



**RGB International Bhd.** (603831-K)

(Incorporated in Malaysia)

Interim Unaudited Financial Statements  
31 December 2017



**CONTENTS**

	<b>PAGE</b>
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3 - 4
CONSOLIDATED STATEMENT OF CASH FLOWS	5 – 6
EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134	7 – 12
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B (RULE 9.22(2)) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)	13 – 20



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	3 MONTHS ENDED			12 MONTHS ENDED		
		31 DEC 2017 RM'000	31 DEC 2016 RM'000	% + / (-)	31 DEC 2017 RM'000	31 DEC 2016 RM'000	% + / (-)
<b>Revenue</b>	<b>10</b>	93,708	44,870	109%	252,351	253,504	0%
<b>Cost of sales</b>		(71,591)	(28,212)	154%	(167,884)	(179,775)	-7%
- Depreciation		(5,667)	(6,772)	-16%	(23,476)	(27,760)	-15%
- Others		(65,924)	(21,440)	207%	(144,408)	(152,015)	-5%
<b>Gross profit</b>		22,117	16,658	33%	84,467	73,729	15%
Other income		717	882	-19%	3,725	3,499	6%
Administrative expenses		(11,812)	(9,644)	22%	(43,481)	(35,024)	24%
- Depreciation		(483)	(501)	-4%	(1,991)	(1,950)	2%
- Others		(11,329)	(9,143)	24%	(41,490)	(33,074)	25%
Selling and marketing expenses		(1,383)	(898)	54%	(5,294)	(5,219)	1%
Other gain/(expenses), net		487	(2,794)	117%	1,439	(4,631)	131%
<b>Operating profit</b>		10,126	4,204	141%	40,856	32,354	26%
Finance costs		(118)	(110)	7%	(482)	(1,360)	-65%
<b>Profit before tax</b>		10,008	4,094	144%	40,374	30,994	30%
Income tax expense	<b>21</b>	(3,839)	(1,401)	174%	(9,676)	(5,693)	70%
<b>Profit for the financial year</b>		6,169	2,693	129%	30,698	25,301	21%
<b>Other comprehensive (loss)/income, net of tax</b>							
Item that may be subsequently reclassified to profit or loss:							
- Foreign currency translation, representing other comprehensive (loss)/income for the financial year		(7,991)	15,844	-150%	(20,371)	8,424	-342%
<b>Total comprehensive (loss)/income</b>		(1,822)	18,537	-110%	10,327	33,725	-69%
<b>Profit attributable to:</b>							
Owners of the Company		6,071	2,617	132%	30,278	24,853	22%
Non-controlling interests		98	76	29%	420	448	-6%
		6,169	2,693	129%	30,698	25,301	21%
<b>Total comprehensive (loss)/income attributable to:</b>							
Owners of the Company		(1,083)	16,753	-106%	12,048	32,311	-63%
Non-controlling interests		(739)	1,784	-141%	(1,721)	1,414	-222%
		(1,822)	18,537	-110%	10,327	33,725	-69%
<b>Earnings per share attributable to owners of the Company:</b>							
Basic, for profit for the financial year (sen)	<b>27</b>	0.45	0.20	125%	2.27	1.89	20%
Diluted, for profit for the financial year (sen)	<b>27</b>	0.45	0.20	125%	2.23	1.84	21%



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

	Note	AS AT 31 DEC 2017 RM'000	AS AT 31 DEC 2016 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	105,159	107,862
Investments in associates		162	179
Long term lease receivables		9,870	-
Trade receivables		388	1,517
Other receivables		46	60
Development costs		788	991
Other intangible assets		1,016	1,121
Goodwill on combination		870	870
		118,299	112,600
<b>Current assets</b>			
Inventories		10,180	5,123
Trade receivables		84,899	68,203
Short term lease receivables		1,606	-
Other receivables		53,174	28,529
Due from associates		4,077	4,487
Deposits with licensed banks		30,590	8,886
Cash and bank balances		82,932	69,840
		267,458	185,068
<b>TOTAL ASSETS</b>		385,757	297,668
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		134,730	132,918
Share premium		21,128	21,124
Foreign exchange translation reserve		12,805	31,035
Share option reserve		1,740	964
Retained earnings		39,671	17,410
		210,074	203,451
<b>Non-controlling interests</b>		20,820	22,541
<b>Total equity</b>		230,894	225,992
<b>Non-current liabilities</b>			
Borrowings	23	7,206	3,705
Trade payables		230	509
Deferred tax liabilities		132	150
		7,568	4,364
<b>Current liabilities</b>			
Borrowings	23	5,573	4,193
Trade payables		60,050	31,630
Other payables		80,850	31,103
Due to associates		87	96
Tax payables		735	290
		147,295	67,312
<b>Total liabilities</b>		154,863	71,676
<b>TOTAL EQUITY AND LIABILITIES</b>		385,757	297,668
Net assets per share (sen)		16	15



