



RGB International Bhd. [200301001411 (603831-K)]

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
31 December 2019



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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	3 MONTHS ENDED			12 MONTHS ENDED		
		31 DEC	31 DEC	%	31 DEC	31 DEC	%
		2019	2018		2019	2018	
		RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue	9	132,126	78,594	68%	351,097	379,250	-7%
Cost of sales		(104,144)	(65,164)	60%	(261,647)	(298,967)	-12%
- Depreciation		(11,447)	(7,110)	61%	(35,059)	(24,891)	41%
- Others		(92,697)	(58,054)	60%	(226,588)	(274,076)	-17%
Gross profit		27,982	13,430	108%	89,450	80,283	11%
Other income		1,128	972	16%	3,558	3,204	11%
Administrative expenses		(11,677)	(5,472)	113%	(44,978)	(36,847)	22%
- Depreciation		(1,019)	(1,074)	-5%	(3,443)	(3,824)	-10%
- Others		(10,658)	(4,398)	142%	(41,535)	(33,023)	26%
Selling and marketing expenses		(1,703)	(1,479)	15%	(5,453)	(6,233)	-13%
Other gain/(expenses), net		1,030	(865)	219%	1,727	(4,334)	140%
Finance costs		(454)	(226)	101%	(1,463)	(908)	61%
Profit before tax		16,306	6,360	156%	42,841	35,165	22%
Taxation	20	(1,578)	1,830	186%	(2,666)	274	1073%
Profit for the financial year		14,728	8,190	80%	40,175	35,439	13%
Other comprehensive (loss)/income, net of tax:							
Item that may be reclassified subsequently to profit or loss							
- Foreign currency translation, representing other comprehensive (loss)/income for the financial year		(5,292)	(81)	6433%	(2,568)	4,924	-152%
Total comprehensive income for the financial year		9,436	8,109	16%	37,607	40,363	-7%
Profit attributable to:							
Owners of the Company		14,713	8,182	80%	39,766	35,173	13%
Non-controlling interests		15	8	88%	409	266	54%
		14,728	8,190	80%	40,175	35,439	13%
Total comprehensive income attributable to:							
Owners of the Company		9,882	8,096	22%	37,425	39,675	-6%
Non-controlling interests		(446)	13	-3531%	182	688	-74%
		9,436	8,109	16%	37,607	40,363	-7%
Earnings per ordinary share attributable to owners of the Company (sen):							
Basic	26	0.95	0.53	79%	2.58	2.29	13%
Diluted	26	N/A	0.53	0%	N/A	2.27	0%

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	AS AT 31 DEC 2019 RM'000	AS AT 31 DEC 2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	219,008	171,711
Investments in associates		164	165
Right-of-use assets		4,886	3,039
Intangible assets		1,941	2,295
Trade receivables		23,463	25
Other receivables		4,528	37
Lease receivables		7,945	8,286
Due from associates		2,849	2,867
		<u>264,784</u>	<u>188,425</u>
Current assets			
Inventories		4,232	4,725
Trade receivables		141,441	123,399
Other receivables		32,719	47,091
Lease receivables		3,323	2,246
Deposits with licensed banks		13,974	6,287
Cash and bank balances		40,074	56,412
		<u>235,763</u>	<u>240,160</u>
TOTAL ASSETS		<u>500,547</u>	<u>428,585</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		158,485	157,053
Foreign currency translation reserve		15,167	17,508
Share options reserve		-	2,176
Retained earnings		88,738	58,060
		<u>262,390</u>	<u>234,797</u>
Non-controlling interests		21,170	20,988
Total equity		<u>283,560</u>	<u>255,785</u>
Non-current liabilities			
Borrowings	22	22,202	5,472
Lease liabilities		2,577	657
Trade payables		18,670	8,592
Deferred tax liabilities		129	134
		<u>43,578</u>	<u>14,855</u>
Current liabilities			
Borrowings	22	7,544	13,870
Lease liabilities		931	913
Trade payables		132,051	107,748
Other payables		24,816	23,054
Contract liabilities		6,875	11,561
Due to associates		88	89
Current tax liabilities		1,104	710
		<u>173,409</u>	<u>157,945</u>
Total liabilities		<u>216,987</u>	<u>172,800</u>
TOTAL EQUITY AND LIABILITIES		<u>500,547</u>	<u>428,585</u>
Net assets per share (sen)		<u>17</u>	<u>15</u>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 year	-	-	-	-	39,766	39,766	409	40,175
Foreign currency translations	-	-	(2,341)	-	-	(2,341)	(227)	(2,568)
Total comprehensive income for the financial year	-	-	(2,341)	-	39,766	37,425	182	37,607
Transaction with owners:								
Issue of ordinary shares pursuant to ESOS	1,432	-	-	(441)	-	991	-	991
Share options vested under ESOS	-	-	-	3	-	3	-	3
Expiry of ESOS	-	-	-	(1,738)	1,738	-	-	-
Dividends paid	-	-	-	-	(10,826)	(10,826)	-	(10,826)
Total transactions with owners	1,432	-	-	(2,176)	(9,088)	(9,832)	-	(9,832)
At 31 December 2019	158,485	-	15,167	-	88,738	262,390	21,170	283,560



