

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2019⁽¹⁾

	Note	3-MONTH ENDED		PERIOD-TO-DATE	
		31.03.2019 RM'000	31.03.2018 RM'000	31.03.2019 RM'000	31.03.2018 RM'000
Revenue	A9	15,517	7,940	43,941	23,337
Cost of sales		(7,625)	(2,314)	(20,084)	(7,803)
Gross profit ("GP")		7,892	5,626	23,857	15,534
Other income		58	146	128	419
Administrative expenses		(4,549)	(3,420)	(13,839)	(8,990)
Finance costs		(68)	(102)	(269)	(301)
Profit before tax ("PBT")	B12	3,333	2,250	9,877	6,662
Taxation	B6	(679)	(407)	(2,419)	(1,462)
Profit after tax ("PAT")		2,654	1,843	7,458	5,200
Profit for the financial period attributable to:					
• Owners of the Company		2,538	1,808	6,848	5,120
• Non-controlling interests		116	35	610	80
		<u>2,654</u>	<u>1,843</u>	<u>7,458</u>	<u>5,200</u>
Total comprehensive income for the financial period attributable to:					
• Owners of the Company		2,538	1,808	6,848	5,120
• Non-controlling interests		116	35	610	80
		<u>2,654</u>	<u>1,843</u>	<u>7,458</u>	<u>5,200</u>
Earnings per share attributable to owners of the Company					
• Basic (sen) ⁽²⁾	B11	<u>1.14</u>	<u>1.08</u>	<u>3.07</u>	<u>3.06</u>
• Diluted (sen) ⁽³⁾	B11	<u>1.14</u>	<u>1.08</u>	<u>3.07</u>	<u>3.06</u>

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2019⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share for 31 March 2019 is calculated based on the enlarged share capital of 222,848,000 shares as at 31 March 2019 and basic earnings per share for 31 March 2018 is calculated based on the pro forma enlarged share capital of 167,136,000 shares as at 31 March 2018.
- (3) Diluted earnings per share of the Company for the individual quarter and period-to-date ended 31 March 2019 and 31 March 2018 is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.

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REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019⁽¹⁾

	UNAUDITED	AUDITED
	As at 31.03.2019 RM'000	As at 30.06.2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,060	24,329
Investment in associate	1,148	-
Goodwill on consolidation	2,684	2,684
Total non-current assets	32,892	27,013
Current Assets		
Trade receivables	12,642	9,226
Other receivables	998	1,835
Tax recoverable	-	290
Fixed deposits with licensed banks	658	545
Cash and bank balances	20,200	14,715
Total current assets	34,498	26,611
TOTAL ASSETS	67,390	53,624
EQUITY AND LIABILITIES		
Equity		
Share capital	35,581	16,714
Merger reserve	(15,694)	(15,694)
Retained earnings	28,911	22,488
Equity attributable to owners of the Company	48,798	23,508
Non-controlling interests	840	230
Total Equity	49,638	23,738
LIABILITIES		
Non-current liabilities		
Bank borrowings	5,246	6,793
Finance lease payables	770	353
Deferred tax liabilities	367	367
Total non-current liabilities	6,383	7,513
Current liabilities		
Trade payables	6,972	3,031
Other payables	3,118	17,005
Amount due to Directors	181	78
Finance lease payables	150	45
Bank borrowings	160	1,178
Derivative financial liability	-	19
Tax payable	788	1,017
Total current liabilities	11,369	22,373
TOTAL LIABILITIES	17,752	29,886
TOTAL EQUITY AND LIABILITIES	67,390	53,624
Weighted average number of ordinary shares ('000)	222,848	167,136
NET ASSETS PER SHARE (RM)⁽²⁾	0.22	0.14

REVENUE GROUP BERHAD (1248321-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019⁽¹⁾ (CONT'D)**

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.
- (2) Based on the share capital of 167,136,000 shares in issue as at 30 June 2018 and enlarged share capital of 222,848,000 shares in issue as at 31 March 2019.

