

REVENUE GROUP BERHAD (201701034150 (1248321-D))
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2021⁽¹⁾

	Note	3-MONTH ENDED		PERIOD-TO-DATE	
		31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Revenue	A9	27,443	20,772	46,281	40,331
Cost of sales		(12,362)	(8,832)	(18,310)	(18,622)
Gross profit ("GP")		15,081	11,940	27,971	21,709
Other income		281	291	707	614
Administrative expenses		(7,946)	(7,037)	(15,844)	(13,641)
Finance costs		(199)	(102)	(336)	(193)
Share of results of associate, net of tax		(58)	94	(28)	94
Profit before tax ("PBT")	B12	7,159	5,186	12,470	8,583
Taxation	B6	(1,746)	(1,009)	(3,043)	(1,870)
Profit after tax ("PAT")		5,413	4,177	9,427	6,713
Other comprehensive (loss)/income for the financial period, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		(4)	(4)	1	16
Total comprehensive income for the financial period		5,409	4,173	9,428	6,729
Profit for the financial period attributable to:					
• Owners of the Company		4,558	4,038	8,018	6,146
• Non-controlling interests		855	139	1,409	567
		5,413	4,177	9,427	6,713
Total comprehensive income for the financial period attributable to:					
• Owners of the Company		4,554	4,034	8,019	6,162
• Non-controlling interests		855	139	1,409	567
		5,409	4,173	9,428	6,729
Earnings per share attributable to owners of the Company					
• Basic (sen) ⁽²⁾	B11	0.98	1.02	1.74	1.56
• Diluted (sen) ⁽³⁾	B11	0.73	1.02	1.29	1.55

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2021⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share for the individual quarter and period-to-date ended 31 December 2021 is calculated based on the weighted average number of ordinary shares in issue of 464,772,699 and 461,926,074 as at 31 December 2021 respectively. The basic earnings per share for the individual quarter and period-to-date ended 31 December 2020 is calculated based on the weighted average number of ordinary shares in issue of 394,811,562 and 393,866,295 as at 31 December 2020 respectively.
- (3) Diluted earnings per share of the Company for the individual quarter and period-to-date ended 31 December 2021 is calculated based on the weighted average number of ordinary shares in issue of 622,073,626 and 619,227,001 as at 31 December 2021 respectively, adjusted for contingently issuable ordinary shares and number of shares under warrants as the warrants have a dilutive effect on the weighted average number of ordinary shares. Diluted earnings per share of the Company for the individual quarter and period-to-date ended 31 December 2020 is calculated based on the weighted average number of ordinary shares in issue of 396,453,248 and 395,507,981 as at 31 December 2020 respectively, adjusted for contingently issuable ordinary shares. The number of shares under warrants was not taken into account in the computation of diluted EPS as the warrants do not have a dilutive effect on the weighted average number of ordinary shares.

REVENUE GROUP BERHAD (201701034150 (1248321-D))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021⁽¹⁾**

	UNAUDITED	AUDITED
	As at	As at
	31.12.2021	30.06.2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,602	27,370
Intangible assets	10,902	11,134
Right-of-use assets	2,533	2,971
Investment in associates	18,739	6,768
Goodwill on consolidation	10,830	10,830
Total non-current assets	73,606	59,073
Current Assets		
Inventories	14,520	7,999
Trade receivables	16,089	15,139
Other receivables	8,186	7,970
Tax recoverable	321	1,476
Fixed deposits with licensed banks	815	255
Cash and bank balances	95,009	97,324
Total current assets	134,940	130,163
TOTAL ASSETS	208,546	189,236
EQUITY AND LIABILITIES		
Equity		
Share capital	130,255	121,143
Merger reserve	(15,694)	(15,694)
Warrant reserve	51,691	55,161
Other reserves	(58,177)	(61,647)
Foreign currency translation reserve	(37)	(38)
Retained earnings	57,881	49,863
Equity attributable to owners of the Company	165,919	148,788
Non-controlling interests	3,920	2,511
Total Equity	169,839	151,299
LIABILITIES		
Non-current liabilities		
Bank borrowings	4,674	4,966
Lease liabilities	622	695
Deferred tax liabilities	576	576
Total non-current liabilities	5,872	6,237

