



RGB International Bhd. (603831-K)

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
30 June 2018



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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

	Note	3 MONTHS ENDED			6 MONTHS ENDED		
		30 JUN 2018 RM'000	30 JUN 2017 RM'000	% +/(-)	30 JUN 2018 RM'000	30 JUN 2017 RM'000	% +/(-)
Revenue	10	166,396	59,682	179%	214,168	97,378	120%
Cost of sales		(142,304)	(34,931)	307%	(170,738)	(56,797)	201%
- Depreciation		(5,722)	(5,861)	-2%	(11,231)	(11,970)	-6%
- Others		(136,582)	(29,070)	370%	(159,507)	(44,827)	256%
Gross profit		24,092	24,751	-3%	43,430	40,581	7%
Other income		778	1,373	-43%	1,506	2,242	-33%
Administrative expenses		(11,163)	(12,288)	-9%	(21,593)	(20,931)	3%
- Depreciation		(859)	(503)	71%	(1,832)	(1,017)	80%
- Others		(10,304)	(11,785)	-13%	(19,761)	(19,914)	-1%
Selling and marketing expenses		(2,160)	(1,977)	9%	(3,690)	(3,041)	21%
Other (expenses)/gain, net		(2,440)	(65)	3654%	(3,598)	445	-909%
Operating profit		9,107	11,794	-23%	16,055	19,296	-17%
Finance costs		(248)	(138)	80%	(485)	(241)	101%
Profit before tax		8,859	11,656	-24%	15,570	19,055	-18%
Income tax expense	21	(134)	(2,867)	-95%	(407)	(4,018)	-90%
Profit for the financial period		8,725	8,789	-1%	15,163	15,037	1%
Other comprehensive income/(loss), net of tax							
Item that may be subsequently reclassified to profit or loss:							
- Foreign currency translation, representing other comprehensive income/(loss) for the financial period		9,352	(6,095)	253%	(436)	(9,056)	-95%
Total comprehensive income		18,077	2,694	571%	14,727	5,981	146%
Profit attributable to:							
Owners of the Company		8,634	8,641	0%	15,000	14,837	1%
Non-controlling interests		91	148	-39%	163	200	-19%
		8,725	8,789	-1%	15,163	15,037	1%
Total comprehensive income attributable to:							
Owners of the Company		17,071	3,198	434%	14,662	6,737	118%
Non-controlling interests		1,006	(504)	300%	65	(756)	109%
		18,077	2,694	571%	14,727	5,981	146%
Earnings per share attributable to owners of the Company:							
Basic, for profit for the financial period (sen)	27	0.64	0.65	-2%	1.12	1.11	1%
Diluted, for profit for the financial period (sen)	27	0.64	0.64	0%	1.11	1.10	1%



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Note	AS AT 30 JUN 2018 RM'000	AS AT 31 DEC 2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	110,233	105,159
Investments in associates		161	162
Right-of-use assets		2,050	-
Long term lease receivables		8,241	9,870
Trade receivables		241	388
Other receivables		37	46
Development costs		582	788
Other intangible assets		1,011	1,016
Goodwill on combination		870	870
		<u>123,426</u>	<u>118,299</u>
Current assets			
Inventories		2,103	10,180
Trade receivables		100,060	84,899
Short term lease receivables		2,430	1,606
Other receivables		46,447	53,174
Due from associates		2,935	4,077
Deposits with licensed banks		8,242	30,590
Cash and bank balances		88,249	82,932
		<u>250,466</u>	<u>267,458</u>
TOTAL ASSETS		<u>373,892</u>	<u>385,757</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		135,603	134,730
Share premium		21,128	21,128
Foreign exchange translation reserve		12,658	12,805
Share option reserve		1,805	1,740
Retained earnings		38,287	39,671
		<u>209,481</u>	<u>210,074</u>
Non-controlling interests		<u>20,386</u>	<u>20,820</u>
Total equity		<u>229,867</u>	<u>230,894</u>
Non-current liabilities			
Borrowings	23	7,193	7,206
Trade payables		6,402	230
Deferred tax liabilities		132	132
		<u>13,727</u>	<u>7,568</u>
Current liabilities			
Borrowings	23	3,803	5,573
Trade payables		77,334	60,050
Other payables		48,953	80,850
Due to associates		86	87
Tax payables		122	735
		<u>130,298</u>	<u>147,295</u>
Total liabilities		<u>144,025</u>	<u>154,863</u>
TOTAL EQUITY AND LIABILITIES		<u>373,892</u>	<u>385,757</u>
Net assets per share (sen)		<u>16</u>	<u>16</u>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