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REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY
FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2019⁽¹⁾

	Attributable to owners of the parent						Non- controlling Interests RM'000	Total Equity RM'000
	Non-Distributable				Distributable			
	Share Capital RM'000	Merger Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000		
<u>Period ended 31 March 2018</u>								
As at 1 July 2017	1,000	-	-	-	15,713	16,713	(19)	16,694
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	5,120	5,120	80	5,200
Transactions with owners								
Issuance of shares by the Company	20	-	-	-	-	20	-	20
As at 31 March 2018	1,020	-	-	-	20,833	21,853	61	21,914

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY
FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2019⁽¹⁾ (Cont'd)

	Attributable to owners of the parent						Non- controlling Interests RM'000	Total Equity RM'000
	Non-Distributable				Distributable			
	Share Capital RM'000	Merger Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000		
<u>Period ended 31 March 2019</u>								
As at 1 July 2018								
- as previously stated	16,714	(15,694)	-	-	22,488	23,508	230	23,738
- effect of adoption of MFRS 9	-	-	-	-	(425)	(425)	-	(425)
As at 1 July 2018 (restated)	16,714	(15,694)	-	-	22,063	23,083	230	23,313
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	6,848	6,848	610	7,458
Transactions with owners								
Issuance of shares by the Company	20,613	-	-	-	-	20,613	-	20,613
Share issuance expenses	(1,746)	-	-	-	-	(1,746)	-	(1,746)
Issuance of warrants by the Company	-	-	70,197	(70,197)	-	-	-	-
As at 31 March 2019	35,581	(15,694)	70,197	(70,197)	28,911	48,798	840	49,638

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

REVENUE GROUP BERHAD (1248321-D)

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2019⁽¹⁾**

	PERIOD-TO-DATE	
	31.03.2019	31.03.2018⁽²⁾
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	9,877	6,662
Adjustments for:		
Bad debts written off – Trade receivables	-	209
Depreciation of property, plant and equipment	4,557	3,278
Finance costs	269	301
Gain on disposal of property, plant and equipment	(13)	(15)
Impairment losses on trade receivables	38	60
Reversal of impairment losses on trade receivables	-	(1)
Deposits forfeited	-	(9)
Interest income	(104)	(60)
Unrealised loss/(gain) on foreign exchange	154	(165)
Operating profit before working capital changes	<u>14,774</u>	<u>10,260</u>
Change in working capital		
Receivables	(2,617)	(1,456)
Payables	(10,980)	3,447
Amount due to Directors	102	(275)
Derivative financial liabilities	(19)	-
	<u>(13,514)</u>	<u>1,716</u>
Cash used in operations	1,264	11,976
Interest paid	(269)	(301)
Interest received	104	60
Tax paid	(2,358)	(1,292)
Tax refund	-	34
Net cash (used in)/from operating activities	<u>(1,259)</u>	<u>10,477</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(8,236)	(4,029)
Proceeds from disposal of property, plant and equipment	135	17
Acquisition of an associate	(1,148)	-
Proceeds from disposal of investment properties	-	2,181
Net cash used in investing activities	<u>(9,249)</u>	<u>(1,831)</u>
Cash Flows From Financing Activities		
Proceeds from issuance of shares	18,867	20
Repayment of finance lease payables	(42)	(353)
Repayment of term loans	(1,581)	(142)
Decrease in fixed deposits pledged		75
Dividends paid		(2,100)
Net cash from/(used in) financing activities	<u>17,244</u>	<u>(2,500)</u>

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3rd) QUARTER ENDED 31 MARCH 2019⁽¹⁾ (CONT'D)

	PERIOD-TO-DATE	
	31.03.2019	31.03.2018
	RM'000	RM'000
Net increase in cash and cash equivalents	6,736	6,146
Cash and cash equivalents at the beginning of the financial period	13,846	8,321
Effect of exchange translation differences on cash and cash equivalents	(154)	28
Cash and cash equivalents at the end of the financial period	<u>20,428</u>	<u>14,495</u>
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	20,200	15,373
Fixed deposits with licensed banks	658	545
Bank overdraft	-	(993)
	<u>20,858</u>	<u>14,925</u>
Less: Fixed deposits pledged with licensed banks	(430)	(430)
	<u>20,428</u>	<u>14,495</u>

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

N/A – Not applicable

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REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

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

This interim financial statements on the Company’s unaudited condensed consolidated financial results for the third (3rd) quarter ended 31 March 2019 is announced by the Company in compliance with the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

This interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying notes attached to this interim financial report.