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2017**

	----- Attributable to owners of the Company -----							Total Equity RM'000
			----- Non-Distributable -----					
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Translation Reserve RM'000	Share Option Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	
<b>At 1 January 2017</b>	132,918	21,124	31,035	964	17,410	203,451	22,541	225,992
Profit for the financial year	-	-	-	-	30,278	30,278	420	30,698
Foreign currency translations	-	-	(18,230)	-	-	(18,230)	(2,141)	(20,371)
Total comprehensive income for the financial year	-	-	(18,230)	-	30,278	12,048	(1,721)	10,327
<b>Transaction with owners:</b>								
Issue of ordinary shares pursuant to ESOS	1,812	4	-	(447)	-	1,369	-	1,369
Share option granted under ESOS	-	-	-	1,223	-	1,223	-	1,223
Dividends paid	-	-	-	-	(8,017)	(8,017)	-	(8,017)
Total transactions with owners	1,812	4	-	776	(8,017)	(5,425)	-	(5,425)
<b>At 31 December 2017</b>	<b>134,730</b>	<b>21,128</b>	<b>12,805</b>	<b>1,740</b>	<b>39,671</b>	<b>210,074</b>	<b>20,820</b>	<b>230,894</b>

With the introduction of the Companies Act 2016 effective 31 January 2017, the concepts of authorised share capital and par value of share capital have been abolished. Notwithstanding this provision, the Company may utilise its share premium account for purposes stipulated in Section 618(3) of the Companies Act 2016 for a transitional period of 24 months from 31 January 2017.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2017**

	----- Attributable to owners of the Company -----							Total Equity RM'000
	----- Non-Distributable -----		Foreign Exchange Translation Reserve RM'000	Share Option Reserve RM'000	(Accumulated Losses)/ Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	
	Share Capital RM'000	Share Premium RM'000						
<b>At 1 January 2016</b>	130,762	20,774	23,577	990	(850)	175,253	21,127	196,380
Profit for the financial year	-	-	-	-	24,853	24,853	448	25,301
Foreign currency translations	-	-	7,458	-	-	7,458	966	8,424
Total comprehensive income for the financial year	-	-	7,458	-	24,853	32,311	1,414	33,725
<b>Transaction with owners:</b>								
Issue of ordinary shares pursuant to ESOS	2,156	350	-	(309)	-	2,197	-	2,197
Share option granted under ESOS	-	-	-	283	-	283	-	283
Dividends paid	-	-	-	-	(6,593)	(6,593)	-	(6,593)
Total transactions with owners	2,156	350	-	(26)	(6,593)	(4,113)	-	(4,113)
<b>At 31 December 2016</b>	<b>132,918</b>	<b>21,124</b>	<b>31,035</b>	<b>964</b>	<b>17,410</b>	<b>203,451</b>	<b>22,541</b>	<b>225,992</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	<b>12 MONTHS ENDED</b>	
	<b>31 DEC 2017 RM'000</b>	<b>31 DEC 2016 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	40,374	30,994
Adjustments for:		
Amortisation of development costs	474	1,045
Bad debts written off	-	17
Depreciation of property, plant and equipment	25,467	29,710
Gain on disposal of property, plant and equipment	(2)	-
Impairment of property, plant and equipment	3	1,149
Impairment of property, plant and equipment written back	-	(14)
Impairment losses (non-trade receivables)	-	1
Impairment losses (trade receivables)	-	36
Impairment losses written back (non-trade receivables)	-	(131)
Impairment losses written back (trade receivables)	-	(77)
Intangible assets written off	-	1,558
Interest expense	224	1,119
Interest income	(334)	(369)
Inventories written down	294	2,466
Property, plant and equipment written off	26	79
Share options granted under ESOS	1,223	283
Unrealised forex (gain)/losses	(2,022)	1,012
Operating profit before changes in working capital	<u>65,727</u>	<u>68,878</u>
Changes in working capital:		
Receivables, amount due from jointly controlled entities, associates and inventories	(54,433)	(17,169)
Payables and amount due to associates	<u>78,328</u>	<u>(6,295)</u>
Cash from operations	89,622	45,414
Interest paid	(224)	(501)
Tax paid	(9,249)	(5,599)
<b>Net cash from operating activities</b>	<u>80,149</u>	<u>39,314</u>



