



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

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
31 March 2020



CONTENTS

	PAGE
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3 - 4
CONSOLIDATED STATEMENT OF CASH FLOWS	5 – 6
EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134	7 – 11
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B (RULE 9.22(2)) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)	12 – 17



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Note	3 MONTHS ENDED			3 MONTHS ENDED		
		31 MAR	31 MAR	%	31 MAR	31 MAR	%
		2020	2019		2020	2019	
		RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue	9	77,433	52,176	48%	77,433	52,176	48%
Cost of sales		(63,670)	(33,456)	90%	(63,670)	(33,456)	90%
- Depreciation		(12,871)	(6,755)	91%	(12,871)	(6,755)	91%
- Others		(50,799)	(26,701)	90%	(50,799)	(26,701)	90%
Gross profit		13,763	18,720	-26%	13,763	18,720	-26%
Other income		791	862	-8%	791	862	-8%
Administrative expenses		(6,681)	(10,597)	-37%	(6,681)	(10,597)	-37%
- Depreciation		(888)	(761)	17%	(888)	(761)	17%
- Others		(5,793)	(9,836)	-41%	(5,793)	(9,836)	-41%
Selling and marketing expenses		(1,104)	(1,040)	6%	(1,104)	(1,040)	6%
Other expenses, net		(1,702)	(397)	329%	(1,702)	(397)	329%
Finance costs		(473)	(385)	23%	(473)	(385)	23%
Profit before tax		4,594	7,163	-36%	4,594	7,163	-36%
Taxation	20	(915)	(284)	-222%	(915)	(284)	-222%
Profit for the financial period		3,679	6,879	-47%	3,679	6,879	-47%
Other comprehensive income/(loss), net of tax:							
Item that may be reclassified subsequently to profit or loss							
- Foreign currency translations, representing other comprehensive income/(loss) for the financial period							
		13,770	(3,559)	487%	13,770	(3,559)	487%
Total comprehensive income for the financial period		17,449	3,320	426%	17,449	3,320	426%
Profit attributable to:							
Owners of the Company		3,600	6,720	-46%	3,600	6,720	-46%
Non-controlling interests		79	159	-50%	79	159	-50%
		3,679	6,879	-47%	3,679	6,879	-47%
Total comprehensive income attributable to:							
Owners of the Company		16,194	3,495	363%	16,194	3,495	363%
Non-controlling interests		1,255	(175)	817%	1,255	(175)	817%
		17,449	3,320	426%	17,449	3,320	426%
Earnings per ordinary share attributable to owners of the Company (sen):							
Basic	26	0.23	0.44	-48%	0.23	0.44	-48%
Diluted	26	0.23	0.43	-47%	0.23	0.43	-47%

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	Note	AS AT 31 MAR 2020 RM'000	AS AT 31 DEC 2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	196,478	184,746
Investment property		35,931	34,262
Investments in associates		173	164
Right-of-use assets		5,125	4,886
Intangible assets		1,953	1,941
Trade receivables		22,966	23,463
Other receivables		4,766	4,528
Lease receivables		7,477	7,945
Due from associates		3,007	2,849
		<u>277,876</u>	<u>264,784</u>
Current assets			
Inventories		6,141	4,232
Trade receivables		155,565	141,441
Other receivables		35,611	32,719
Lease receivables		3,645	3,323
Deposits with licensed banks		14,295	13,974
Cash and bank balances		56,908	40,074
		<u>272,165</u>	<u>235,763</u>
TOTAL ASSETS		<u>550,041</u>	<u>500,547</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		158,485	158,485
Treasury shares		(842)	-
Foreign currency translation reserve		27,761	15,167
Retained earnings		92,338	88,738
		<u>277,742</u>	<u>262,390</u>
Non-controlling interests		22,425	21,170
Total equity		<u>300,167</u>	<u>283,560</u>
Non-current liabilities			
Borrowings	22	22,378	22,202
Lease liabilities		2,709	2,576
Trade payables		16,115	18,671
Deferred tax liabilities		129	129
		<u>41,331</u>	<u>43,578</u>
Current liabilities			
Borrowings	22	15,411	7,544
Lease liabilities		1,077	932
Trade payables		138,689	132,050
Other payables		28,811	24,816
Contract liabilities		23,398	6,875
Due to associates		93	88
Current tax liabilities		1,064	1,104
		<u>208,543</u>	<u>173,409</u>
Total liabilities		<u>249,874</u>	<u>216,987</u>
TOTAL EQUITY AND LIABILITIES		<u>550,041</u>	<u>500,547</u>
Net assets per share (sen)		<u>18</u>	<u>17</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	----- Attributable to owners of the Company -----						Total equity RM'000
	----- Non-distributable -----			Distributable			
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	
At 1 January 2020	158,485	-	15,167	88,738	262,390	21,170	283,560
Profit for the financial period	-	-	-	3,600	3,600	79	3,679
Foreign currency translations	-	-	12,594	-	12,594	1,176	13,770
Total comprehensive income for the financial period	-	-	12,594	3,600	16,194	1,255	17,449
Transaction with owners:							
Purchase of treasury shares	-	(842)	-	-	(842)	-	(842)
Total transactions with owners	-	(842)	-	-	(842)	-	(842)
At 31 March 2020	158,485	(842)	27,761	92,338	277,742	22,425	300,167