A2. Summary of Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the audited financial statements for the financial year ended 30 June 2018, except for the adoption of the following MFRSs, Amendments to MFRSs and new Interpretations.

		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
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

The adoption of above new MFRSs, new interpretation and amendments to MFRSs did not have any significant impact on the financial statements of the Group except as stated below.

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

A2. Summary of Significant Accounting Policies (Cont'd)

MFR 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 9, *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces MFRS 139 *Financial Instruments: Recognition and Measurement*.

(a) Classification of financial assets

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

MFRS 9 contains three (3) principal classification categories for financial assets:

- Amortised Cost (“AC”);
- Fair Value through Other Comprehensive Income (“FVOCI”); and
- Fair Value through Profit or Loss (“FVTPL”)

The standard eliminates the existing MFRS 139 categories of Held-to-Maturity (“HTM”), Loans and Receivables (“L&R”) and Available-for-Sale (“AFS”).

(b) Impairment of financial assets

MFRS 9 replaces the “incurred loss” model in MFRS 139 with a forward-looking “expected credit loss” (“ECL”) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at AC or FVOCI, except for investment securities.

Under MFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not increased significantly. An entity may determine that a financial asset’s credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, the Group has adopted lifetime ECL measurement for loans and receivables due to the expected lifetime period of loans and receivables are generally less than 12 months.

REVENUE GROUP BERHAD (1248321-D)

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

A2. Summary of Significant Accounting Policies (Cont'd)

MFR 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

(c) Classification of financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to change in the credit risk of the liability is presented in Other Comprehensive Income; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group has applied the new rules retrospectively from 1 July 2018, with the practical expedients permitted under the standard. Comparative for 2018 will not be restated. Effect arising from the application of ECL is as follows:

	<u>As previously stated</u> RM'000	<u>Adjustment due to Adoption of MFRS 9</u> RM'000	<u>As restated</u> RM'000
<u>Consolidated Statement of Financial Position</u>			
Retained earnings	22,488	(425)	22,063

Standards issued but not yet effective

The Group has not adopted the following new MFRSs, Interpretations and amendments to MFRSs that have been issued by the Malaysian Accounting Standard Board which are not yet effective for the Group. The Group intends to adopt the below mentioned MFRSs, Interpretations and Amendments to MFRSs when they become effective.

	<u>Effective dates for financial periods beginning on or after</u>	
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019

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

A2. Summary of Significant Accounting Policies (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group has not adopted the following new MFRSs, Interpretations and amendments to MFRSs that have been issued by the Malaysian Accounting Standard Board which are not yet effective for the Group. The Group intends to adopt the below mentioned MFRSs, Interpretations and Amendments to MFRSs when they become effective. (Cont'd)

		<u>Effective dates for financial periods beginning on or after</u>
Amendments to References to the Conceptual Framework in MFRS Standards		
• Amendments to MFRS 3	<i>Definition of Business</i>	1 January 2020
• Amendments to MFRS 101	<i>Definition of Materials</i>	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

REVENUE GROUP BERHAD (1248321-D)

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

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Group for the financial year ended 30 June 2018 was not subject to any qualification.

A4. Seasonal or cyclical factors

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

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

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

A6. Material changes in estimates

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

A7. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity during the financial quarter under review.

A8. Dividends paid

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

REVENUE GROUP BERHAD (1248321-D)

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

A9. Segmental information

The Group's segmental information for the current financial period ended 31 March 2019 is as follows:

(a) Analysis of revenue by business segments

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Electronic Data Capture ("EDC") terminals	9,233	3,273	25,752	9,059
Electronic transaction processing	5,231	3,791	15,622	11,515
Solutions and services	1,053	876	2,567	2,763
Total	15,517	7,940	43,941	23,337

(b) Analysis of revenue by geographical location

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	15,517	7,625	43,755	22,542
USA	-	-	186	-
Dubai	-	-	-	480
China	-	315	-	315
Total	15,517	7,940	43,941	23,337