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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	-	-	201	-	(7,371)	(7,170)	(520)	(7,690)
At 1 January 2018 (as restated)	134,730	21,128	13,006	1,740	32,300	202,904	20,300	223,204
Profit for the financial year	-	-	-	-	35,173	35,173	266	35,439
Foreign currency translations	-	-	4,502	-	-	4,502	422	4,924
Total comprehensive income for the financial year	-	-	4,502	-	35,173	39,675	688	40,363
Transaction with owners:								
Issue of ordinary shares pursuant to ESOS	1,195	-	-	(374)	-	821	-	821
Share options vested under ESOS	-	-	-	810	-	810	-	810
Bonus issue	19,228	(19,228)	-	-	-	-	-	-
Transfer pursuant to Companies Act 2016	1,900	(1,900)	-	-	-	-	-	-
Dividends paid	-	-	-	-	(9,413)	(9,413)	-	(9,413)
Total transactions with owners	22,323	(21,128)	-	436	(9,413)	(7,782)	-	(7,782)
At 31 December 2018	157,053	-	17,508	2,176	58,060	234,797	20,988	255,785

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	12 MONTHS ENDED	
	31 DEC	31 DEC
	2019	2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	42,841	35,165
Adjustments for:		
Interest income	(633)	(424)
Interest expense	1,168	653
Amortisation of intangible assets	341	402
Depreciation of property, plant and equipment	37,553	27,412
Depreciation of right-of-use assets	949	1,303
Gain on disposal of property, plant and equipment	(4)	(11)
Loss on lease modification	4	-
Impairment of property, plant and equipment	-	807
Impairment losses (non-trade receivables)	352	262
Impairment losses (trade receivables)	902	769
Impairment losses written back (non-trade receivables)	-	(7)
Impairment losses written back (trade receivables)	(422)	(541)
Inventories written down/(back)	293	(137)
Share options vested under ESOS	3	810
Unrealised forex (gain)/losses	(1,238)	3,694
Written off on property, plant and equipment	18	36
Operating profit before changes in working capital	<u>82,127</u>	<u>70,193</u>
Changes in working capital:		
Receivables, amount due from associates and inventories	(30,927)	(27,476)
Payables, contract liabilities and amount due to associates	31,748	6,957
Cash generated from operations	<u>82,948</u>	<u>49,674</u>
Interest paid	(1,168)	(653)
Tax paid, net	(2,277)	(2,081)
Net cash from operating activities	<u>79,503</u>	<u>46,940</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

	12 MONTHS ENDED	
	31 DEC	31 DEC
	2019	2018
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(87,972)	(94,266)
Proceeds from disposal of property, plant and equipment	4	12
Changes in bank balances and deposits pledged to licensed banks	(7,930)	4,213
Interest received	633	424
Net cash used in investing activities	(95,265)	(89,617)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayments)/drawdown of onshore foreign currency loan	(2,863)	2,374
Net drawdown of term loan and revolving credits	13,360	4,197
Repayments of hire purchase creditors	(129)	(63)
Repayments of lease liabilities	(886)	(1,235)
Proceeds from issuance of ordinary shares	991	821
Dividends paid	(10,826)	(9,413)
Net cash used in financing activities	(353)	(3,319)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,115)	(45,996)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(466)	(614)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	57,231	103,841
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	40,650	57,231
Cash and cash equivalents at the end of the financial year comprise of the followings:		
Cash and bank balances	40,074	56,412
Deposits with licensed banks	13,974	6,287
	54,048	62,699
Less: Deposits pledged to licensed banks	(13,398)	(5,468)
	40,650	57,231



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 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*
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 119 *Plan Amendment, Curtailment or Settlement*
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*

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 7, MFRS 9 and MFRS 139 Interest Rate Benchmark Reform</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. Significant Event

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

4. Comments about Seasonal or Cyclical Factors

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

5. 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.

