



RGB International Bhd. (603831-K)

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
31 March 2018



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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	Note	3 MONTHS ENDED			3 MONTHS ENDED		
		31 MAR	31 MAR	%	31 MAR	31 MAR	%
		2018	2017		2018	2017	
		RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue	10	47,772	37,696	27%	47,772	37,696	27%
Cost of sales		(28,434)	(21,866)	30%	(28,434)	(21,866)	30%
- Depreciation		(5,509)	(6,109)	-10%	(5,509)	(6,109)	-10%
- Others		(22,925)	(15,757)	45%	(22,925)	(15,757)	45%
Gross profit		19,338	15,830	22%	19,338	15,830	22%
Other income		728	869	-16%	728	869	-16%
Administrative expenses		(10,430)	(8,643)	21%	(10,430)	(8,643)	21%
- Depreciation		(973)	(514)	89%	(973)	(514)	89%
- Others		(9,457)	(8,129)	16%	(9,457)	(8,129)	16%
Selling and marketing expenses		(1,530)	(1,064)	44%	(1,530)	(1,064)	44%
Other (expenses)/gain, net		(1,158)	510	-327%	(1,158)	510	-327%
Operating profit		6,948	7,502	-7%	6,948	7,502	-7%
Finance costs		(237)	(103)	130%	(237)	(103)	130%
Profit before tax		6,711	7,399	-9%	6,711	7,399	-9%
Income tax expense	21	(273)	(1,151)	-76%	(273)	(1,151)	-76%
Profit for the financial period		6,438	6,248	3%	6,438	6,248	3%
Other comprehensive loss, net of tax							
Item that may be subsequently reclassified to profit or loss:							
- Foreign currency translation, representing other							
- comprehensive loss for the financial period		(9,788)	(2,961)	231%	(9,788)	(2,961)	231%
Total comprehensive (loss)/income		(3,350)	3,287	-202%	(3,350)	3,287	-202%
Profit attributable to:							
Owners of the Company		6,366	6,196	3%	6,366	6,196	3%
Non-controlling interests		72	52	38%	72	52	38%
		6,438	6,248	3%	6,438	6,248	3%
Total comprehensive (loss)/income attributable to:							
Owners of the Company		(2,409)	3,539	-168%	(2,409)	3,539	-168%
Non-controlling interests		(941)	(252)	273%	(941)	(252)	273%
		(3,350)	3,287	-202%	(3,350)	3,287	-202%
Earnings per share attributable to owners of the Company:							
Basic, for profit for the financial period (sen)	27	0.47	0.47	0%	0.47	0.47	0%
Diluted, for profit for the financial period (sen)	27	0.47	0.46	2%	0.47	0.46	2%



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	Note	AS AT 31 MAR 2018 RM'000	AS AT 31 DEC 2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	101,764	105,159
Investments in associates		154	162
Right-of-use assets		1,962	-
Long term lease receivables		9,008	9,870
Trade receivables		346	388
Other receivables		40	46
Development costs		662	788
Other intangible assets		967	1,016
Goodwill on combination		870	870
		<u>115,773</u>	<u>118,299</u>
Current assets			
Inventories		4,593	10,180
Trade receivables		79,020	84,899
Short term lease receivables		1,528	1,606
Other receivables		61,083	53,174
Due from associates		2,774	4,077
Deposits with licensed banks		24,047	30,590
Cash and bank balances		60,863	82,932
		<u>233,908</u>	<u>267,458</u>
TOTAL ASSETS		<u>349,681</u>	<u>385,757</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		135,175	134,730
Share premium		21,128	21,128
Foreign exchange translation reserve		4,122	12,805
Share option reserve		1,774	1,740
Retained earnings		44,201	39,671
		<u>206,400</u>	<u>210,074</u>
Non-controlling interests		<u>19,879</u>	<u>20,820</u>
Total equity		<u>226,279</u>	<u>230,894</u>
Non-current liabilities			
Borrowings	23	7,357	7,206
Trade payables		8,182	230
Deferred tax liabilities		132	132
		<u>15,671</u>	<u>7,568</u>
Current liabilities			
Borrowings	23	5,954	5,573
Trade payables		24,305	60,050
Other payables		77,019	80,850
Due to associates		83	87
Tax payables		370	735
		<u>107,731</u>	<u>147,295</u>
Total liabilities		<u>123,402</u>	<u>154,863</u>
TOTAL EQUITY AND LIABILITIES		<u>349,681</u>	<u>385,757</u>
Net assets per share (sen)		<u>15</u>	<u>16</u>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	----- Attributable to owners of the Company -----							
	----- 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	Total Equity RM'000
At 1 January 2018	134,730	21,128	12,805	1,740	39,671	210,074	20,820	230,894
Effect of adopting MFRS 9, MFRS 15 and MFRS 16	-	-	92	-	(1,836)	(1,744)	-	(1,744)
At 1 January 2018 (as restated)	134,730	21,128	12,897	1,740	37,835	208,330	20,820	229,150
Profit for the financial period	-	-	-	-	6,366	6,366	72	6,438
Foreign currency translations	-	-	(8,775)	-	-	(8,775)	(1,013)	(9,788)
Total comprehensive income for the financial period	-	-	(8,775)	-	6,366	(2,409)	(941)	(3,350)
Transaction with owners:								
Issue of ordinary shares pursuant to ESOS	445	-	-	(148)	-	297	-	297
Share option granted under ESOS	-	-	-	182	-	182	-	182
Total transactions with owners	445	-	-	34	-	479	-	479
At 31 March 2018	135,175	21,128	4,122	1,774	44,201	206,400	19,879	226,279