**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	<b>12 MONTHS ENDED</b>	
	<b>31 DEC 2017 RM'000</b>	<b>31 DEC 2016 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(34,191)	(16,447)
Proceeds from disposal of property, plant and equipment	2	-
Changes in fixed deposits pledged to licensed banks	365	(245)
Changes in bank balances pledged to licensed banks	953	5,284
Expenditure on development costs	(341)	(965)
Interest received	334	369
<b>Net cash used in investing activities</b>	<b>(32,878)</b>	<b>(12,004)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of onshore foreign currency loan	(1,850)	2,338
Net repayment of term loan, commercial papers and medium term notes	6,808	(30,560)
Repayment of hire purchase payable	(74)	(58)
Proceeds from issuance of shares	1,369	2,197
Dividends paid	(8,017)	(6,593)
<b>Net cash used in financing activities</b>	<b>(1,764)</b>	<b>(32,676)</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>45,507</b>	<b>(5,366)</b>
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(9,393)</b>	<b>3,952</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>67,727</b>	<b>69,141</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>103,841</b>	<b>67,727</b>
* Cash and cash equivalents at end of the financial year comprise the following:		
Cash and bank balances	82,932	69,840
Deposits with licensed banks	30,590	8,886
	113,522	78,726
Less: Fixed deposit pledged to licensed banks	(7,597)	(7,962)
Less: Bank balances pledged to licensed banks	(2,084)	(3,037)
	103,841	67,727





**PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**

**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Securities.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

**2. Changes in Accounting Policies**

**2.1 Adoption of Standards, Amendments and Issues Committee (“IC”) Interpretations and changes in accounting policies**

During the financial period, the Group has adopted the following Standards, Amendments and IC Interpretations:

Amendments to MFRS 12 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*

Amendments to MFRS 107 *Disclosure Initiative*

Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of the above pronouncements did not have any material impact on the interim financial statements of the Group.



## 2. Changes in Accounting Policies (Continued)

### 2.2 Standards issued but not yet effective

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been early adopted by the Group.

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements, except for MFRS 15, MFRS 9 and MFRS 16.

The Group is currently assessing and finalising the adjustments upon adoption of MFRS 15 and MFRS 9.

## 3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2016 was not qualified.

## 4. Significant Event

During the quarter under review, there were no events that have not been reflected in the financial statements.



**5. Comments about Seasonal or Cyclical Factors**

The overall business of the Group was not affected by any significant seasonal factors.

**6. Unusual Items due to their Nature, Size or Incidence**

There were no items affecting assets, liabilities, equity, net income, or cash flows during the current quarter that are unusual because of their nature, size and incidence.

**7. Changes in Estimates**

There were no changes in the nature and amount of estimates reported that will have a material effect in the current quarter.

**8. Changes in Debts and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities except for the following:

- **Share Capital**

	Number of ordinary shares ('000)	
	2017	2016
As at 1 January	1,329,184	1,307,621
Issue of ordinary shares pursuant to ESOS	11,363	21,563
As at 31 December	<u>1,340,547</u>	<u>1,329,184</u>

**9. Dividends Paid**

An interim single-tier dividend of 0.3 sen per ordinary share for the year ended 31 December 2016 was paid on 14 April 2017.

The Company has subsequently paid a final single-tier dividend of 0.3 sen per ordinary share for the year ended 31 December 2016 on 30 June 2017.