REVENUE GROUP BERHAD (201701034150 (1248321-D))**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021⁽¹⁾ (CONT'D)**

	<u>UNAUDITED</u>	<u>AUDITED</u>
	As at	As at
	31.12.2021	30.06.2021
	RM'000	RM'000
LIABILITIES (CONT'D)		
Current liabilities		
Trade payables	20,246	16,626
Other payables	11,258	13,472
Contract liabilities	113	261
Amount due to Directors	77	197
Bank borrowings	400	400
Lease liabilities	606	569
Tax payable	135	175
Total current liabilities	32,835	31,700
TOTAL LIABILITIES	38,707	37,937
TOTAL EQUITY AND LIABILITIES	208,546	189,236
Number of ordinary shares ('000)	465,118	452,971
NET ASSETS PER SHARE (RM)⁽²⁾	0.36	0.33

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.
- (2) The net assets per share is calculated based on the number of shares in issue of 465,118,288 as at 31 December 2021 and 452,971,361 as at 30 June 2021.

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REVENUE GROUP BERHAD (201701034150 (1248321-D))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2021⁽¹⁾

	Attributable to owners of the parent					Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Non-Distributable				Foreign				
	Share Capital RM'000	Merger Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Currency Translation Reserve RM'000				
Period ended 31 December 2020									
As at 1 July 2020	49,269	(15,694)	61,277	(67,563)	(27)	38,618	65,880	1,424	67,304
Profit for the financial period	-	-	-	-	-	6,146	6,146	567	6,713
Other comprehensive income for the financial period	-	-	-	-	16	-	16	-	16
Total comprehensive income for the financial period	-	-	-	-	16	6,146	6,162	567	6,729
Transactions with owners									
Issuance of ordinary shares pursuant to special issue	6,460	-	-	-	-	-	6,460	-	6,460
Net changes of non-controlling interests	-	-	-	-	-	-	-	24	24
Total transactions with owners	6,460	-	-	-	-	-	6,460	24	6,484
As at 31 December 2020	55,729	(15,694)	61,277	(67,563)	(11)	44,764	78,502	2,015	80,517

REVENUE GROUP BERHAD (201701034150 (1248321-D))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2021⁽¹⁾ (CONT'D)

	Attributable to owners of the parent					Retained Earnings	Total	Non-controlling Interests	Total Equity	
	Non-Distributable									Distributable
	Share Capital	Merger Reserve	Warrant Reserve	Other Reserve	Foreign Currency Translation Reserve					RM'000
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Period ended 31 December 2021										
As at 1 July 2021	121,143	(15,694)	55,161	(61,647)	(38)	49,863	148,788	2,511	151,299	
Profit for the financial period	-	-	-	-	-	8,018	8,018	1,409	9,427	
Other comprehensive income for the financial period	-	-	-	-	1	-	1	-	1	
Total comprehensive income for the financial period	-	-	-	-	1	8,018	8,019	1,409	9,428	
Transactions with owners										
Issuance of ordinary shares pursuant to acquisition of subsidiary company	1,225	-	-	-	-	-	1,225	-	1,225	
Issuance of ordinary shares pursuant to the exercise of warrants	7,887	-	(3,470)	3,470	-	-	7,887	-	7,887	
Total transactions with owners	9,112	-	(3,470)	3,470	-	-	9,112	-	9,112	
As at 31 December 2021	130,255	(15,694)	51,691	(58,177)	(37)	57,881	165,919	3,920	169,839	

Note:

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

REVENUE GROUP BERHAD (201701034150 (1248321-D))
**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2021⁽¹⁾**