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	----- 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	
At 1 January 2017	132,918	21,124	31,035	964	17,410	203,451	22,541	225,992
Profit for the financial period	-	-	-	-	6,196	6,196	52	6,248
Foreign currency translations	-	-	(2,657)	-	-	(2,657)	(304)	(2,961)
Total comprehensive income for the financial period	-	-	(2,657)	-	6,196	3,539	(252)	3,287
Transaction with owners:								
Issue of ordinary shares pursuant to ESOS	887	4	-	(185)	-	706	-	706
Share option granted under ESOS	-	-	-	307	-	307	-	307
Total transactions with owners	887	4	-	122	-	1,013	-	1,013
At 31 March 2017	133,805	21,128	28,378	1,086	23,606	208,003	22,289	230,292

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 CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	3 MONTHS ENDED	
	31 MAR	31 MAR
	2018	2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,711	7,399
Adjustments for:		
Amortisation of development costs	99	70
Depreciation of property, plant and equipment	6,206	6,623
Depreciation of right-of-use assets	276	-
Gain on disposal of property, plant and equipment	-	(1)
Impairment of property, plant and equipment	-	3
Impairment losses (trade receivables)	146	-
Interest expense	182	48
Interest income	(132)	(63)
Inventories written (back)/down	(55)	61
Property, plant and equipment written off	4	-
Share options granted under ESOS	182	307
Unrealised forex losses/(gain)	1,460	(844)
Operating profit before changes in working capital	<u>15,079</u>	<u>13,603</u>
Changes in working capital:		
Receivables, amount due from associates and inventories	4,169	(12,917)
Payables and amount due to associates	(32,374)	12,348
Cash (used in)/from operations	<u>(13,126)</u>	<u>13,034</u>
Interest paid	(182)	(48)
Tax paid	(638)	(997)
Net cash (used in)/from operating activities	<u>(13,946)</u>	<u>11,989</u>



**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	3 MONTHS ENDED	
	31 MAR 2018 RM'000	31 MAR 2017 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,490)	(4,387)
Proceeds from disposal of property, plant and equipment	-	1
Changes in fixed deposits pledged to licensed banks	(24)	(132)
Changes in bank balances pledged to licensed banks	137	(695)
Expenditure on development costs	-	(215)
Interest received	132	63
Net cash used in investing activities	(7,245)	(5,365)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of onshore foreign currency loan	-	1,169
Net repayment of term loan	(1,404)	(516)
Repayment of lease liabilities	(359)	-
Repayment of hire purchase creditor	(21)	(17)
Proceeds from issuance of shares	297	706
Net cash (used in)/from financing activities	(1,487)	1,342
NET CHANGES IN CASH AND CASH EQUIVALENTS	(22,678)	7,966
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(5,821)	(1,120)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	103,841	67,727
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	75,342	74,573
 * Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	60,863	77,405
Deposits with licensed banks	24,047	8,994
	84,910	86,399
Less: Fixed deposit pledged to licensed banks	(7,621)	(8,094)
Less: Bank balances pledged to licensed banks	(1,947)	(3,732)
	75,342	74,573



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 2017. 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 2017.