A10. Valuation of property, plant and equipment

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

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

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

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

(a) Proposed Acquisition of Revenue Safe Nets Sdn Bhd (“Acquisition of Revenue Safe Nets”)

On 15 March 2019, the Board of Directors of the Company (“**Board**”) announced that, Revenue Harvest Sdn Bhd (“**Revenue Harvest**”), a wholly owned subsidiary company of REVENUE, had entered into a conditional share sale agreement (“**Revenue Safe Nets SSA**”) with Lai Wei Keat for the purchase of the remaining 25.0% equity interest of Revenue Safe Nets Sdn Bhd, for a purchase consideration of RM7,000,000 to be satisfied by the issuance of 5,867,560 new shares in REVENUE (“**Revenue Safe Nets Consideration Shares**”).

The Acquisition of Revenue Safe Nets was completed on 17 April 2019 upon the listing of the Revenue Safe Nets Consideration Shares (5,867,560 new REVENUE Shares) on Bursa Securities on 17 April 2019.

(b) Proposed Acquisition of Anypay Sdn Bhd (“Acquisition of Anypay”)

On 26 March 2019, the Board announced that, Revenue Harvest had entered into a conditional share sale agreement (“**Anypay SSA**”) with Tan Lip Han and Low Chung Meng for the purchase of the 70.0% equity interest of Anypay Sdn Bhd by Revenue Harvest, for a purchase consideration of RM4,900,000 (“**Anypay Purchase Consideration**”), to be satisfied by the issuance of 3,916,866 new REVENUE shares (“**Anypay Consideration Shares**”).

On 10 May 2019, the Board announced that the first tranche of Anypay Consideration Shares (1,958,434 new REVENUE shares) had been listed on Bursa Securities.

(c) Proposed Acquisition of Buymall Services Sdn Bhd (“Acquisition of Buymall”)

On 26 March 2019, the Board announced that, Revenue Harvest had entered into a conditional share sale agreement (“**Buymall SSA**”) with Fabian Kong Yu Kiong, Gan Swan Kiat and Chung Wai Fong for the purchase of the 51.0% equity interest of Buymall Services Sdn Bhd by Revenue Harvest, for a purchase consideration of RM3,315,000 (“**Buymall Purchase Consideration**”), to be satisfied by the issuance of 2,649,880 new REVENUE shares (“**Buymall Consideration Shares**”).

On 10 May 2019, the Board announced that the first tranche of Buymall Consideration Shares (1,324,940 new REVENUE shares) had been listed on Bursa Securities.

REVENUE GROUP BERHAD (1248321-D)

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

A12. Changes in the composition of the Group

Save as disclosed in A11, there were no material changes in the composition of the Group for the current financial quarter under review.

A13. Contingent assets and contingent liabilities

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

	<u>UNAUDITED</u> As at 31.03.2019 RM'000	<u>UNAUDITED</u> As at 31.03.2018 RM'000
Secured		
Bank guarantee given to Payments Network Malaysia Sdn. Bhd. in favour of Revenue Solution Sdn. Bhd.	900	900

A14. Capital commitments

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

	As at 31.03.2019 RM'000
Material commitment	
- Purchase of EDC terminals	<u>3,082</u>

A15. Operating lease commitments

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

	<u>UNAUDITED</u> As at 31.03.2019 RM'000	<u>UNAUDITED</u> As at 31.03.2018 RM'000
Not later than 1 year	125	69
Later than 1 year and not later than 5 years	36	17
	<u>161</u>	<u>86</u>

A16. Related party transactions

There were no material related party transactions during the current financial quarter under review.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

(a) Results for current quarter and preceding year corresponding quarter

The Group recorded revenue of RM15.52 million for the current financial quarter ended 31 March 2019 (31 March 2018: RM7.94 million).

The Group's revenue was principally derived from the EDC terminals and electronic transaction processing segments, accounting for approximately 59.50% and 33.71% respectively of the total revenue for the current financial quarter ended 31 March 2019. The Malaysian market is the single largest market contributing to the Group's revenue accounting for the entire total revenue for the current financial quarter ended 31 March 2019.