	PERIOD-TO-DATE	
	31.12.2021	31.12.2020
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	12,470	8,583
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	5,971	4,338
Finance costs	336	193
Loss on disposal of property, plant and equipment	1	4
Bad debts recovered	(13)	(12)
Impairment losses on trade receivables	79	103
Reversal of impairment losses on trade receivables	(225)	(483)
Interest income	(410)	(46)
Unrealised loss on foreign exchange	2	22
Realised loss on foreign exchange	145	-
Share of loss/(profit) in associates	28	(94)
Operating profit before working capital changes	<u>18,384</u>	<u>12,608</u>
Changes in working capital		
Inventories	(6,521)	(886)
Receivables	(1,007)	13,690
Payables	1,372	(20,181)
Amount due to Directors	(121)	(238)
Amount owing to associate	-	(414)
Contract liabilities	(261)	(490)
	<u>(6,538)</u>	<u>(8,519)</u>
Cash generated from operations	11,846	4,089
Interest paid	(336)	(193)
Interest received	410	46
Tax paid	(1,928)	(1,772)
Exchange fluctuation adjustment	1	15
Net cash from operating activities	<u>9,993</u>	<u>2,185</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	-	(4)
Purchase of property, plant and equipment	(8,531)	(7,098)
Net cash outflows arising from acquisition of subsidiary company	-	(880)
Acquisition of an associate	(12,000)	(4,000)
Acquisition of other investment	-	(526)
Net cash used in investing activities	<u>(20,531)</u>	<u>(12,508)</u>

REVENUE GROUP BERHAD (201701034150 (1248321-D))**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2021⁽¹⁾ (CONT'D)**

	PERIOD-TO-DATE	
	31.12.2021	31.12.2020
	RM'000	RM'000
Cash Flows From Financing Activities		
Proceeds from issuance of ordinary shares/warrants	9,111	6,460
Increase of fixed deposit pledged	(560)	-
Net changes of lease liabilities	(36)	85
Repayment of term loans/banker acceptance	(292)	(1,340)
Net cash from financing activities	8,223	5,205
Net decrease in cash and cash equivalents	(2,315)	(5,118)
Cash and cash equivalents at the beginning of the financial period	97,324	35,249
Effect of exchange translation differences on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the financial period	95,009	30,131
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	95,009	31,016
Fixed deposits with licensed banks	815	371
Bank overdrafts	-	(1,005)
	95,824	30,382
Less: Fixed deposits pledged with licensed banks	(815)	(251)
	95,009	30,131

Note:

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

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of Revenue Group Berhad (“**REVENUE**” or “**the Company**”) and its subsidiary companies (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting and Rule 9.22 of Listing Requirements of Bursa Securities.

This interim financial statements on the Company’s unaudited condensed consolidated financial results for the second (2nd) quarter ended 31 December 2021 is announced by the Company in compliance with the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

This interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 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 2021.

During the financial period, the Group have adopted the following new standards and amendments issued by the Malaysian Accounting Standards Board (“**MASB**”) that are mandatory for current financial period:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendment to MFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2020

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group.

REVENUE GROUP BERHAD (201701034150 (1248321-D))

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

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

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvement to MFRS Standards 2018 - 2020		1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to MFRS 16		
• Amendments to MFRS 141		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current and Non-current - Deferral of Effective Date	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimate	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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 2021 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.

REVENUE GROUP BERHAD (201701034150 (1248321-D))

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

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

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

A6. Material changes in estimates

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

A7. Debt and equity securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayment of debts and equity during the financial quarter under review.

(a) Warrants conversion

The Company had issued 1,567,800 new ordinary shares pursuant to the exercise of Warrants during the financial quarter under review.

<u>Date</u>	<u>Number of new ordinary shares</u>
8 October 2021	100,000
14 October 2021	247,900
20 October 2021	909,500
28 October 2021	150,000
10 November 2021	135,400
15 November 2021	25,000
	<hr/> 1,567,800 <hr/>

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REVENUE GROUP BERHAD (201701034150 (1248321-D))**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)****A8. Dividends paid**

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

A9. Segmental information

The Group's segmental information for the current financial quarter/period ended 31 December 2021 is as follows:

(a) Analysis of revenue by business segments

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Electronic Data Capture ("EDC") terminals	14,257	11,301	21,924	24,015
Electronic transaction processing Solutions and services	8,920	5,633	15,216	8,867
	4,266	3,838	9,141	7,449
Total	27,443	20,772	46,281	40,331

(b) Analysis of revenue by geographical location

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Malaysia	27,443	20,772	46,281	40,331
Total	27,443	20,772	46,281	40,331

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

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

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

On 28 December 2021, the Board announced to undertake the Proposed Acquisition of Lands at the Extraordinary General Meeting of the Company to be held on 20 January 2022.