**10. Segmental Information**

Segment information is presented in respect of the Group's business segments:

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2017 RM'000	31 DEC 2016 RM'000	31 DEC 2017 RM'000	31 DEC 2016 RM'000
<b>Segment Revenue</b>				
Sales and Marketing	71,281	21,365	162,049	159,902
Technical Support and Management	21,490	23,407	87,822	93,211
Engineering Services	461	-	1,636	-
Others (1)	539	161	1,096	643
	<u>93,771</u>	<u>44,933</u>	<u>252,603</u>	<u>253,756</u>
Eliminations	(63)	(63)	(252)	(252)
Revenue	<u>93,708</u>	<u>44,870</u>	<u>252,351</u>	<u>253,504</u>
<b>EBITDA*</b>				
Sales and Marketing	8,253	2,832	23,138	14,784
Technical Support and Management	9,982	12,920	48,233	57,053
Engineering Services	140	-	694	-
Others	(270)	97	755	57
Unallocated	(1,797)	(3,755)	(6,277)	(7,892)
Total	<u>16,308</u>	<u>12,094</u>	<u>66,543</u>	<u>64,002</u>
<b>Segment Results</b>				
Sales and Marketing	8,211	2,791	22,971	13,784
Technical Support and Management	4,269	5,526	24,551	27,901
Engineering Services	139	-	692	-
Others	(724)	(374)	(1,161)	(1,522)
	<u>11,895</u>	<u>7,943</u>	<u>47,053</u>	<u>40,163</u>
Unallocated expenses	(1,769)	(3,739)	(6,197)	(7,809)
- Interest income	82	59	286	364
- Legal and professional fee	(60)	(79)	(393)	(492)
- Realised foreign exchange loss	(78)	(420)	(555)	(847)
- Staff cost - ESOS	(429)	(19)	(546)	(150)
- Sundry income	38	151	254	790
- Unrealised foreign exchange gain/(loss) (trade)	910	208	552	(448)
- Unrealised foreign exchange (loss)/gain (non-trade)	(341)	(1,930)	1,470	(564)
- Other expenses	(1,891)	(1,709)	(7,265)	(6,462)
<b>Operating profit</b>	<u>10,126</u>	<u>4,204</u>	<u>40,856</u>	<u>32,354</u>

**Note**

(1) "Others" consist of revenue from leasing of Chateau building, manufacturing activities, research & development activities and inter-segment transaction.

\* Earnings before interest, taxation, depreciation, amortisation, impairment of property, plant & equipment, intangible assets and investments.



**11. Valuation of Property, Plant and Equipment**

The Group did not revalue any of its property, plant and equipment during the current quarter.

**12. Subsequent Events**

There were no material events subsequent to the end of the current quarter except for:

- (a) The Company has allotted the following ordinary shares for cash pursuant to the Company's ESOS:
  - (i) 10,000 ordinary shares at an issue price of RM0.100 per ordinary share;
  - (ii) 374,800 ordinary shares at an issue price of RM0.104 per ordinary share;
  - (iii) 73,600 ordinary shares at an issue price of RM0.105 per ordinary share;
  - (iv) 145,600 ordinary shares at an issue price of RM0.117 per ordinary share;
  - (v) 378,100 ordinary shares at an issue price of RM0.222 per ordinary share; and
  - (vi) 517,200 ordinary shares at an issue price of RM0.245 per ordinary share.

**13. Changes in the Composition of the Group during the quarter**

There were no material changes in the composition of the Group during the current quarter.

**14. Changes in Contingent Liabilities and Contingent Assets**

There were no material changes in contingent liabilities and assets since the previous quarter.

**15. Capital Commitments**

The amount of capital commitments approved but not provided for in the interim financial statements is as follows:

	<b>AS AT 31 DEC 2017 RM'000</b>
Gaming machines, furnitures, equipment, motor vehicle and renovation	<u>80,000</u>



**16. Significant Related Party Transactions**

There were no significant related party transactions during the current quarter except for:

	<b>01.10.2017 to 31.12.2017 RM'000</b>	<b>01.01.2017 to 31.12.2017 RM'000</b>
Sales of products to:		
- Channel Paradise Sdn. Bhd.	2,261	3,493
TSM share of profit from:		
- Timor Holding, S.A. (formerly known as Timor Holding, Lda.)	886	4,135

Related parties are corporations in which certain Directors of the Company have substantial interest in these corporations.

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.