The Group revenue increased by RM7.58 million from RM7.94 million for the financial quarter ended 31 March 2018 to RM15.52 million for the financial quarter ended 31 March 2019. The higher revenue recorded for the current financial quarter ended 31 March 2019 was mainly attributed to the higher sales of EDC terminals to the Group's customers.

The Group registered a PBT of RM3.33 million in the current financial quarter under review (31 March 2018: RM2.25 million). The higher PBT achieved for the current financial quarter ended 31 March 2019 mainly driven by the increase in the revenue from our business activities, however, it was offset by the increase in the administrative expenses arising from the increase in our headcount and higher depreciation charges.

(b) Results for financial year-to-date and preceding year corresponding period

For the financial year-to-date, the Group recorded revenue of RM43.94 million (31 March 2018: RM23.34 million)

The Group's revenue was principally derived from the EDC terminals and electronic transaction processing segments, accounting for approximately 58.61% and 35.55% respectively of the total revenue for the financial period-to-date. The Malaysian market remains the largest market contributing to the Group's revenue accounting to approximately 99.58% of the total revenue for the financial period-to-date.

The Group revenue increased by RM20.60 million from RM23.34 million for the financial period ended 31 March 2018 to RM43.94 million for the financial period ended 31 March 2019. The higher revenue recorded for the financial period ended 31 March 2019 was mainly attributed to the higher sales of EDC terminals.

The Group registered a PBT of RM9.88 million for the current financial year-to-date. The higher PBT achieved for the current financial year-to-date ended 31 March 2019 mainly driven by the increase in the revenue from our business activities, however, it was offset by the increase in the administrative expenses arising from the increase in our headcount and higher depreciation charges, as well as one-off listing expenses incurred arising from the listing of the Group on Bursa Securities.

REVENUE GROUP BERHAD (1248321-D)

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

B2. Comparison with immediate preceding quarter's results

	3-MONTH ENDED		CHANGES	
	31.03.2019 RM'000	31.12.2018 RM'000	RM'000	%
Revenue	15,517	13,588	1,929	14.20%
PBT ⁽¹⁾	3,333	3,332	1	0.03%

Note:

- (1) One-off expenses pertaining to the bonus issue of warrants amounting to RM0.10 million was included in the PBT for the financial quarter ended 31 March 2019.

For the current financial quarter ended 31 March 2019, the Group recorded a higher revenue of RM15.52 million but with a marginally higher PBT of RM3.33 million as compared to RM13.59 million and RM3.33 million respectively in the immediate preceding financial quarter ended 31 December 2018 mainly attributed to higher sales of EDC terminals.

B3. Prospects and outlook

The Group has put in place a series of future plans as follows:

- (i) The Group intends to expand its business presence in Malaysia by deploying new digital EDC terminals with capability to accept Quick Respond (“QR”) Payment to its physical store merchants. On 8 November 2018, the Group has successfully developed an all-in-one digital payment terminal and will be deploying the new all-in-one digital payment terminal progressively to the Group’s partner banks;
- (ii) The Group intends to upgrade and enhance its revPAY platform and the data centre to cater for higher volume of electronic transactions, as well as recruit additional Information Technology (“IT”) personnel to support its product development and business expansion;
- (iii) The Group also intends to expand its geographical reach by entering into ASEAN countries; and
- (iv) The acquisitions of Anypay Sdn Bhd and Buymall Services Sdn Bhd will enable the Group to provide additional value-added services and solutions to the customers which will complement the Group existing business.

Premised on the future plans above and with the implementation of the Payment Card Reform Framework (“PCRF”) by Bank Negara Malaysia (“BNM”) to promote wider acceptance and the usage of electronic payments, the successful development and deployment of the all-in-one-digital payment terminal, as well as the acquisitions undertaken by the Group to provide additional value-added services and solutions to complement the Group’s existing business, the Board of Directors is of the opinion that, barring any unforeseen circumstances, the prospects and outlook of the Group for 2019 will remain favourable.