On 20 January 2022, the shareholders of REVENUE approved the Proposed Acquisition of Lands.

(b) Proposed Extension of the Combined Profit Guarantee Period up to 31 December 2020 in relation to the acquisition of 51% equity value in Buymall Services Sdn Bhd (“Buymall”) (“Proposed Extension of the Combined Profit Guarantee Period”)

On 3 November 2021, the Board announced that the Company proposed to seek approval from shareholders of REVENUE to ratify the extension of the combined profit guarantee period from 30 September 2020 to 31 December 2020 in relation to the acquisition of Buymall.

On 3 January 2022, the Board announced to undertake the Proposed Extension of the Combined Profit Guarantee Period at the Extraordinary General Meeting of the Company to be held on 20 January 2022.

On 20 January 2022, the shareholders of REVENUE approved the Proposed Extension of the Combined Profit Guarantee Period.

On 28 January 2022, the Board announced that the acquisition of Buymall was completed following the listing of 1,104,117 Buymall consideration shares on the ACE Market of Bursa Securities.

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

A11. Material events subsequent to the end of the current financial quarter (cont'd)

(c) Proposed Transfer

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

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

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

On 21 December 2021, the Board announced that an application for extension of time of up to six (6) months up to 30 April 2022 to proceed with the Proposed Transfer had been submitted to the Securities Commission Malaysia.

On 19 January 2022, the Board announced that the Securities Commission Malaysia had, vide its letter dated 17 January 2022, approved the Proposed Transfer.

On 14 February 2022, the Board announced that the listing of and quotation for the entire share capital of REVENUE had been transferred from the ACE Market to the Main Market of Bursa Securities and making the completion of the transfer.

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

A12. Changes in the composition of the Group

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

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

On 16 August 2021, the Board announced that Revenue Harvest Sdn Bhd (“Revenue Harvest”) had entered into the following agreements for the Proposed Transactions:

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

The Transaction was completed on 1 November 2021 and correspondingly, Vsure has become a 25% associate company of Revenue Harvest and indirect 25% associate company of REVENUE.

A13. Contingent assets and contingent liabilities

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

	UNAUDITED	UNAUDITED
	As at	As at
	31.12.2021	31.12.2020
	RM'000	RM'000
Corporate guarantee given by REVENUE to licensed bank for banking facilities granted to a subsidiary of REVENUE	5,074	6,287
Bank guarantee given to Payments Network Malaysia Sdn. Bhd. in favour of Revenue Harvest and Revenue Solution Sdn. Bhd.	560	490

REVENUE GROUP BERHAD (201701034150 (1248321-D))

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

A14. Capital commitments

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

	<u>UNAUDITED</u> As at 31.12.2021 RM'000	<u>UNAUDITED</u> As at 31.12.2020 RM'000
Material commitment		
Purchase of software system	877	877
	<u>877</u>	<u>877</u>

A15. Related party transactions

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

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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 RM27.44 million for the current financial quarter ended 31 December 2021 (31 December 2020: RM20.77 million).

The Group's revenue was principally derived from the EDC terminals segments, followed by the electronic transaction processing segment and Solutions & Services segments accounting for approximately 51.95%, 32.50% and 15.55% respectively of the total revenue for the current financial quarter ended 31 December 2021. The Malaysian market is the single largest market accounted for the entire total revenue for the current financial quarter ended 31 December 2021.