**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B (RULE 9.22(2)) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)**

**17. Performance Review**

	3 MONTHS ENDED			12 MONTHS ENDED		
	31 DEC	31 DEC	%	31 DEC	31 DEC	%
	2017	2016		2017	2016	
	RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
<b>Revenue</b>						
Sales and Marketing	71,281	21,365	+234%	162,049	159,902	+1%
Technical Support and Management	21,490	23,407	-8%	87,822	93,211	-6%
Engineering Services	461	-	+100%	1,636	-	+100%
Others (1)	476	98	+386%	844	391	+116%
<b>Total</b>	<b>93,708</b>	<b>44,870</b>	<b>+109%</b>	<b>252,351</b>	<b>253,504</b>	<b>-0%</b>
<b>EBITDA*</b>						
Sales and Marketing	8,253	2,832	+191%	23,138	14,784	+57%
Technical Support and Management	9,982	12,920	-23%	48,233	57,053	-15%
Engineering Services	140	-	+100%	694	-	+100%
Others	(270)	97	-378%	755	57	+1225%
Unallocated	(1,797)	(3,755)	-52%	(6,277)	(7,892)	-20%
<b>Total</b>	<b>16,308</b>	<b>12,094</b>	<b>+35%</b>	<b>66,543</b>	<b>64,002</b>	<b>+4%</b>
<b>Profit/(Loss) before tax</b>						
Sales and Marketing	8,210	2,789	+194%	22,929	13,753	+67%
Technical Support and Management	4,222	5,479	-23%	24,369	27,658	-12%
Engineering Services	139	-	+100%	692	-	+100%
Others	(724)	(374)	+94%	(1,161)	(1,522)	-24%
	11,847	7,894	+50%	46,829	39,889	+17%
Unallocated expenses	(1,839)	(3,800)	-52%	(6,455)	(8,895)	-27%
- Finance cost	(70)	(61)	+15%	(258)	(1,086)	-76%
- Interest income	82	59	+39%	286	364	-21%
- Legal and professional fee	(60)	(79)	-24%	(393)	(492)	-20%
- Realised foreign exchange loss	(78)	(420)	-81%	(555)	(847)	-34%
- Staff cost - ESOS	(429)	(19)	+2158%	(546)	(150)	+264%
- Sundry income	38	151	-75%	254	790	-68%
- Unrealised foreign exchange gain/(loss) (trade)	910	208	+338%	552	(448)	+223%
- Unrealised foreign exchange (loss)/gain (non-trade)	(341)	(1,930)	-82%	1,470	(564)	+361%
- Other expenses	(1,891)	(1,709)	+11%	(7,265)	(6,462)	+12%
<b>Profit before tax</b>	<b>10,008</b>	<b>4,094</b>	<b>+144%</b>	<b>40,374</b>	<b>30,994</b>	<b>+30%</b>

**Note**

(1) “Others” consist of revenue from leasing of Chateau building, manufacturing activities, research & development activities and inter-segment transaction.

\* Earnings before interest, taxation, depreciation, amortisation, impairment of property, plant & equipment, intangible assets and investments.



**17. Performance Review (Continued)**

(i) Comparison with previous year's corresponding quarter

The revenue and profit before tax for Sales and Marketing ("SSM") division increased by 234% and 194% respectively for the quarter ended 31 December 2017 as compared to previous year's corresponding quarter due to increase in number of machine and casino equipment sold in the quarter.

The revenue for Technical Support and Management ("TSM") division decreased by 8% for the quarter ended 31 December 2017 as compared to previous year's corresponding quarter due to implementation of smoking ban in public areas which has a slight impact on certain outlets in the Philippines. The profit was also affected by increase in staff headcount across the region and upgrading of new games software.

The revenue of a new "Engineering Services" division consists of engineering, maintenance and repairing charges.

The revenue of "Others" division is mainly contributed by sales of refurbished machines and other casino accessories.

(ii) Comparison with previous year

SSM division achieved revenue of RM162 million for the year ended 31 December 2017, a slight increase as compared to preceding year. Meanwhile, the profit before tax increased by 67% due to one-off sales of certain products and variation in product mix sold.

The revenue and profit before tax for TSM division decreased by 6% and 12% respectively for the year ended 31 December 2017 as compared to preceding year primarily due to the smoking ban in public areas in the Philippines which has affected the revenue of certain outlets, temporary cessation of 2 concessions in the Philippines, overall increase in staff headcount across the region, upgrading of new games software, travelling expenses and payment for the implementation of a new management system for TSM outlets.

The loss before taxation for Others is mainly related to R&D expenditures.





