied

APPENDIX I MAJOR APPROVALS, LICENSES AND PERMITS (Cont'd)

No.	Licencee	Issuing Authority	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
4.	Where Revenue Solution acquires SME merchants, it shall establish a trust account with licensed banking institutions in Malaysia in accordance with the Trustee Act 1949, to deposit funds that can only be used for making payment to its SME merchants. Revenue Solution shall ensure the funds maintained in the trust account are at least equivalent to the average settlement amount due from Revenue Solution to the SME merchants for foreign issued Diners and NETS payment cards, at all times.						
5.	Provide adequate disclosure to the merchants in the contractual agreement on the possible risks relating to the acceptance of abovementioned payment cards (including but not limited to settlement and fraud risks), prior to entering into the agreement with its potential merchants.						
6.	Implement effective and efficient fraud detection and monitoring mechanism to identify potential fraud, high risk and unusual transactions on a timely manner for appropriate and immediate corrective measures to be taken.						

APPENDIX I MAJOR APPROVALS, LICENSES AND PERMITS (Cont'd)

No.	Licencee	Issuing Authority	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
7.						Establish appropriate rules and procedures on liability management and chargeback where merchants shall not be held liable for any fraud losses or chargeback if the transaction acceptance procedures as stipulated in the merchant agreement have been adhered to by the merchants.	
8.						Establish a robust dispute resolution procedure to ensure effective and timely resolution of dispute cases between Revenue Solution and its merchants.	
9.						Ensure a safe and secure environment for the interchange of confidential data, where the security, confidentiality and integrity of customers' and merchants' data are maintained at all times.	
10.						Remain responsible and accountable for the services outsourced to any third party, where a comprehensive service level agreement and due diligence mechanism for periodic performance monitoring shall be established.	
11.						Ensure that there is no exclusivity in the use of the payment or point of sales terminals to support only a specific payment network or instrument.	

APPENDIX I MAJOR APPROVALS, LICENSES AND PERMITS (Cont'd)

No.	Licencee	Issuing Authority	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
12.						Ensure the acceptance of payment cards shall not be misused to facilitate any dubious or illegal activities including money laundering and terrorism financing.	
13.						Conduct a post implementation review, including but not limited to, identifying any issue/gap, fraud incidents and to implement effective action plans to resolve any shortcoming identified.	
14.						Conduct frequent vulnerability assessment and system penetration testing on systems and networks facilitating payments made via payment cards and rectify all issues/gaps/vulnerabilities identified on a timely basis.	
15.						Use secured version of communication security, i.e. secure socket layer/transport layer security.	
16.						Use secured encryption standards for customers' data, i.e. data-at-rest, data-in-use and data-in-motion for payments made via payment cards.	
17.						Deploy robust monitoring capabilities such as automated monitoring tool for managing fraud, cyber threats and money laundering risks.	

APPENDIX I MAJOR APPROVALS, LICENSES AND PERMITS (Cont'd)

No.	Licencee	Issuing Authority	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(f)	Revenue Techpark	Malaysian Investment Development Authority	13 July 2011	12 July 2021	Pioneer certificate (MSC status company)	<p>18. Enforce daily transaction reconciliation process.</p> <p>19. Comply at all times with the requirements for merchant acquirers as stipulated in the policy documents for credit card, credit card-i, debit card, debit card-i, charge card, charge card-i, Payment Card Reform Framework and all other relevant standards and requirements issued by BNM from time to time.</p>	Noted
						To carry out pioneer activities as below: 'Research, development and commercialisation of 'XANZO version 3.0 and above'; and 'Provision of implementation, technical services and maintenance related to the above mentioned solution.'	