6. 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.

7. 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	9,156	6,260
Issue of bonus shares	-	192,283
As at 31 December	<u>1,548,246</u>	<u>1,539,090</u>

8. Dividends Paid

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.



9. Segmental Information

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

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC	31 DEC	31 DEC	31 DEC
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Sales and Marketing	97,746	55,427	223,476	265,124
Technical Support and Management	33,743	22,831	125,300	110,680
Engineering Services	512	488	1,903	3,417
Others (1)	215	(89)	778	281
	<u>132,216</u>	<u>78,657</u>	<u>351,457</u>	<u>379,502</u>
Eliminations	(90)	(63)	(360)	(252)
Revenue	<u>132,126</u>	<u>78,594</u>	<u>351,097</u>	<u>379,250</u>
EBITDA*				
Sales and Marketing	10,884	6,964	28,563	24,554
Technical Support and Management	18,904	10,489	59,143	49,965
Engineering Services	255	298	999	2,738
Others	(38)	(241)	92	343
Unallocated	(833)	(1,898)	(5,944)	(11,857)
Total	<u>29,172</u>	<u>15,612</u>	<u>82,853</u>	<u>65,743</u>
Profit/(Loss) before tax				
Sales and Marketing	10,783	6,773	27,821	24,025
Technical Support and Management	6,788	2,025	22,045	22,393
Engineering Services	254	255	983	2,559
Others	(563)	(709)	(1,584)	(1,601)
	<u>17,262</u>	<u>8,344</u>	<u>49,265</u>	<u>47,376</u>
Unallocated expenses	(956)	(1,984)	(6,424)	(12,211)
- Finance cost	(128)	(76)	(317)	(286)
- Interest income	263	67	618	410
- Legal and professional fee	(166)	(99)	(479)	(701)
- Realised foreign exchange (loss)/gain	(539)	94	506	192
- Staff cost - ESOS	-	(15)	-	(358)
- Sundry income	25	25	107	124
- Unrealised foreign exchange gain (trade)	126	729	557	68
- Unrealised foreign exchange gain/(loss) (non-trade)	1,445	(873)	681	(3,762)
- Other expenses	(1,982)	(1,836)	(8,097)	(7,898)
Profit before tax	<u>16,306</u>	<u>6,360</u>	<u>42,841</u>	<u>35,165</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.



10. Valuation of Property, Plant and Equipment

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

11. Subsequent Events

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

- (a) During January 2020, the Company acquired 3.45 million ordinary shares from the open market for a cash consideration of RM0.61 million. The repurchased shares are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016.

12. 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.

13. Changes in Contingent Liabilities and Contingent Assets

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

14. Capital Commitments

The amount of capital commitments as at 31 December 2019 is as follows:

	AS AT 31 DEC 2019 RM'000
Capital expenditure	
Approved but not contracted for:	
Property, plant and equipment	<u>69,000</u>



15. Significant Related Party Transactions

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

	01.10.2019 to 31.12.2019 RM'000	01.01.2019 to 31.12.2019 RM'000
Sales of products to:		
- Channel Paradise Sdn. Bhd.	1,568	3,470
Technical support and management fee from:		
- Timor Holding, S.A.	1,325	4,556
Purchase of products from:		
- Channel Paradise Sdn. Bhd.	327	2,977
- Channel Paradise Pte. Ltd. (f.k.a. Standard RGB Pte. Ltd.)	1,378	3,828

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”)