**18. Comparison with Previous Quarter's Results**

	<b>CURRENT QUARTER RM'000</b>	<b>PREVIOUS QUARTER RM'000</b>	<b>% +/(-)</b>
<b>Revenue</b>			
Sales and Marketing	71,281	38,554	+85%
Technical Support and Management	21,490	22,219	-3%
Engineering Services	461	294	+57%
Others (1)	476	198	+140%
Revenue	<u>93,708</u>	<u>61,265</u>	<u>+53%</u>
<b>EBITDA*</b>			
Sales and Marketing	8,253	5,039	+64%
Technical Support and Management	9,982	13,653	-27%
Engineering Services	140	67	+109%
Others	(270)	286	-194%
Unallocated	(1,797)	(1,147)	+57%
Total	<u>16,308</u>	<u>17,898</u>	<u>-9%</u>
<b>Profit/(Loss) before tax</b>			
Sales and Marketing	8,210	4,977	+65%
Technical Support and Management	4,222	7,726	-45%
Engineering Services	139	67	+107%
Others	(724)	(266)	+172%
	<u>11,847</u>	<u>12,504</u>	<u>-5%</u>
Unallocated expenses	(1,839)	(1,193)	+54%
- Finance cost	(70)	(60)	+17%
- Interest income	82	82	-
- Legal and professional fee	(60)	(137)	-56%
- Realised foreign exchange (loss)/gain	(78)	224	-135%
- Staff cost - ESOS	(429)	(31)	+1284%
- Sundry income	38	63	-40%
- Unrealised foreign exchange gain/(loss) (trade)	910	(114)	+898%
- Unrealised foreign exchange (loss)/gain (non-trade)	(341)	396	-186%
- Other expenses	(1,891)	(1,616)	+17%
<b>Profit before tax</b>	<u>10,008</u>	<u>11,311</u>	<u>-12%</u>

**Note**

(1) "Others" consist of revenue from leasing of Chateau building, manufacturing activities, research & development activities and inter-segment transaction.

\* Earnings before interest, taxation, depreciation, amortisation, impairment of property, plant & equipment, intangible assets and investments.



## 18. Comparison with Previous Quarter's Results (Continued)

SSM division recorded higher revenue and profit before tax in this quarter due to increase in number of machine and casino equipment sold in the quarter.

The profit before tax for TSM division decreased by 45% as compared to previous quarter mainly due to upgrading of new games software and charge-out of bonus paid to staff.

The revenue of a new "Engineering Services" division consists of engineering, maintenance and repairing charges.

The loss before tax for Others is mainly related to R&D expenditures.

## 19. Commentary on Prospects

While the Group still capitalises on the strong performance of certain products under our portfolio in SSM division as well as carrying out significant improvement in the performance of concession machines in TSM division for year 2018, the Group continues to capitalise the provision of engineering expertise across the region to all licensed operators and exploring into new markets outside Asia. As such, barring unforeseen circumstances, the Group expects to achieve a better performance this year.

## 20. Profit Forecast

The company did not announce any profit forecast for the financial year.

## 21. Income Tax Expense

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2017 RM'000	31 DEC 2016 RM'000	31 DEC 2017 RM'000	31 DEC 2016 RM'000
Income Tax				
- Current period	3,856	1,410	9,582	5,344
- Underprovision in prior year	1	-	112	358
Deferred Tax				
- Current period	(9)	(7)	(9)	(7)
- Overprovision in prior year	(9)	(2)	(9)	(2)
	<u>3,839</u>	<u>1,401</u>	<u>9,676</u>	<u>5,693</u>

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2016: 24%) of the estimated assessable profit for the financial period. The effective tax rate of the Group for the financial period is lower than the statutory income tax rate mainly due to income subjected to different tax jurisdictions and income not subjected to tax, partially offset by expenses not deductible for tax purposes.



**22. Corporate Proposals**

There were no corporate proposals announced but not completed as at 26 February 2018.