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 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*

MFRS 15 *Revenue from Contracts with Customers*

Clarifications to MFRS 15

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

Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*

Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*

IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

Amendments to MFRS 140 *Transfers of Investment Property*

Besides, the Group has elected to early adopt the following Standard is mandatory for financial periods beginning on or after 1 January 2019:

MFRS 16 *Leases*

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

The Group is applying the retrospective method upon adoption of MFRS 9 *Financial Instruments*. In accordance with the transitional requirements of this Standard, comparative figures are not restated.

Meanwhile, the Group is applying the modified retrospective method upon adoption of MFRS 15 *Revenue from Contracts with Customers* and the cumulative effects would be shown as an adjustment to the opening retained earnings on 1 January 2018.

The Group has early adopted MFRS 16 *Leases* and applied this Standard retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application, comparative figures are not restated.



2. Changes in Accounting Policies (Continued)

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

The following reconciliation provide the impact upon initial application of MFRS 9, MFRS 15 and MFRS 16 on the financial position and equity of the Group.

Reconciliation of financial position and equity

	Note	AS AT 31 DEC 2017 RM'000	EFFECT OF MFRS 9 RM'000	EFFECT OF MFRS 15 RM'000	EFFECT OF MFRS 16 RM'000	AS AT 1 JAN 2018 RM'000
ASSETS						
Non-current assets						
Property, plant and equipment		105,159				105,159
Investments in associates		162				162
Right-of-use assets	(iii)	-			2,330	2,330
Long term lease receivables		9,870				9,870
Trade receivables		388				388
Other receivables		46				46
Development costs		788				788
Other intangible assets		1,016				1,016
Goodwill on combination		870				870
		<u>118,299</u>				<u>120,629</u>
Current assets						
Inventories		10,180				10,180
Trade receivables	(i)	84,899	(354)			84,545
Short term lease receivables		1,606				1,606
Other receivables	(ii)	53,174		268		53,442
Due from associates	(i)	4,077	(1,129)			2,948
Deposits with licensed banks		30,590				30,590
Cash and bank balances		82,932				82,932
		<u>267,458</u>				<u>266,243</u>
TOTAL ASSETS		<u>385,757</u>				<u>386,872</u>
EQUITY AND LIABILITIES						
Equity attributable to owners of the Company						
Share capital		134,730				134,730
Share premium		21,128				21,128
Foreign exchange translation reserve		12,805	86	6		12,897
Share option reserve		1,740				1,740
Retained earnings		39,671	(1,569)	(267)		37,835
		<u>210,074</u>				<u>208,330</u>
Non-controlling interests		<u>20,820</u>				<u>20,820</u>
Total equity		<u>230,894</u>				<u>229,150</u>



2. Changes in Accounting Policies (Continued)

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

Reconciliation of financial position and equity (Continued)

	Note	AS AT 31 DEC 2017 RM'000	EFFECT OF MFRS 9 RM'000	EFFECT OF MFRS 15 RM'000	EFFECT OF MFRS 16 RM'000	AS AT 1 JAN 2018 RM'000
Non-current liabilities						
Borrowings	(iii)	7,206			1,221	8,427
Trade payables		230				230
Deferred tax liabilities		132				132
		<u>7,568</u>				<u>8,789</u>
Current liabilities						
Borrowings	(iii)	5,573			1,109	6,682
Trade payables		60,050				60,050
Other payables	(ii)	80,850		529		81,379
Due to associates		87				87
Tax payables		735				735
		<u>147,295</u>				<u>148,933</u>
Total liabilities		<u>154,863</u>				<u>157,722</u>
TOTAL EQUITY AND LIABILITIES		<u>385,757</u>				<u>386,872</u>

Note

- (i) The increase in impairment for trade receivables and amounts due from associates is due to MFRS 9 replaces the current ‘incurred loss’ model with a forward-looking ‘expected credit loss’ model.
- (ii) The recognition of deferred revenue is due to the effect of changes to the timing of revenue recognition for identified performance obligations arising from sales activities upon adoption of MFRS 15.
- (iii) The Group is required to recognise the right-of-use of the underlying lease asset and the future lease payment liabilities in the statements of financial position upon adoption of MFRS 16.



