



RGB International Bhd. (603831-K)

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
30 June 2019



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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Note	3 MONTHS ENDED			6 MONTHS ENDED		
		30 JUN 2019 RM'000	30 JUN 2018 RM'000	% + / (-)	30 JUN 2019 RM'000	30 JUN 2018 RM'000	% + / (-)
Revenue	10	55,163	166,396	-67%	107,339	214,168	-50%
Cost of sales		(35,920)	(142,304)	-75%	(69,376)	(170,738)	-59%
- Depreciation		(6,670)	(5,722)	17%	(13,425)	(11,231)	20%
- Others		(29,250)	(136,582)	-79%	(55,951)	(159,507)	-65%
Gross profit		19,243	24,092	-20%	37,963	43,430	-13%
Other income		644	778	-17%	1,506	1,506	0%
Administrative expenses		(12,503)	(11,163)	12%	(23,100)	(21,593)	7%
- Depreciation		(808)	(859)	-6%	(1,569)	(1,832)	-14%
- Others		(11,695)	(10,304)	13%	(21,531)	(19,761)	9%
Selling and marketing expenses		(1,261)	(2,160)	-42%	(2,301)	(3,690)	-38%
Other gain/(expenses), net		1,700	(2,440)	170%	1,303	(3,598)	136%
Finance costs		(351)	(248)	42%	(736)	(485)	52%
Profit before tax		7,472	8,859	-16%	14,635	15,570	-6%
Taxation	21	(227)	(134)	69%	(511)	(407)	26%
Profit for the financial period		7,245	8,725	-17%	14,124	15,163	-7%
Other comprehensive income/(loss), net of tax:							
Item that may be reclassified subsequently to profit or loss							
- Foreign currency translation, representing other							
- comprehensive income/(loss) for the financial period							
		3,519	9,352	-62%	(40)	(436)	-91%
Total comprehensive income for the financial period		10,764	18,077	-40%	14,084	14,727	-4%
Profit attributable to:							
Owners of the Company		7,154	8,634	-17%	13,874	15,000	-8%
Non-controlling interests		91	91	0%	250	163	53%
		7,245	8,725	-17%	14,124	15,163	-7%
Total comprehensive income attributable to:							
Owners of the Company		10,346	17,071	-39%	13,841	14,662	-6%
Non-controlling interests		418	1,006	-58%	243	65	274%
		10,764	18,077	-40%	14,084	14,727	-4%
Earnings per ordinary share attributable to owners of the Company (sen):							
Basic	27	0.46	0.56 *	-18%	0.90	0.98 *	-8%
Diluted	27	0.46	0.56 *	-18%	0.90	0.97 *	-7%

* The comparative basic earnings per ordinary share and diluted earnings per ordinary share were recalculated to reflect the bonus issue on 20 September 2018.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Note	AS AT 30 JUN 2019 RM'000	AS AT 31 DEC 2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	196,402	173,198
Investments in associates		165	165
Right-of-use assets		2,058	1,552
Intangible assets		2,089	2,295
Trade receivables		6,918	25
Other receivables		27	37
Lease receivables		9,954	8,286
Due from associates		2,866	2,867
		<u>220,479</u>	<u>188,425</u>
Current assets			
Inventories		3,687	4,725
Trade receivables		86,485	123,399
Other receivables		39,090	47,091
Lease receivables		3,283	2,246
Deposits with licensed banks		5,195	6,287
Cash and bank balances		39,424	56,412
		<u>177,164</u>	<u>240,160</u>
TOTAL ASSETS		<u>397,643</u>	<u>428,585</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		158,146	157,053
Foreign currency translation reserve		17,475	17,508
Share options reserve		1,877	2,176
Retained earnings		71,934	58,060
		<u>249,432</u>	<u>234,797</u>
Non-controlling interests		21,231	20,988
Total equity		<u>270,663</u>	<u>255,785</u>
Non-current liabilities			
Borrowings	23	4,558	5,472
Lease liabilities		1,431	657
Trade payables		4,038	8,592
Deferred tax liabilities		134	134
		<u>10,161</u>	<u>14,855</u>
Current liabilities			
Borrowings	23	3,235	13,870
Lease liabilities		660	913
Trade payables		72,148	107,748
Other payables		40,230	34,615
Due to associates		89	89
Current tax liabilities		457	710
		<u>116,819</u>	<u>157,945</u>
Total liabilities		<u>126,980</u>	<u>172,800</u>
TOTAL EQUITY AND LIABILITIES		<u>397,643</u>	<u>428,585</u>
Net assets per share (sen)		<u>16</u>	<u>15</u>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	----- Attributable to owners of the Company -----							Total equity RM'000
	----- Non-distributable -----			Distributable				
	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	
At 1 January 2019	157,053	-	17,508	2,176	58,060	234,797	20,988	255,785
Profit for the financial period	-	-	-	-	13,874	13,874	250	14,124
Foreign currency translations	-	-	(33)	-	-	(33)	(7)	(40)
Total comprehensive income for the financial period	-	-	(33)	-	13,874	13,841	243	14,084
Transaction with owners:								
Issue of ordinary shares pursuant to ESOS	1,093	-	-	(302)	-	791	-	791
Share options vested under ESOS	-	-	-	3	-	3	-	3
Total transactions with owners	1,093	-	-	(299)	-	794	-	794
At 30 June 2019	158,146	-	17,475	1,877	71,934	249,432	21,231	270,663