	----- Attributable to owners of the Company -----							Total Equity RM'000
	----- Non-Distributable -----		Foreign Exchange Translation Reserve RM'000	Share Option Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	
	Share Capital RM'000	Share Premium 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	-	-	191	-	(6,971)	(6,780)	(499)	(7,279)
At 1 January 2018 (as restated)	134,730	21,128	12,996	1,740	32,700	203,294	20,321	223,615
Profit for the financial period	-	-	-	-	15,000	15,000	163	15,163
Foreign currency translations	-	-	(338)	-	-	(338)	(98)	(436)
Total comprehensive income for the financial period	-	-	(338)	-	15,000	14,662	65	14,727
Transaction with owners:								
Issue of ordinary shares pursuant to ESOS	873	-	-	(280)	-	593	-	593
Share option granted under ESOS	-	-	-	345	-	345	-	345
Dividends paid	-	-	-	-	(9,413)	(9,413)	-	(9,413)
Total transactions with owners	873	-	-	65	(9,413)	(8,475)	-	(8,475)
At 30 June 2018	135,603	21,128	12,658	1,805	38,287	209,481	20,386	229,867



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

	----- Attributable to owners of the Company -----							Total Equity RM'000
	----- Non-Distributable -----		Foreign Exchange Translation Reserve RM'000	Share Option Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	
	Share Capital RM'000	Share Premium 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	-	-	-	-	14,837	14,837	200	15,037
Foreign currency translations	-	-	(8,100)	-	-	(8,100)	(956)	(9,056)
Total comprehensive income for the financial period	-	-	(8,100)	-	14,837	6,737	(756)	5,981
Transaction with owners:								
Issue of ordinary shares pursuant to ESOS	1,238	4	-	(272)	-	970	-	970
Share option granted under ESOS	-	-	-	430	-	430	-	430
Dividends paid	-	-	-	-	(8,017)	(8,017)	-	(8,017)
Total transactions with owners	1,238	4	-	158	(8,017)	(6,617)	-	(6,617)
At 30 June 2017	134,156	21,128	22,935	1,122	24,230	203,571	21,785	225,356

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 30 JUNE 2018**

	6 MONTHS ENDED	
	30 JUN	30 JUN
	2018	2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	15,570	19,055
Adjustments for:		
Amortisation of development costs	198	177
Depreciation of property, plant and equipment	12,468	12,987
Depreciation of right-of-use assets	595	-
Gain on disposal of property, plant and equipment	-	(1)
Impairment of property, plant and equipment	-	3
Impairment losses (trade receivables)	407	-
Impairment losses written back (trade receivables)	(8)	-
Interest expense	358	113
Interest income	(265)	(141)
Inventories written down	134	242
Property, plant and equipment written off	23	22
Share options granted under ESOS	345	430
Unrealised forex losses/(gain)	4,440	(1,171)
Operating profit before changes in working capital	<u>34,265</u>	<u>31,716</u>
Changes in working capital:		
Receivables, amount due from associates and inventories	(6,045)	(7,148)
Payables and amount due to associates	(9,723)	25,212
Cash from operations	<u>18,497</u>	<u>49,780</u>
Interest paid	(358)	(113)
Tax paid	(1,020)	(2,284)
Net cash from operating activities	<u>17,119</u>	<u>47,383</u>



**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

	6 MONTHS ENDED	
	30 JUN	30 JUN
	2018	2017
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(18,101)	(20,362)
Proceeds from disposal of property, plant and equipment	-	1
Changes in fixed deposits pledged to licensed banks	137	(61)
Changes in bank balances pledged to licensed banks	2,084	(112)
Expenditure on development costs	-	(341)
Interest received	265	141
Net cash used in investing activities	(15,615)	(20,734)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown/(repayment) of onshore foreign currency loan	333	(455)
Net repayment of term loan	(4,185)	(1,086)
Repayment of lease liabilities	(595)	-
Repayment of hire purchase creditor	(32)	(37)
Proceeds from issuance of shares	593	970
Dividends paid	(9,413)	(8,017)
Net cash used in financing activities	(13,299)	(8,625)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(11,795)	18,024
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(3,015)	(3,895)
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	89,031	81,856
 * Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	88,249	84,135
Deposits with licensed banks	8,242	8,893
	96,491	93,028
Less: Fixed deposit pledged to licensed banks	(7,460)	(8,023)
Less: Bank balances pledged to licensed banks	-	(3,149)
	89,031	81,856