REVENUE GROUP BERHAD (1248321-D)**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B4. Profit Forecast or Profit Guarantee**

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

B5. Status of corporate proposals

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

B6. Income tax expenses

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.03.2019⁽²⁾	31.03.2018	31.03.2019⁽²⁾	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense	679	373	2,419	1,762
Deferred tax expense	-	34	-	(300)
Total tax expense	617	407	2,419	1,462
Effective tax rate (%) ⁽¹⁾	20.38%	18.09%	24.49%	21.95%

Notes:

- (1) The Group's effective tax rate for the current financial quarter is lower than the statutory tax rate due to one of the subsidiary, Revenue Techpark Sdn Bhd ("**Revenue Techpark**"), which was granted pioneer status by the Malaysian Investment Development Authority under the provisions of the Promotion of Investment Act 1986 on 13 July 2011, for a period of five (5) years up to 12 July 2016, which was subsequently extended for another period of five (5) years up to 12 July 2021. As such, Revenue Techpark's statutory income during this period is exempted from income tax.
- (2) Income tax expense is recognised based on management's best estimate.

REVENUE GROUP BERHAD (1248321-D)

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

B7. Utilisation of proceeds from the IPO

Based on the IPO Price, the gross proceeds arising from the public issue amounting to RM20.61 million is intended to be utilised in the following manner:-

Details of utilisation	Proposed Utilisation	Actual Utilisation	Estimated timeframe for utilisation upon listing
	RM'000	RM'000	
Capital expenditure	8,100	4,413	24 months
Enhancement of revPAY and expansion of IT team	4,040	-	24 months
Repayment of bank borrowings	2,500	2,500	3 months
Business expansion	1,500	-	24 months
Working capital	1,773	183	24 months
Listing expenses	2,700	2,700	Immediately
	20,613	9,796	

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

B8. Bank borrowings

The Group's bank borrowings were as follows:

	UNAUDITED	UNAUDITED
	As at	As at
	31.03.2019	31.03.2018
	RM'000	RM'000
Current:		
Finance lease payable	150	16
Term loans	160	194
Bank overdraft	-	993
	310	1,203
Non-current:		
Finance lease payable	770	69
Term loans	5,246	6,852
	6,016	6,921
Total bank borrowings	6,326	8,124

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

REVENUE GROUP BERHAD (1248321-D)**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B9. Material litigation**

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

B10. Dividend

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

B11. Earnings per share

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

	<u>3-MONTH ENDED</u>		<u>PERIOD-TO-DATE</u>	
	<u>31.03.2019</u>	<u>31.03.2018</u>	<u>31.03.2019</u>	<u>31.03.2018</u>
Profit attributable to ordinary owners of the Company (RM'000)	2,538	1,808	6,848	5,120
Number of ordinary shares ('000)	222,848	167,136	222,848	167,136
Basic EPS (sen) ⁽²⁾	1.14	1.08	3.07	3.06
Diluted EPS (sen) ⁽³⁾	1.14	1.08	3.07	3.06

Notes:

- (1) Basic earnings per share for 31 March 2019 is calculated based on the enlarged share capital of 222,848,000 as at 31 March 2019 and basic earnings per share for 31 March 2018 is calculated based on the pro forma enlarged share capital of 167,136,000 shares as at 31 March 2018.
- (2) Diluted earnings per share of the Company for the individual quarter and period-to-date ended 31 March 2019 and 31 March 2018 is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.

REVENUE GROUP BERHAD (1248321-D)

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

B12. Disclosure on selected expense/income items as required by the Listing Requirements

Profit before tax is arrived after charging/(crediting):

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Bad debts written off				
• Trade receivables	-	-	-	184
• Other receivables	-	-	-	25
Depreciation of property, plant and equipment	2,023	1,159	4,557	3,278
Impairment losses on trade receivables	38	-	-	60
Incorporation fee	-	-	-	(4)
Reversal of impairment losses on trade receivables	-	-	(32)	(1)
Loss/(Gain) on foreign exchange				
• Realised	35	117	154	181
• Unrealised	-	(28)	-	(165)
Rental expenses				
• Office/space	64	51	258	133
• Leased equipment	32	65	129	97
Bad debts recovered	-	(2)	(4)	(2)
Deposit forfeited	-	-	-	(9)
Gain on disposal of property, plant and equipment	(4)	(9)	(13)	(24)
Interest income	(44)	(37)	(104)	(98)
Rental income	-	-	-	(21)

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

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