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

	----- Attributable to owners of the Company -----							Total equity RM'000
	----- Non-distributable -----			Distributable				
	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	
At 1 January 2018	134,730	21,128	12,805	1,740	39,671	210,074	20,820	230,894
Effects 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 options vested 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 CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	6 MONTHS ENDED	
	30 JUN	30 JUN
	2019	2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,635	15,570
Adjustments for:		
Interest income	(105)	(265)
Interest expense	617	358
Amortisation of intangible assets	204	198
Depreciation of property, plant and equipment	14,613	12,468
Depreciation of right-of-use assets	381	595
Gain on disposal of property, plant and equipment	(4)	-
Loss on lease modification	4	-
Impairment losses (trade receivables)	36	407
Impairment losses written back (trade receivables)	(186)	(8)
Inventories written back	820	134
Share options granted under ESOS	3	345
Unrealised forex losses	239	4,440
Written off on property, plant and equipment	1	23
Operating profit before changes in working capital	<u>31,258</u>	<u>34,265</u>
Changes in working capital:		
Receivables, amount due from associates and inventories	38,222	(6,045)
Payables and amount due to associates	<u>(34,661)</u>	<u>(9,723)</u>
Cash generated from operations	34,819	18,497
Interest paid	(617)	(358)
Tax paid, net	<u>(764)</u>	<u>(1,020)</u>
Net cash from operating activities	<u>33,438</u>	<u>17,119</u>



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

	6 MONTHS ENDED	
	30 JUN 2019 RM'000	30 JUN 2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(39,218)	(18,101)
Proceeds from disposal of property, plant and equipment	4	-
Changes in deposits pledged to licensed banks	273	137
Changes in bank balances pledged to licensed banks	-	2,084
Interest received	105	265
Net cash used in investing activities	(38,836)	(15,615)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayments)/drawdown of onshore foreign currency loan	(1,473)	333
Net repayments of term loan and revolving credits	(10,005)	(4,185)
Net repayments of hire purchase creditors	(33)	(32)
Repayments of lease liabilities	(358)	(595)
Proceeds from issuance of ordinary shares	791	593
Dividends paid	-	(9,413)
Net cash used in financing activities	(11,078)	(13,299)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,476)	(11,795)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(1,331)	(3,015)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	57,231	103,841
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	39,424	89,031
Cash and cash equivalents at the end of the financial period comprise of the followings:		
Cash and bank balances	39,424	88,249
Deposits with licensed banks	5,195	8,242
	44,619	96,491
Less: Deposits pledged to licensed banks	(5,195)	(7,460)
	39,424	89,031



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 2018. The explanatory notes attached to the interim financial statements provide explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

2. Changes in Accounting Policies

2.1 New MFRSs adopted during the financial period

The Group adopted the followings Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board (“MASB”) during the financial period:

IC Interpretation 23 *Uncertainty over Income Tax Treatments*
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group.

2.2 New MFRSs that have been issued but not yet effective

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate 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 2018 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)	
	2019	2018
As at 1 January	1,539,090	1,340,547
Issue of ordinary shares pursuant to ESOS	7,153	6,260
Issue of bonus shares	-	192,283
As at 30 June/31 December	<u>1,546,243</u>	<u>1,539,090</u>

9. Dividends Paid

No dividend was paid during the financial period ended 30 June 2019.