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

		AS AT 31 DEC 2017	EFFECT OF MFRS 9	EFFECT OF MFRS 15	EFFECT OF MFRS 16	AS AT 1 JAN 2018
	Note	RM'000	RM'000	RM'000	RM'000	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	(4,873)			80,026
Short term lease receivables		1,606				1,606
Other receivables	(i), (ii)	53,174	(1,016)	268		52,426
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>260,708</u>
TOTAL ASSETS		<u>385,757</u>				<u>381,337</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	185	6		12,996
Share option reserve		1,740				1,740
Retained earnings		39,671	(6,704)	(267)		32,700
		<u>210,074</u>				<u>203,294</u>
Non-controlling interests		<u>20,820</u>	(499)			<u>20,321</u>
Total equity		<u>230,894</u>				<u>223,615</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)

		AS AT 31 DEC 2017	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
	Note	RM'000	RM'000	RM'000	RM'000	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>381,337</u>

Note

- (i) The increase in impairment for trade receivables, other 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	4,195	11,363
As at 30 June/31 December	<u>1,344,742</u>	<u>1,340,547</u>

9. Dividends Paid

A final single-tier dividend of RM0.007 per ordinary share for the year ended 31 December 2017 was paid on 28 June 2018.



10. Segmental Information

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

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUN 2018 RM'000	30 JUN 2017 RM'000	30 JUN 2018 RM'000	30 JUN 2017 RM'000
Segment Revenue				
Sales and Marketing	138,368	36,794	153,540	52,214
Technical Support and Management	27,469	22,326	59,486	44,113
Engineering Services	510	440	1,027	881
Others (1)	112	185	241	296
	<u>166,459</u>	<u>59,745</u>	<u>214,294</u>	<u>97,504</u>
Eliminations	(63)	(63)	(126)	(126)
Revenue	<u>166,396</u>	<u>59,682</u>	<u>214,168</u>	<u>97,378</u>
EBITDA*				
Sales and Marketing	9,601	8,564	10,188	9,846
Technical Support and Management	10,221	11,111	25,772	24,598
Engineering Services	368	238	697	487
Others	113	658	512	739
Unallocated	(4,588)	(2,378)	(7,980)	(3,333)
Total	<u>15,715</u>	<u>18,193</u>	<u>29,189</u>	<u>32,337</u>
Segment Results				
Sales and Marketing	9,483	8,523	9,971	9,763
Technical Support and Management	4,234	5,194	13,988	12,513
Engineering Services	324	237	610	486
Others	(345)	189	(494)	(171)
	<u>13,696</u>	<u>14,143</u>	<u>24,075</u>	<u>22,591</u>
Unallocated expenses	(4,589)	(2,349)	(8,020)	(3,295)
- Interest income	130	67	257	122
- Legal and professional fee	(177)	(84)	(270)	(196)
- Realised foreign exchange gain/(loss)	560	(370)	866	(701)
- Staff cost - ESOS	(111)	(30)	(222)	(86)
- Sundry income	24	41	67	153
- Unrealised foreign exchange loss (trade)	(385)	(339)	(1,063)	(244)
- Unrealised foreign exchange (loss)/gain (non-trade)	(2,595)	666	(3,377)	1,415
- Other expenses	(2,035)	(2,300)	(4,278)	(3,758)
Operating profit	<u>9,107</u>	<u>11,794</u>	<u>16,055</u>	<u>19,296</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) 380,200 ordinary shares at an issue price of RM0.100 per ordinary share;
 - (ii) 322,500 ordinary shares at an issue price of RM0.104 per ordinary share;
 - (iii) 267,100 ordinary shares at an issue price of RM0.105 per ordinary share;
 - (iv) 200,200 ordinary shares at an issue price of RM0.117 per ordinary share; and
 - (v) 101,400 ordinary shares at an issue price of RM0.222 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 except for:

- (a) 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 charter capital of AITCL is VND4,558,000,000 (equivalent to USD200,000).

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 30 JUN 2018 RM'000
Gaming machines, furnitures, equipment, motor vehicle and renovation	<u>26,300</u>



16. Significant Related Party Transactions

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

	01.04.2018 to 30.06.2018 RM'000	01.01.2018 to 30.06.2018 RM'000
Sales of products to:		
- Channel Paradise Sdn. Bhd.	601	2,252
TSM share of profit from:		
- Timor Holding, S.A.	861	1,973