The Group's revenue increased by RM6.67 million from RM20.77 million for financial quarter ended 31 December 2020 to RM27.44 million for the financial quarter ended 31 December 2021. The higher revenue recorded was mainly attributed to the increase in the sales of EDC terminals by approximately RM3.78 million. Despite the increase in the number of terminals managed by the Group, the revenue from the rental and maintenance of EDC terminals recorded a decrease by approximately RM0.82 million arising from the discount on the rental per unit granted to the partner banks. The income from the electronic transaction processing increased by approximately RM3.29 million arising from the increase in the transaction processing value. The revenue from the Solutions & Services increased by approximately RM0.43 million mainly attributed to higher revenue from the digital payment services by approximately RM0.64 million arising from the increase in the volume.

The Group registered a PBT of RM7.16 million in the current financial quarter under review (31 December 2020: RM5.19 million). The increase in the PBT recorded for the current financial quarter ended 31 December 2021 was mainly due increase the revenue from sales of EDC terminals and higher income from the electronic transaction processing due to the wider adoption of e-commerce transaction.

The Group recorded a higher administrative expense amounting to RM0.91 million mainly due to higher depreciation charges by approximately RM0.56 million and increase in staff cost by approximately RM0.38 million.

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

B1. Review of performance (Cont'd)

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

For the financial period-to-date, the Group recorded revenue of RM46.28 million (31 December 2020: RM40.33 million).

The Group's revenue was principally derived from the EDC terminals segments, followed by the electronic transaction processing segment and Solutions & Services segments accounting for approximately 47.37%, 32.88% and 19.75% respectively of the total revenue for the current financial quarter ended 31 December 2021. The Malaysian market is the single largest market accounted for the entire total revenue for the current financial quarter ended 31 December 2021.

The Group's revenue increased by RM5.95 million from RM40.33 million for financial period ended 31 December 2020 to RM46.28 million for the financial period ended 31 December 2021. The higher revenue recorded was mainly attributed to the increase in the income from the electronic transaction processing by approximately RM6.35 million arising from the increase in the transaction processing value whilst the revenue from Solutions & Services had increased by approximately RM1.69 million arising from the higher revenue from the digital payment services by approximately RM1.65 million due to the increase in the volume. However, the revenue from the EDC terminals segment decreased by approximately RM2.09 million due to lower sales of EDC terminals.

The Group registered a PBT of RM12.47 million in the current financial period under review (31 December 2020: RM8.58 million). The increase in the PBT recorded for the current financial period ended 31 December 2021 was mainly due increase the income from the electronic transaction processing due to the wider adoption of e-commerce transaction.

The Group recorded a higher administrative expense amounting to RM2.20 million mainly due to higher depreciation charges by approximately RM1.63 million and increase in the staff cost by approximately RM1.29 million.

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	
	31.12.2021	30.09.2021	RM'000	%
Revenue	27,443	18,838	8,605	45.7%
PBT	7,159	5,311	1,848	34.8%

For the current financial quarter ended 31 December 2021, the Group recorded a higher revenue by approximately RM8.61 million, mainly attributed to the increase in the revenue from the sale of EDC terminals by approximately RM7.48 million whilst the income from the electronic transaction processing increased by approximately RM2.62 million but was offset by lower income from the rental and maintenance of EDC terminals by approximately RM0.88 million and lower revenue from the digital payment services by approximately RM1.29 million.

For the current financial quarter ended 31 December 2021, the Group recorded a higher PBT by approximately RM1.85 million as compared to RM5.31 million in the immediate preceding financial quarter ended 30 September 2021 mainly attributed to the higher revenue achieved.

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

B3. Prospects and outlook

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

(a) Expansion of our electronic payment network

Our Group is continuously looking to expand our electronic payment network in Malaysia and will continue to purchase and deploy additional new digital payment terminals with the capability to accept payment cards and Quick Response (“**QR**”) Payment. The Group is currently working with our partner banks on the development, testing and certification on the new digital payment terminals, which will be rolled out and deployed to the market in various stages. Besides that, the Group is also working closely with different e-wallet issuers to bring the payment acceptance into digital payment terminals.