10. Segmental Information

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

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUN 2019 RM'000	30 JUN 2018 RM'000	30 JUN 2019 RM'000	30 JUN 2018 RM'000
Segment Revenue				
Sales and Marketing	23,158	138,368	45,123	153,540
Technical Support and Management	31,361	27,469	60,863	59,486
Engineering Services	587	510	1,079	1,027
Others (1)	174	112	454	241
	<u>55,280</u>	<u>166,459</u>	<u>107,519</u>	<u>214,294</u>
Eliminations	(117)	(63)	(180)	(126)
Revenue	<u>55,163</u>	<u>166,396</u>	<u>107,339</u>	<u>214,168</u>
EBITDA*				
Sales and Marketing	3,426	9,601	7,452	10,188
Technical Support and Management	12,359	10,221	25,363	25,772
Engineering Services	350	368	632	697
Others	(55)	113	34	512
Unallocated	(735)	(4,588)	(3,031)	(7,980)
Total	<u>15,345</u>	<u>15,715</u>	<u>30,450</u>	<u>29,189</u>
Segment Results				
Sales and Marketing	3,320	9,483	7,236	9,971
Technical Support and Management	5,399	4,234	11,392	13,988
Engineering Services	350	324	617	610
Others	(453)	(345)	(739)	(494)
	<u>8,616</u>	<u>13,696</u>	<u>18,506</u>	<u>24,075</u>
Unallocated expenses	(793)	(4,589)	(3,135)	(8,020)
- Interest income	48	130	99	257
- Legal and professional fee	(133)	(177)	(206)	(270)
- Realised foreign exchange gain	1,628	560	1,543	866
- Staff cost - ESOS	-	(111)	-	(222)
- Sundry income	26	24	55	67
- Unrealised foreign exchange gain/(loss) (trade)	1,011	(385)	821	(1,063)
- Unrealised foreign exchange loss (non-trade)	(933)	(2,595)	(1,060)	(3,377)
- Other expenses	(2,440)	(2,035)	(4,387)	(4,278)
Operating profit	<u>7,823</u>	<u>9,107</u>	<u>15,371</u>	<u>16,055</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) 89,598 ordinary shares at an issue price of RM0.088 per ordinary share;
 - (ii) 107,768 ordinary shares at an issue price of RM0.091 per ordinary share;
 - (iii) 9,142 ordinary shares at an issue price of RM0.092 per ordinary share; and
 - (iv) 185,140 ordinary shares at an issue price of RM0.103 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 as at 30 June 2019 is as follows:

	AS AT 30 JUN 2019 RM'000
Capital expenditure	
Approved but not contracted for:	
Property, plant and equipment	50,810
- 2019	27,262
- 2020	23,548
Contracted but not provided for:	
Property, plant and equipment	450
	<u>51,260</u>



16. Significant Related Party Transactions

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

	01.04.2019 to 30.06.2019 RM'000	01.01.2019 to 30.06.2019 RM'000
Sales of products to:		
- Channel Paradise Sdn. Bhd.	924	1,459
Technical support and management fee from:		
- Timor Holding, S.A.	894	2,063
Purchase of products from:		
- Channel Paradise Sdn. Bhd.	2,338	2,341
- Channel Paradise Pte. Ltd. (f.k.a. Standard RGB Pte. Ltd.)	249	702

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

The related party transactions described above were undertaken on mutually agreed and negotiated terms.