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			6 MONTHS ENDED		
	30 JUN 2018 RM'000	30 JUN 2017 RM'000	% +/(-)	30 JUN 2018 RM'000	30 JUN 2017 RM'000	% +/(-)
Revenue						
Sales and Marketing	138,368	36,794	+276%	153,540	52,214	+194%
Technical Support and Management	27,469	22,326	+23%	59,486	44,113	+35%
Engineering Services	510	440	+16%	1,027	881	+17%
Others (1)	49	122	-60%	115	170	-32%
Total	166,396	59,682	+179%	214,168	97,378	+120%
EBITDA*						
Sales and Marketing	9,601	8,564	+12%	10,188	9,846	+3%
Technical Support and Management	10,221	11,111	-8%	25,772	24,598	+5%
Engineering Services	368	238	+55%	697	487	+43%
Others	113	658	-83%	512	739	-31%
Unallocated	(4,588)	(2,378)	+93%	(7,980)	(3,333)	+139%
Total	15,715	18,193	-14%	29,189	32,337	-10%
Profit/(Loss) before tax						
Sales and Marketing	9,472	8,504	+11%	9,955	9,742	+2%
Technical Support and Management	4,081	5,148	-21%	13,666	12,421	+10%
Engineering Services	323	237	+36%	607	486	+25%
Others	(342)	189	-281%	(494)	(171)	+189%
	13,534	14,078	-4%	23,734	22,478	+6%
Unallocated expenses	(4,675)	(2,422)	+93%	(8,164)	(3,423)	+139%
- Finance cost	(86)	(73)	+18%	(144)	(128)	+13%
- Interest income	130	67	+94%	257	122	+111%
- Legal and professional fee	(177)	(84)	+111%	(270)	(196)	+38%
- Realised foreign exchange gain/(loss)	560	(370)	+251%	866	(701)	+224%
- Staff cost - ESOS	(111)	(30)	+270%	(222)	(86)	+158%
- Sundry income	24	41	-41%	67	153	-56%
- Unrealised foreign exchange loss (trade)	(385)	(339)	+14%	(1,063)	(244)	+336%
- Unrealised foreign exchange (loss)/gain (non-trade)	(2,595)	666	-490%	(3,377)	1,415	-339%
- Other expenses	(2,035)	(2,300)	-12%	(4,278)	(3,758)	+14%
Profit before tax	8,859	11,656	-24%	15,570	19,055	-18%

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 276% and 11% respectively as compared to previous year's corresponding quarter due to increase in number of machine and casino equipment sold in this quarter.

The profit before tax for Technical Support and Management ("TSM") division decreased by 21% for the quarter ended 30 June 2018 as compared to previous year's corresponding quarter due to lower performance of certain outlets in the Philippines resulted from the lower hold factor.

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.

The overall decrease in profit before tax is a result of the unrealised translation of currencies required for operation amounting to RM2.9 million forex loss, mainly arising from appreciation of US Dollar against a number of other currencies.

(ii) Comparison with previous year's corresponding period

The revenue and profit before tax for SSM division increased by 194% and 2% respectively for the first half of 2018 as compared to preceding year due to increase in number of product sold and variation in product mix.

The profit before tax for TSM division increased by 10% for the first half of 2018 as compared to preceding year primarily due to lower cost of operations.

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

The profit before tax was mainly affected by the unrealised translation of currencies required for operation of RM4.4 million forex loss as compared to the unrealised forex gain of RM1.2 million in previous year's corresponding period.


18. Comparison with Previous Quarter's Results

	CURRENT QUARTER RM'000	PREVIOUS QUARTER RM'000	% +/(-)
Revenue			
Sales and Marketing	138,368	15,172	+812%
Technical Support and Management	27,469	32,017	-14%
Engineering Services	510	516	-1%
Others (1)	49	66	-26%
Revenue	<u>166,396</u>	<u>47,771</u>	<u>+248%</u>
EBITDA*			
Sales and Marketing	9,601	587	+1536%
Technical Support and Management	10,221	15,551	-34%
Engineering Services	368	329	+12%
Others	113	399	-72%
Unallocated	(4,588)	(3,392)	+35%
Total	<u>15,715</u>	<u>13,474</u>	<u>+17%</u>
Profit/(Loss) before tax			
Sales and Marketing	9,472	483	+1861%
Technical Support and Management	4,081	9,585	-57%
Engineering Services	323	284	+14%
Others	(342)	(152)	+125%
	<u>13,534</u>	<u>10,200</u>	<u>+33%</u>
Unallocated expenses	(4,675)	(3,489)	+34%
- Finance cost	(86)	(58)	+48%
- Interest income	130	127	+2%
- Legal and professional fee	(177)	(93)	+90%
- Realised foreign exchange gain	560	306	+83%
- Staff cost - ESOS	(111)	(111)	-
- Sundry income	24	43	-44%
- Unrealised foreign exchange loss (trade)	(385)	(678)	-43%
- Unrealised foreign exchange loss (non-trade)	(2,595)	(782)	+232%
- Other expenses	(2,035)	(2,243)	-9%
Profit before tax	<u>8,859</u>	<u>6,711</u>	<u>+32%</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 machines sold and variation in product mix in this quarter.