(b) Regional expansion

Our businesses are predominantly concentrated in Malaysia. As part of our future business expansion, the Group initially intend to expand to ASEAN market and we have identified two (2) potential countries for our regional expansion, namely Myanmar and Cambodia.

However, due to the outbreak of Corona Virus Disease 2019 (“**COVID-19**”), the intended business plan was halted due to the lockdown of borders which impede the Group from travelling to Myanmar and Cambodia to set up its infrastructure and operations team. The Group has decided to temporary halt all regional business expansion until and upon the improvement of the pandemic. As the regional countries are slowly opening up the borders and receiving visitors, the Group will re-visit the regional expansion plan.

(c) Enhancement of revPAY and expansion of IT team

As IT forms the backbone and is an integral part of our business operations, it is crucial for our Group to continuously enhance, upgrade and maintain the scalability of our revPAY platform and its related software and systems to support our business expansion and technology advancement. The Group is continuously on the lookout for IT talent to expand our IT personnel.

(d) Value-added solutions and services

The acquisition of Wannapay Sdn Bhd (formerly known as Scanpay Sdn Bhd) (“**WannaPay**”), Wannatalk Malaysia Sdn Bhd (“**Wannatalk**”), as well as Vsure will enable the Group to provide additional value-added solutions and services to our customers which will complement the Group’s existing business and provide a more robust Business-to-Business-Consumer (“**B2B2C**”) solution.

(e) Research & Development (“**R&D**”)

Our Group continuously researching and developing more electronic solutions to be integrated with our revPAY. Such solutions will enable our customers to digitalise loyalty programme, rewards redemption, discount coupons and gift cards, bill payment, purchase of on-demand insurance, goods pick up via our digital payment terminals and via our WannaPay e-wallet. Our Group is also researching and developing issuing technology encompassing issuing payment security by leveraging on artificial intelligence to enhance the payment security features.

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

B3. Prospects and outlook (Cont'd)

Two (2) years had passed since the outbreak of the COVID-19 virus in early January 2020 and the Government had gradually and progressively eased the restriction and businesses were allowed to operate under strict Standard Operating Procedures and the economy is showing a sign of recovery as the outlook seems brighter after the implementation of National Immunisation Programme in 2021 to transition the nation back to normal social behaviours and activities, with the Gross Domestic Product (“GDP”) expanded by 3.1% in 2021 and Bank Negara Malaysia (“BNM”) is expecting the economy to remain on the recovery path.

The COVID-19 pandemic has hastened the digital adoption and cashless payment in Malaysia which was evident by the data provided by BNM where 233.6 million electronic money transactions worth a total of RM5 billion was recorded in November 2021 and the Government is taking the lead by setting the target to create cashless transactions for all government services by 2022 and has tasked BNM to take the lead to promote cashless and boost easy and secure digital transactions under the Malaysia Digital Economy Blueprint (“MyDigital”) and the electronic payment (“e-payment”) is projected to increase to 400 e-payment transactions per capita by 2022.

Whilst the country achieved a high level of vaccination rate and with the implementation of the third “booster” vaccine dose, the risk of COVID-19 virus infection is still lurking around and will continue to threaten the lives and the economy. With the global and local economy constantly lingering in uncertainty due to on-going battle to bring the COVID-19 pandemic under control, the financial performance for the financial year ending 2022 will remain challenging.

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

B4. Profit forecast or profit guarantee

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

B5. Status of corporate proposals

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

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

B6. Income tax expenses

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.12.2021⁽¹⁾	31.12.2020	31.12.2021⁽¹⁾	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Current tax expense	1,746	1,009	3,043	1,870
Deferred tax expense	-	-	-	-
Total tax expense	1,746	1,009	3,043	1,870
Effective tax rate (%)	24.40 ⁽²⁾ %	25.35%	24.40%	21.79%

Notes:

- (1) Income tax expense is recognised based on management's best estimate.
- (2) The Group's effective tax rate for the individual quarter and period-to-date is higher due to the expiry of the pioneer status granted by Malaysian Investment Development Authority under the provisions of the Promotion of Investment Act 1986 on 12 July 2021.