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.

Title	Effective Date
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</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.

3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2017 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)	
	2018	2017
As at 1 January	1,340,547	1,329,184
Issue of ordinary shares pursuant to ESOS	1,701	11,363
As at 31 March/31 December	<u>1,342,248</u>	<u>1,340,547</u>

9. Dividends Paid

No dividend was paid during the financial period ended 31 March 2018.



10. Segmental Information

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

	3 MONTHS ENDED		3 MONTHS ENDED	
	31 MAR 2018 RM'000	31 MAR 2017 RM'000	31 MAR 2018 RM'000	31 MAR 2017 RM'000
Segment Revenue				
Sales and Marketing	15,172	15,420	15,172	15,420
Technical Support and Management	32,017	21,787	32,017	21,787
Engineering Services	517	441	517	441
Others (1)	129	111	129	111
	<u>47,835</u>	<u>37,759</u>	<u>47,835</u>	<u>37,759</u>
Eliminations	(63)	(63)	(63)	(63)
Revenue	<u>47,772</u>	<u>37,696</u>	<u>47,772</u>	<u>37,696</u>
EBITDA*				
Sales and Marketing	587	1,282	587	1,282
Technical Support and Management	15,551	13,487	15,551	13,487
Engineering Services	329	249	329	249
Others	399	81	399	81
Unallocated	(3,392)	(955)	(3,392)	(955)
Total	<u>13,474</u>	<u>14,144</u>	<u>13,474</u>	<u>14,144</u>
Segment Results				
Sales and Marketing	488	1,240	488	1,240
Technical Support and Management	9,754	7,319	9,754	7,319
Engineering Services	286	249	286	249
Others	(149)	(360)	(149)	(360)
	<u>10,379</u>	<u>8,448</u>	<u>10,379</u>	<u>8,448</u>
Unallocated expenses	(3,431)	(946)	(3,431)	(946)
- Interest income	127	55	127	55
- Legal and professional fee	(93)	(112)	(93)	(112)
- Realised foreign exchange gain/(loss)	306	(331)	306	(331)
- Staff cost - ESOS	(111)	(56)	(111)	(56)
- Sundry income	43	112	43	112
- Unrealised foreign exchange (loss)/gain (trade)	(678)	95	(678)	95
- Unrealised foreign exchange (loss)/gain (non-trade)	(782)	749	(782)	749
- Other expenses	(2,243)	(1,458)	(2,243)	(1,458)
	<u>6,948</u>	<u>7,502</u>	<u>6,948</u>	<u>7,502</u>
Operating profit	<u>6,948</u>	<u>7,502</u>	<u>6,948</u>	<u>7,502</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) 1,005,000 ordinary shares at an issue price of RM0.100 per ordinary share;
 - (ii) 83,500 ordinary shares at an issue price of RM0.104 per ordinary share;
 - (iii) 75,200 ordinary shares at an issue price of RM0.105 per ordinary share;
 - (iv) 1,075,200 ordinary shares at an issue price of RM0.117 per ordinary share; and
 - (v) 221,900 ordinary shares at an issue price of RM0.222 per ordinary share.
- (b) The Company had, on 15 May 2018, incorporated a wholly owned subsidiary in Vietnam known as All In Technologies Company Limited ("AITCL").

The principal activities of AITCL are to repair and maintain gaming and amusement machines and equipment. The capital to be injected into AITCL is VND4,558,000,000 (equivalent to USD200,000).

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:

	AS AT 31 MAR 2018 RM'000
Gaming machines, furnitures, equipment, motor vehicle and renovation	<u>36,600</u>



16. Significant Related Party Transactions

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

	01.01.2018 to 31.03.2018 RM'000
Sales of products to:	
- Channel Paradise Sdn. Bhd.	1,651
TSM share of profit from:	
- Timor Holding, S.A.	1,112