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	30 JUN	%	30 JUN	30 JUN	%
	2019	2018		2019	2018	
	RM'000	RM'000	+/(-)	RM'000	RM'000	+/(-)
Revenue						
Sales and Marketing	23,158	138,368	-83%	45,123	153,540	-71%
Technical Support and Management	31,361	27,469	+14%	60,863	59,486	+2%
Engineering Services	587	510	+15%	1,079	1,027	+5%
Others (1)	57	49	+16%	274	115	+138%
Total	55,163	166,396	-67%	107,339	214,168	-50%
EBITDA*						
Sales and Marketing	3,426	9,601	-64%	7,452	10,188	-27%
Technical Support and Management	12,359	10,221	+21%	25,363	25,772	-2%
Engineering Services	350	368	-5%	632	697	-9%
Others	(55)	113	-149%	34	512	-93%
Unallocated	(735)	(4,588)	-84%	(3,031)	(7,980)	-62%
Total	15,345	15,715	-2%	30,450	29,189	+4%
Profit/(Loss) before tax						
Sales and Marketing	3,221	9,472	-66%	6,929	9,955	-30%
Technical Support and Management	5,212	4,081	+28%	11,094	13,666	-19%
Engineering Services	349	323	+8%	616	607	+1%
Others	(453)	(342)	+32%	(739)	(494)	+50%
	8,329	13,534	-38%	17,900	23,734	-25%
Unallocated expenses	(857)	(4,675)	-82%	(3,265)	(8,164)	-60%
- Finance cost	(64)	(86)	-26%	(130)	(144)	-10%
- Interest income	48	130	-63%	99	257	-61%
- Legal and professional fee	(133)	(177)	-25%	(206)	(270)	-24%
- Realised foreign exchange gain	1,628	560	+191%	1,543	866	+78%
- Staff cost - ESOS	-	(111)	-100%	-	(222)	-100%
- Sundry income	26	24	+8%	55	67	-18%
- Unrealised foreign exchange gain/(loss) (trade)	1,011	(385)	+363%	821	(1,063)	+177%
- Unrealised foreign exchange loss (non-trade)	(933)	(2,595)	-64%	(1,060)	(3,377)	-69%
- Other expenses	(2,440)	(2,035)	+20%	(4,387)	(4,278)	+3%
Profit before tax	7,472	8,859	-16%	14,635	15,570	-6%

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 decreased by 83% and 66% respectively for the quarter ended 30 June 2019 mainly due to the late delivery of certain bulk orders to various countries and also partly caused by a bulk sales to an Integrated Resort in Indochina in previous year's corresponding quarter. However, the bulk orders are expected to be recognised by end of 2019.

The revenue and profit before tax for Technical Support and Management ("TSM") division increased by 14% and 28% respectively for the quarter ended 30 June 2019 as compared to previous year's corresponding quarter due to a better performance in most of the outlets.

(ii) Comparison with previous year's corresponding period

The revenue and profit before tax for SSM division decreased by 71% and 30% respectively for the first half of 2019 as compared to preceding year mainly due to the late delivery of certain bulk orders to various countries and also partly caused by a bulk sales to an Integrated Resort in Indochina in previous year's corresponding quarter. However, the bulk orders are expected to be recognised by end of 2019.

The revenue for TSM division increased by 2% for the first half of 2019 as compared to preceding year. However, the profit before tax decreased by 19% which was mainly due to the increase in number of new machines placed in the existing and new TSM outlets, which in turn increase the depreciation expense. In addition, all the set-up cost of two new TSM outlets were charged out during the 6 months which were yet to open as of the reporting date. One of these major TSM outlets was duly opened in the beginning of July 2019.


18. Comparison with Previous Quarter's Results

	CURRENT QUARTER RM'000	PREVIOUS QUARTER RM'000	% +/(-)
Revenue			
Sales and Marketing	23,158	21,965	+5%
Technical Support and Management	31,361	29,502	+6%
Engineering Services	587	492	+19%
Others (1)	57	217	-74%
Revenue	<u>55,163</u>	<u>52,176</u>	<u>+6%</u>
EBITDA*			
Sales and Marketing	3,426	4,026	-15%
Technical Support and Management	12,359	13,004	-5%
Engineering Services	350	282	+24%
Others	(55)	89	-162%
Unallocated	(735)	(2,296)	-68%
Total	<u>15,345</u>	<u>15,105</u>	<u>+2%</u>
Profit/(Loss) before tax			
Sales and Marketing	3,221	3,708	-13%
Technical Support and Management	5,212	5,882	-11%
Engineering Services	349	267	+31%
Others	(453)	(286)	+58%
	<u>8,329</u>	<u>9,571</u>	<u>-13%</u>
Unallocated expenses	(857)	(2,408)	-64%
- Finance cost	(64)	(66)	-3%
- Interest income	48	51	-6%
- Legal and professional fee	(133)	(73)	+82%
- Realised foreign exchange gain/(loss)	1,628	(85)	+2015%
- Sundry income	26	29	-10%
- Unrealised foreign exchange gain/(loss) (trade)	1,011	(190)	+632%
- Unrealised foreign exchange loss (non-trade)	(933)	(127)	+635%
- Other expenses	(2,440)	(1,947)	+25%
Profit before tax	<u>7,472</u>	<u>7,163</u>	<u>+4%</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)

The SSM and TSM division recorded a higher revenue in this quarter. However, the profit before tax has decreased respectively by 13% and 11% and this is mainly due to the charge-out of performance bonuses and incentives paid to staff in this quarter.