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

B7. Utilisation of proceeds

(a) Utilisation of proceeds from the IPO

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

Details of utilisation	Proposed Utilisation⁽¹⁾	Actual Utilisation	Balance Utilisation	Revised Utilisation	Estimated timeframe for utilisation upon listing	Revised timeframe for utilisation⁽²⁾
	RM'000	RM'000	RM'000	RM'000		
Capital expenditure	8,100	8,100	-	1,029	24 months	12 months
Enhancement of revPAY and expansion of IT team	4,040	4,040	-	-	24 months	-
Repayment of bank borrowings	2,500	2,500	-	-	3 months	-
Business expansion	1,500	471	1,029	(1,029) ⁽³⁾	24 months	-
Working capital	1,773	1,773	-	-	24 months	-
Listing expenses	2,700	2,700	-	-	Immediately	-
	<u>20,613</u>	<u>19,584</u>	<u>1,029</u>	<u>1,029</u>		

Notes:

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

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

The gross proceeds arising from the Special Issue amounting to RM58.49 million is intended to be utilised in the following manner:-

Details of utilisation	Proposed Utilisation	Actual Utilisation	Balance Utilisation	Estimated timeframe for utilisation upon listing
	RM'000	RM'000	RM'000	
Capital expenditure	44,968	37,186	7,782	24 months
Enhancement of revPAY and expansion of IT team	8,670	5,895	2,775	24 months
Working capital	3,399	2,889	510	24 months
Expenses in relation to the Special Issue	1,450	618	832	Immediately
	<u>58,487</u>	<u>46,588</u>	<u>11,899</u>	

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

B8. Bank borrowings

The Group's bank borrowings were as follows:

	<u>UNAUDITED</u>	<u>UNAUDITED</u>
	As at	As at
	31.12.2021	31.12.2020
	RM'000	RM'000
Current:		
Lease liabilities	606	771
Term loans	400	203
Bank overdraft	-	1,005
	<u>1,006</u>	<u>1,979</u>
Non-current:		
Lease liabilities	622	959
Term loans	4,674	5,079
	<u>5,286</u>	<u>6,038</u>
Total bank borrowings	<u>6,302</u>	<u>8,017</u>

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

B9. Material litigation

There were no material litigation involving the Group as at 31 December 2021.

B10. Dividend

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

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

B11. Earnings per share

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

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit attributable to owners of the Company (RM'000)	4,558	4,038	8,018	6,146
<u>Basic EPS</u>				
Weighted average number of ordinary shares ('000)	464,773	394,812	461,926	393,866
Basic EPS (sen)	0.98	1.02	1.74	1.56

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

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit attributable to owners of the Company (RM'000)	4,558	4,038	8,018	6,146
<u>Diluted EPS</u>				
Weighted average number of ordinary shares ('000)	622,074	396,453	619,227	395,508
Diluted EPS (sen) ⁽¹⁾	0.73	1.02	1.29	1.55

Note:

- (1) Diluted EPS of the Company for the individual quarter and period-to-date ended 31 December 2021 is calculated based on the weighted average number of ordinary shares in issue of 622,073,626 and 619,227,001 respectively, adjusted for contingently issuable ordinary shares and number of shares under warrants as the warrants have a dilutive effect on the weighted average number of ordinary shares.

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Depreciation/Amortisation of property, plant and equipment, right-of-use assets and intangible assets	2,973	2,411	5,971	4,338
Impairment losses on trade receivables	-	103	79	103
Reversal of impairment losses on trade receivables	95	(141)	(225)	(483)
Loss /(Gain) on foreign exchange				
• Realised	4	-	145	-
• Unrealised	(3)	124	2	22
Rental expenses				
• Office	52	-	79	-
Bad debts recovered	(8)	(12)	(13)	(12)
Loss on disposal of property, plant and equipment	-	4	1	4
Interest income	(208)	(18)	(410)	(46)
Rental income	(10)	-	(20)	-

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