16. Performance Review

	3 MONTHS ENDED			12 MONTHS ENDED		
	31 DEC	31 DEC	%	31 DEC	31 DEC	%
	2019	2018		2019	2018	
	RM'000	RM'000	+/(-)	RM'000	RM'000	+/(-)
Revenue						
Sales and Marketing	97,746	55,427	+76%	223,476	265,124	-16%
Technical Support and Management	33,743	22,831	+48%	125,300	110,680	+13%
Engineering Services	512	488	+5%	1,903	3,417	-44%
Others (1)	125	(152)	+182%	418	29	+1341%
Total	132,126	78,594	+68%	351,097	379,250	-7%
Profit/(Loss) before tax						
Sales and Marketing	10,783	6,773	+59%	27,821	24,025	+16%
Technical Support and Management	6,788	2,025	+235%	22,045	22,393	-2%
Engineering Services	254	255	-0%	983	2,559	-62%
Others	(563)	(709)	-21%	(1,584)	(1,601)	-1%
	17,262	8,344	+107%	49,265	47,376	+4%
Unallocated expenses	(956)	(1,984)	-52%	(6,424)	(12,211)	-47%
- Finance cost	(128)	(76)	+68%	(317)	(286)	+11%
- Interest income	263	67	+293%	618	410	+51%
- Legal and professional fee	(166)	(99)	+68%	(479)	(701)	-32%
- Realised foreign exchange (loss)/gain	(539)	94	-673%	506	192	+164%
- Staff cost - ESOS	-	(15)	-100%	-	(358)	-100%
- Sundry income	25	25	+0%	107	124	-14%
- Unrealised foreign exchange gain (trade)	126	729	-83%	557	68	+719%
- Unrealised foreign exchange gain/(loss) (non-trade)	1,445	(873)	+266%	681	(3,762)	+118%
- Other expenses	(1,982)	(1,836)	+8%	(8,097)	(7,898)	+3%
Profit before tax	16,306	6,360	+156%	42,841	35,165	+22%

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.



16. 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 76% and 59% respectively for the quarter ended 31 December 2019 as compared to previous year's corresponding quarter mainly due to increase in number of products sold.

The revenue and profit before tax for Technical Support and Management ("TSM") division increased by 48% and 235% respectively for the quarter ended 31 December 2019 as compared to previous year's corresponding quarter mainly due to a better performance and opening of an additional outlet during the year.

(ii) Comparison with previous year

The revenue for SSM division decreased by 16% for the year ended 31 December 2019 as compared to previous year. The higher revenue in previous year was solely due to a bulk sale to an Integrated Resort in Indochina with a lower margin.

The revenue for TSM division increased by 13% for the year ended 31 December 2019 as compared to previous year due to a better performance and opening of an additional outlet during the year. However, the profit before tax decreased by 2% mainly due to higher depreciation and an additional provision for jackpot liabilities on new machines placed in a new outlet.

The revenue for Engineering Services division decreased by 44% for the year ended 31 December 2019 as compared to previous year. The higher revenue in previous year was due to a bulk installation of new machines in an Integrated Resort in Indochina.



17. Comparison with Previous Quarter's Results

	CURRENT QUARTER RM'000	PREVIOUS QUARTER RM'000	% +/(-)
Revenue			
Sales and Marketing	97,746	80,607	+21%
Technical Support and Management	33,743	30,694	+10%
Engineering Services	512	312	+64%
Others (1)	125	19	+558%
	<u>132,126</u>	<u>111,632</u>	<u>+18%</u>
Profit/(Loss) before tax			
Sales and Marketing	10,783	10,109	+7%
Technical Support and Management	6,788	4,163	+63%
Engineering Services	254	113	+125%
Others	(563)	(282)	+100%
	<u>17,262</u>	<u>14,103</u>	<u>+22%</u>
Unallocated expenses	(956)	(2,203)	-57%
- Finance cost	(128)	(59)	+117%
- Interest income	263	256	+3%
- Legal and professional fee	(166)	(107)	+55%
- Realised foreign exchange loss	(539)	(498)	+8%
- Sundry income	25	27	-7%
- Unrealised foreign exchange gain/(loss) (trade)	126	(390)	+132%
- Unrealised foreign exchange gain (non-trade)	1,445	296	+388%
- Other expenses	(1,982)	(1,728)	+15%
	<u>16,306</u>	<u>11,900</u>	<u>+37%</u>
Profit before tax	<u>16,306</u>	<u>11,900</u>	<u>+37%</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.

The revenue and profit before tax for SSM division increased by 21% and 7% respectively due to increase in number of products sold.

The revenue and profit before tax for TSM division increased by 10% and 63% respectively mainly due to a better performance in the outlets.



18. Commentary on Prospects

The Group continues to capitalise on the strong performance of new and existing products, to further strengthen its presence in existing territories, to increase number of concession machines through the existing and new concessions, and to mobilise the concession gaming machines for better efficiency and profitability across the concession venues. Barring unforeseen circumstances, the Group expects to achieve a better performance next year.