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			3 MONTHS ENDED		
	31 MAR	31 MAR	%	31 MAR	31 MAR	%
	2018	2017		2018	2017	
	RM'000	RM'000	+ /(-)	RM'000	RM'000	+ /(-)
Revenue						
Sales and Marketing	15,172	15,420	-2%	15,172	15,420	-2%
Technical Support and Management	32,017	21,787	+47%	32,017	21,787	+47%
Engineering Services	517	441	+17%	517	441	+17%
Others (1)	66	48	+38%	66	48	+38%
Total	47,772	37,696	+27%	47,772	37,696	+27%
EBITDA*						
Sales and Marketing	587	1,282	-54%	587	1,282	-54%
Technical Support and Management	15,551	13,487	+15%	15,551	13,487	+15%
Engineering Services	329	249	+32%	329	249	+32%
Others	399	81	+393%	399	81	+393%
Unallocated	(3,392)	(955)	+255%	(3,392)	(955)	+255%
Total	13,474	14,144	-5%	13,474	14,144	-5%
Profit/(Loss) before tax						
Sales and Marketing	483	1,238	-61%	483	1,238	-61%
Technical Support and Management	9,585	7,273	+32%	9,585	7,273	+32%
Engineering Services	284	249	+14%	284	249	+14%
Others	(152)	(360)	-58%	(152)	(360)	-58%
	10,200	8,400	+21%	10,200	8,400	+21%
Unallocated expenses	(3,489)	(1,001)	+249%	(3,489)	(1,001)	+249%
- Finance cost	(58)	(55)	+5%	(58)	(55)	+5%
- Interest income	127	55	+131%	127	55	+131%
- Legal and professional fee	(93)	(112)	-17%	(93)	(112)	-17%
- Realised foreign exchange gain/(loss)	306	(331)	+192%	306	(331)	+192%
- Staff cost - ESOS	(111)	(56)	+98%	(111)	(56)	+98%
- Sundry income	43	112	-62%	43	112	-62%
- Unrealised foreign exchange (loss)/gain (trade)	(678)	95	-814%	(678)	95	-814%
- Unrealised foreign exchange (loss)/gain (non-trade)	(782)	749	-204%	(782)	749	-204%
- Other expenses	(2,243)	(1,458)	+54%	(2,243)	(1,458)	+54%
Profit before tax	6,711	7,399	-9%	6,711	7,399	-9%

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 Profit before tax for Sales and Marketing (“SSM”) division decreased by 61% respectively for the quarter ended 31 March 2018 as compared to previous year's corresponding quarter due to charge-out of bonus paid to staff in this quarter and late delivery of some substantial orders which were delivered in this second quarter.

The profit before tax for Technical Support and Management (“TSM”) division increased by 32% for the quarter ended 31 March 2018 as compared to previous year's corresponding quarter due to better performance of all outlets across the region and lower cost of depreciation.

The revenue of Engineering Services division increased as compared to previous year's corresponding quarter due to additional engineering, maintenance and repairing services provided to the customers in this quarter.


18. Comparison with Previous Quarter's Results

	CURRENT QUARTER RM'000	PREVIOUS QUARTER RM'000	% + / (-)
Revenue			
Sales and Marketing	15,172	71,281	-79%
Technical Support and Management	32,017	21,490	+49%
Engineering Services	517	461	+12%
Others (1)	66	476	-86%
Revenue	<u>47,772</u>	<u>93,708</u>	<u>-49%</u>
EBITDA*			
Sales and Marketing	587	8,253	-93%
Technical Support and Management	15,551	9,982	+56%
Engineering Services	329	140	+135%
Others	399	(270)	+248%
Unallocated	(3,392)	(1,797)	+89%
Total	<u>13,474</u>	<u>16,308</u>	<u>-17%</u>
Profit/(Loss) before tax			
Sales and Marketing	483	8,210	-94%
Technical Support and Management	9,585	4,222	+127%
Engineering Services	284	139	+104%
Others	(152)	(724)	-79%
	<u>10,200</u>	<u>11,847</u>	<u>-14%</u>
Unallocated expenses	(3,489)	(1,839)	+90%
- Finance cost	(58)	(70)	-17%
- Interest income	127	82	+55%
- Legal and professional fee	(93)	(60)	+55%
- Realised foreign exchange gain/(loss)	306	(78)	+492%
- Staff cost - ESOS	(111)	(429)	-74%
- Sundry income	43	38	+13%
- Unrealised foreign exchange (loss)/gain (trade)	(678)	910	-175%
- Unrealised foreign exchange loss (non-trade)	(782)	(341)	+129%
- Other expenses	(2,243)	(1,891)	+19%
Profit before tax	<u>6,711</u>	<u>10,008</u>	<u>-33%</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 lower revenue and profit before tax in this quarter due to late delivery of some substantial orders which were delivered in this second quarter.