The loss before taxation for Others is mainly related to expenses arising from the R&D projects.

19. Commentary on Prospects

The Group continues to capitalise on the strong demand of our products and services across the regions. 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. Taxation

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUN	30 JUN	30 JUN	30 JUN
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current period	227	134	511	407

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2018: 24%) of the estimated assessable profit for the financial year. The effective tax rate of the Group for the financial year 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 29 August 2019.



23. Borrowings

	AS AT 30 JUN 2019 RM'000	AS AT 31 DEC 2018 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Onshore foreign currency loan	1,390	2,901
Revolving credits	-	9,090
Hire purchase creditors	22	55
Term loans	1,823	1,824
	<u>3,235</u>	<u>13,870</u>
Long Term Borrowings:		
<u>Secured</u>		
Term loans	4,558	5,472
	<u>4,558</u>	<u>5,472</u>
Total borrowings	<u>7,793</u>	<u>19,342</u>

Borrowings denominated in foreign currency as at 30 June 2019:

	Foreign currency '000	RM equivalent '000
<u>Onshore foreign currency loan</u>		
United States Dollar	335	1,390
<u>Term loans</u>		
United States Dollar	1,540	6,381
		<u>7,771</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

A final single-tier dividend of RM0.007 per ordinary share for the financial year ended 31 December 2018 was paid on 15 August 2019.

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 2019 RM'000	30 JUN 2018 RM'000	30 JUN 2019 RM'000	30 JUN 2018 RM'000
Interest income	(51)	(133)	(105)	(265)
Interest expenses	292	176	617	358
Amortisation of intangible assets	102	99	204	198
Depreciation of property, plant and equipment	7,282	6,262	14,613	12,468
Depreciation of right-of-use assets	196	319	381	595
Gain on disposal of property, plant and equipment	-	-	(4)	-
Loss on lease modification	6	-	4	-
Impairment losses (trade receivables)	2	261	36	407
Impairment losses written back (trade receivables)	(147)	(8)	(186)	(8)
Inventories written back	933	189	820	134
Written off on property, plant and equipment	1	19	1	23

**27. Earnings Per Ordinary 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 period.

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUN 2019	30 JUN 2018	30 JUN 2019	30 JUN 2018
Profit attributable to owners of the Company (RM'000)	<u>7,154</u>	<u>8,634</u>	<u>13,874</u>	<u>15,000</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,541,137</u>	<u>1,536,160</u>	<u>1,540,349</u>	<u>1,534,758</u>
Basic earnings per ordinary share (sen)	<u>0.46</u>	<u>0.56 *</u>	<u>0.90</u>	<u>0.98 *</u>

(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 2019	30 JUN 2018	30 JUN 2019	30 JUN 2018
Profit attributable to owners of the Company (RM'000)	<u>7,154</u>	<u>8,634</u>	<u>13,874</u>	<u>15,000</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,541,137</u>	<u>1,536,160</u>	<u>1,540,349</u>	<u>1,534,758</u>
Effect of dilution due to ESOS ('000)	<u>5,192</u>	<u>7,755</u>	<u>9,301</u>	<u>11,617</u>
Adjusted weighted average number of ordinary shares ('000)	<u>1,546,329</u>	<u>1,543,915</u>	<u>1,549,650</u>	<u>1,546,375</u>
Diluted earnings per ordinary share (sen)	<u>0.46</u>	<u>0.56 *</u>	<u>0.90</u>	<u>0.97 *</u>

* Pursuant to the requirements of MFRS 133 *Earnings per Share*, the weighted average number of ordinary shares used in the calculation of basic and diluted earnings per ordinary share above for the quarter ended 31 March 2018 have been retrospectively adjusted to reflect the bonus issue on 20 September 2018.



RGB International Bhd. (603831-K)

28. Authorisation for Issue

On 30 August 2019, the Board of Directors authorised the issue of these interim financial statements.

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

Dato' Seri Chuah Kim Seah
Managing Director
30 August 2019