**23. Borrowings**

	<b>AS AT 31 DEC 2017 RM'000</b>	<b>AS AT 31 DEC 2016 RM'000</b>
<b>Short Term Borrowings:</b>		
<u>Secured</u>		
Onshore foreign currency loan	472	2,338
Hire purchase payable	63	61
Term loans	5,038	1,794
	<u>5,573</u>	<u>4,193</u>
<b>Long Term Borrowings:</b>		
<u>Secured</u>		
Hire purchase payable	55	118
Term loans	7,151	3,587
	<u>7,206</u>	<u>3,705</u>
Total borrowings	<u>12,779</u>	<u>7,898</u>
<b>Borrowings denominated in foreign currency as at 31 December 2017:</b>		
	<b>USD'000</b>	<b>RM'000</b>
Borrowings	<u>3,116</u>	<u>12,661</u>



## 24. Material Litigation

The Group is not engaged in any material litigation, either as plaintiff or defendant and the Directors do not know of any proceedings pending or threatened or of any fact likely to give to any proceedings which might adversely affect the position or business of the Group, save for the announcements made on 8 February 2013, 15 February 2013, 21 October 2016 and 22 January 2018.

On 22 January 2018, the Company had received a notification of court judgement, in Portuguese language, from Judiciary Council of Macau which ruled that the alleged claim by Plaintiff against RGB (Macau) Limited as mentioned in the earlier announcement made on 15 February 2013 has been dismissed.

## 25. Dividends

The Board of Directors has proposed a final single-tier dividend of RM0.007 per ordinary share for the financial year ended 31 December 2017. The proposed dividend is subject to the Shareholders' approval at the forthcoming Annual General Meeting. The dates of entitlement and payment shall be determined by the Board of Directors at the subsequent stage.

## 26. Notes to the Statement of Profit or Loss and Other Comprehensive Income

The profit before taxation is after accounting for the following:

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2017 RM'000	31 DEC 2016 RM'000	31 DEC 2017 RM'000	31 DEC 2016 RM'000
Amortisation of development costs	103	105	474	1,045
Bad debts written off	-	-	-	17
Depreciation of property, plant and equipment	6,150	7,273	25,467	29,710
Gain on disposal of property, plant and equipment	-	-	(2)	-
Impairment of property, plant and equipment	-	573	3	1,149
Impairment of property, plant and equipment written back	-	-	-	(14)
Impairment losses (non-trade receivables)	-	-	-	1
Impairment losses (trade receivables)	-	36	-	36
Impairment losses written back (non-trade receivables)	-	(130)	-	(131)
Impairment losses written back (trade receivables)	-	(74)	-	(77)
Intangible assets written off	-	-	-	1,558
Interest expenses	48	50	224	1,119
Interest income	(101)	(64)	(334)	(369)
Inventories written down	317	1,174	294	2,466
Property, plant and equipment written off	4	79	26	79



**27. Earnings Per Share**

**(a) Basic**

Basic earnings per ordinary share is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	<b>3 MONTHS ENDED</b>		<b>12 MONTHS ENDED</b>	
	<b>31 DEC 2017</b>	<b>31 DEC 2016</b>	<b>31 DEC 2017</b>	<b>31 DEC 2016</b>
Profit attributable to owners of the Company (RM'000)	6,071	2,617	30,278	24,853
Weighted average number of ordinary shares in issue ('000)	1,340,065	1,322,861	1,336,550	1,318,352
<b>Basic earnings per share (sen)</b>	<b>0.45</b>	<b>0.20</b>	<b>2.27</b>	<b>1.89</b>

**(b) Diluted**

Diluted earnings per ordinary share is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	<b>3 MONTHS ENDED</b>		<b>12 MONTHS ENDED</b>	
	<b>31 DEC 2017</b>	<b>31 DEC 2016</b>	<b>31 DEC 2017</b>	<b>31 DEC 2016</b>
Profit attributable to owners of the Company (RM'000)	6,071	2,617	30,278	24,853
Weighted average number of ordinary shares in issue ('000)	1,340,065	1,322,861	1,336,550	1,318,352
Effect of dilution of share options ('000)	11,592	17,104	20,611	32,785
Adjusted weighted average number of ordinary shares ('000)	1,351,657	1,339,965	1,357,161	1,351,137
<b>Diluted earnings per share (sen)</b>	<b>0.45</b>	<b>0.20</b>	<b>2.23</b>	<b>1.84</b>



**RGB International Bhd. (603831-K)**

**28. Authorisation for Issue**

On 27 February 2018, the Board of Directors authorised the issue of these interim financial statements.

By Order of the Board  
**RGB International Bhd. (603831-K)**

Datuk Chuah Kim Seah  
Managing Director  
27 February 2018