19. Profit Forecast

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

20. Taxation

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2019 RM'000	31 DEC 2018 RM'000	31 DEC 2019 RM'000	31 DEC 2018 RM'000
Income Tax				
- Current period	1,583	502	2,651	2,058
- (Over)/Underprovision in prior year	-	(2,334)	20	(2,334)
Deferred Tax				
- Current period	(5)	(7)	(5)	(7)
- Underprovision in prior year	-	9	-	9
	<u>1,578</u>	<u>(1,830)</u>	<u>2,666</u>	<u>(274)</u>

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.

21. Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement.



22. Borrowings

	AS AT 31 DEC 2019 RM'000	AS AT 31 DEC 2018 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Onshore foreign currency loan	-	2,901
Revolving credits	4,101	9,090
Hire purchase creditors	-	55
Term loans	3,443	1,824
	<u>7,544</u>	<u>13,870</u>
Long Term Borrowings:		
<u>Secured</u>		
Term loans	22,202	5,472
	<u>22,202</u>	<u>5,472</u>
Total borrowings	<u>29,746</u>	<u>19,342</u>

Borrowings denominated in foreign currency as at 31 December 2019:

	Foreign currency '000	RM equivalent '000
<u>Revolving credits</u>		
United States Dollar	1,000	4,101
<u>Term loans</u>		
United States Dollar	6,253	25,645
		<u>29,746</u>

23. 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.

24. Dividends

The Board of Directors has proposed an interim single-tier dividend of RM0.003 per ordinary share for the financial year ended 31 December 2019. The entitlement date is fixed on 31 March 2020 and payment will be made on 15 April 2020.



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

The profit before taxation is after accounting for the following:

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(270)	(71)	(633)	(424)
Rental income	(562)	(563)	(2,237)	(2,179)
Sundry income	(296)	(338)	(688)	(601)
Interest expenses	331	157	1,168	653
Amortisation of intangible assets	68	103	341	402
Depreciation of property, plant and equipment	12,141	7,807	37,553	27,412
Depreciation of right-of-use assets	325	377	949	1,303
Gain on disposal of property, plant and equipment	-	-	(4)	(11)
Loss on lease modification	-	-	4	-
Impairment of property, plant and equipment	-	807	-	807
Impairment losses (non-trade receivables)	352	262	352	262
Impairment losses (trade receivables)	762	255	902	769
Impairment losses written back (non-trade receivables)	-	-	-	(7)
Impairment losses written back (trade receivables)	(139)	(275)	(422)	(541)
Inventories written down/(back)	(627)	545	293	(137)
Realised foreign exchange loss/(gain)	539	(94)	(507)	(192)
Unrealised foreign exchange (gain)/loss	(1,571)	144	(1,238)	3,694
Written off on property, plant and equipment	3	7	18	36

26. Earnings Per Ordinary Share

(a) Basic

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

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
Profit attributable to owners of the Company (RM'000)	<u>14,712</u>	<u>8,182</u>	<u>39,765</u>	<u>35,173</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,548,167</u>	<u>1,538,610</u>	<u>1,543,896</u>	<u>1,536,480</u>
Basic earnings per ordinary share (sen)	<u>0.95</u>	<u>0.53</u>	<u>2.58</u>	<u>2.29</u>



26. Earnings Per Ordinary Share (Continued)

(b) Diluted

Diluted earnings per share for current period/year has not been presented as the Group did not have any outstanding share options as at 31 December 2019. Diluted earnings per ordinary share for previous year is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
Profit attributable to owners of the Company (RM'000)	N/A	8,182	N/A	35,173
Weighted average number of ordinary shares in issue ('000)	N/A	1,538,610	N/A	1,536,480
Effect of dilution due to ESOS ('000)	N/A	5,944	N/A	14,209
Adjusted weighted average number of ordinary shares ('000)	N/A	1,544,554	N/A	1,550,689
Diluted earnings per ordinary share (sen)	N/A	0.53	N/A	2.27

27. 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.

28. Authorisation for Issue

On 27 February 2020, the Board of Directors authorised the issue of these interim financial statements.

By Order of the Board
RGB International Bhd. [200301001411 (603831-K)]

Dato' Seri Chuah Kim Seah
Managing Director
27 February 2020