The profit before tax for TSM division increased by 127% as compared to previous quarter mainly due to better performance of TSM machines across the region and lower depreciation in this quarter.

The revenue of Engineering Services division increased as compared to previous quarter due to additional engineering, maintenance and repairing services provided to the customers in this quarter.

19. Commentary on Prospects

The Group continues to capitalise on the strong performance of certain products under its portfolio in SSM division, to carry out further improvement in the performance of concession machines in TSM division for year 2018 and to promote the provision of engineering expertise across the region to all licensed operators as well as 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		3 MONTHS ENDED	
	31 MAR	31 MAR	31 MAR	31 MAR
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current period	273	1,151	273	1,151
	<u>273</u>	<u>1,151</u>	<u>273</u>	<u>1,151</u>

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2017: 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 25 May 2018.



23. Borrowings

	AS AT 31 MAR 2018 RM'000	AS AT 31 DEC 2017 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Onshore foreign currency loan	449	472
Hire purchase creditor	55	63
Lease liabilities	1,043	-
Term loans	4,407	5,038
	<u>5,954</u>	<u>5,573</u>
Long Term Borrowings:		
<u>Secured</u>		
Hire purchase creditor	47	55
Lease liabilities	932	-
Term loans	6,378	7,151
	<u>7,357</u>	<u>7,206</u>
Total borrowings	<u>13,311</u>	<u>12,779</u>
Borrowings denominated in foreign currency as at 31 March 2018:		
	Foreign currency '000	RM equivalent '000
<u>Onshore foreign currency loan</u>		
United States Dollar	116	449
<u>Lease liabilities</u>		
United States Dollar	212	821
Philippine Peso	3,429	254
Thai Baht	269	33
Hong Kong Dollar	639	315
<u>Term loans</u>		
United States Dollar	2,790	10,785
	<u>7,455</u>	<u>12,657</u>



24. Material Litigation

The Group does not have any material litigation, which in the opinion of the Directors, would have a material impact on the financial results of the Group.

25. Dividends

The final single-tier dividend of RM0.007 per ordinary share for the financial year ended 31 December 2017 was approved by the shareholders at the 15th Annual General Meeting held on 28 May 2018. The entitlement date and payment date are 18 June 2018 and 28 June 2018 respectively.

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		3 MONTHS ENDED	
	31 MAR	31 MAR	31 MAR	31 MAR
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Amortisation of development costs	99	70	99	70
Depreciation of property, plant and equipment	6,206	6,623	6,206	6,623
Depreciation of right-of-use assets	276	-	276	-
Gain on disposal of property, plant and equipment	-	(1)	-	(1)
Impairment of property, plant and equipment	-	3	-	3
Impairment losses (trade receivables)	146	-	146	-
Interest expenses	182	48	182	48
Interest income	(132)	(63)	(132)	(63)
Inventories written (back)/down	(55)	61	(55)	61
Property, plant and equipment written off	4	-	4	-



27. Earnings Per Share

(a) Basic

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

	3 MONTHS ENDED		3 MONTHS ENDED	
	31 MAR	31 MAR	31 MAR	31 MAR
	2018	2017	2018	2017
Profit attributable to owners of the Company (RM'000)	6,366	6,196	6,366	6,196
Weighted average number of ordinary shares in issue ('000)	1,341,677	1,331,111	1,341,677	1,331,111
Basic earnings per share (sen)	0.47	0.47	0.47	0.47

(b) Diluted

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

	3 MONTHS ENDED		3 MONTHS ENDED	
	31 MAR	31 MAR	31 MAR	31 MAR
	2018	2017	2018	2017
Profit attributable to owners of the Company (RM'000)	6,366	6,196	6,366	6,196
Weighted average number of ordinary shares in issue ('000)	1,341,677	1,331,111	1,341,677	1,331,111
Effect of dilution of share options ('000)	10,338	15,873	10,338	15,873
Adjusted weighted average number of ordinary shares ('000)	1,352,015	1,346,984	1,352,015	1,346,984
Diluted earnings per share (sen)	0.47	0.46	0.47	0.46



RGB International Bhd. (603831-K)

28. Authorisation for Issue

On 28 May 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
28 May 2018