The profit before tax for TSM division decreased by 57% as compared to previous quarter mainly due to lower performance of certain outlets in the Philippines resulted from the lower hold factor and charge-out of performance bonus paid to staff in this quarter.

The loss before tax for Others division is higher due to a reversal of slow moving stocks carried out in the previous quarter.

19. Commentary on Prospects

The Group continues to capitalise on the strong performance of certain products under its portfolio in SSM division, to increase number of concession machines through the existing and new concessions, to carry out further improvement in the performance of concession machines in TSM division, to promote the provision of engineering expertise to all licensed operators across the region and exploring into new markets outside Asia. Barring unforeseen circumstances, the Group expects to achieve a better performance in this year.

20. Profit Forecast

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

21. Income Tax Expense

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUN	30 JUN	30 JUN	30 JUN
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current period	134	2,867	407	4,018
	<u>134</u>	<u>2,867</u>	<u>407</u>	<u>4,018</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

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of this announcement:

(a) Proposed Bonus Issue

At the Extraordinary General Meeting held on 29 August 2018, the shareholders of the Company had approved a bonus issue of up to 194,620,529 new ordinary shares in the Company to be credited as fully paid-up on the basis of one (1) bonus share for every seven (7) existing ordinary shares held on an entitlement date to be determined later.



23. Borrowings

	AS AT 30 JUN 2018 RM'000	AS AT 31 DEC 2017 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Onshore foreign currency loan	856	472
Hire purchase creditor	65	63
Lease liabilities	1,104	-
Term loans	1,778	5,038
	<u>3,803</u>	<u>5,573</u>
Long Term Borrowings:		
<u>Secured</u>		
Hire purchase creditor	22	55
Lease liabilities	945	-
Term loans	6,226	7,151
	<u>7,193</u>	<u>7,206</u>
Total borrowings	<u>10,996</u>	<u>12,779</u>
Borrowings denominated in foreign currency as at 30 June 2018:		
	Foreign currency '000	RM equivalent '000
<u>Onshore foreign currency loan</u>		
United States Dollar	212	856
<u>Lease liabilities</u>		
United States Dollar	191	771
Philippine Peso	6,653	503
Thai Baht	197	24
Hong Kong Dollar	557	287
<u>Term loans</u>		
United States Dollar	1,980	8,004
		<u>10,445</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

As disclosed in Note 9.

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		6 MONTHS ENDED	
	30 JUN 2018 RM'000	30 JUN 2017 RM'000	30 JUN 2018 RM'000	30 JUN 2017 RM'000
Amortisation of development costs	99	107	198	177
Depreciation of property, plant and equipment	6,262	6,364	12,468	12,987
Depreciation of right-of-use assets	319	-	595	-
Gain on disposal of property, plant and equipment	-	-	-	(1)
Impairment of property, plant and equipment	-	-	-	3
Impairment losses (trade receivables)	261	-	407	-
Impairment losses written back (trade receivables)	(8)	-	(8)	-
Interest expenses	176	65	358	113
Interest income	(133)	(78)	(265)	(141)
Inventories written down	189	181	134	242
Property, plant and equipment written off	19	22	23	22

**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		6 MONTHS ENDED	
	30 JUN 2018	30 JUN 2017	30 JUN 2018	30 JUN 2017
Profit attributable to owners of the Company (RM'000)	8,634	8,641	15,000	14,837
Weighted average number of ordinary shares in issue ('000)	1,344,144	1,336,501	1,342,917	1,333,821
Basic earnings per share (sen)	0.64	0.65	1.12	1.11

(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		6 MONTHS ENDED	
	30 JUN 2018	30 JUN 2017	30 JUN 2018	30 JUN 2017
Profit attributable to owners of the Company (RM'000)	8,634	8,641	15,000	14,837
Weighted average number of ordinary shares in issue ('000)	1,344,144	1,336,501	1,342,917	1,333,821
Effect of dilution of share options ('000)	6,841	12,510	10,224	16,928
Adjusted weighted average number of ordinary shares ('000)	1,350,985	1,349,011	1,353,141	1,350,749
Diluted earnings per share (sen)	0.64	0.64	1.11	1.10



RGB International Bhd. (603831-K)

28. Authorisation for Issue

On 29 August 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
29 August 2018