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONTINUED)**

	----- Attributable to owners of the Company -----						Total equity RM'000
	----- Non-distributable -----			Distributable			
	Share capital 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	-	-	-	6,720	6,720	159	6,879
Foreign currency translations	-	(3,225)	-	-	(3,225)	(334)	(3,559)
Total comprehensive income for the financial period	-	(3,225)	-	6,720	3,495	(175)	3,320
Transaction with owners:							
Issue of ordinary shares pursuant to ESOS	386	-	(119)	-	267	-	267
Share options vested under ESOS	-	-	3	-	3	-	3
Total transactions with owners	386	-	(116)	-	270	-	270
At 31 March 2019	157,439	14,283	2,060	64,780	238,562	20,813	259,375

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	3 MONTHS ENDED	
	31 MAR 2020 RM'000	31 MAR 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,594	7,163
Adjustments for:		
Interest income	(183)	(54)
Interest expense	408	325
Amortisation of intangibles assets	46	102
Depreciation of investment property	223	-
Depreciation of property, plant and equipment	13,255	7,331
Depreciation of right-of-use assets	281	185
Impairment losses on:		
- trade receivables	46	34
Impairment losses written back on:		
- trade receivables	(1)	(39)
Gain on disposal of property, plant & equipment	-	(4)
Gain on lease modification	(2)	(2)
Inventories written back	(56)	(113)
Share options granted under ESOS	-	3
Unrealised forex loss	1,789	318
Written off on property, plant and equipment	1	-
Operating profit before changes in working capital	<u>20,401</u>	<u>15,249</u>
Changes in working capital:		
Receivables, amount due from associates and inventories	(18,164)	20,667
Payables, contract liabilities and amount due to associates	<u>23,738</u>	<u>(28,835)</u>
Cash generated from operations	<u>25,975</u>	<u>7,081</u>
Interest paid	(372)	(325)
Taxes paid	(955)	(462)
Net cash from operating activities	<u>24,648</u>	<u>6,294</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONTINUED)**

	3 MONTHS ENDED	
	31 MAR 2020 RM'000	31 MAR 2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,608)	(30,956)
Proceeds from disposals of property, plant and equipment	-	4
Changes in deposits pledged to licensed banks	(465)	2,342
Interest received	183	54
Net cash used in investing activities	(15,890)	(28,556)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	267
Net proceeds from bankers' acceptances and onshore foreign currency loan	2,850	545
Net drawdown/(repayments) of term loans	514	(565)
Net proceeds from revolving credits	4,556	1,108
Repayments of hire purchase creditors	-	(17)
Payments of lease liabilities	(267)	(199)
Buy-back of own shares	(842)	-
Net cash from financing activities	6,811	1,139
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15,569	(21,123)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	1,121	(992)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	40,650	57,231
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	57,340	35,116
Cash and cash equivalents at the end of the financial period comprise of the followings:		
Cash and bank balances	56,908	35,116
Deposits with licensed banks	14,295	3,126
	71,203	38,242
Less: Deposits pledged to licensed banks	(13,863)	(3,126)
	57,340	35,116



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 2019. 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 2019.

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:

Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3 Definition of a Business
Amendments to MFRS 7, MFRS 9 and MFRS 139 Interest Rate Benchmark Reform
Amendments to MFRS 16 Covid-19-Related Rent Concessions
Amendments to MFRS 101 and MFRS 108 Definition of Material

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
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2022
Amendments to MFRS 3 <i>Reference to Conceptual Framework</i>	1 January 2022
Amendments to MFRS 9 <i>Financial Instruments</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment—Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts—Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 141 <i>Agriculture</i>	1 January 2022
Amendments to MFRS 10 and MFRS 128 <i>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)	
	2020	2019
As at 1 January	1,548,246	1,539,090
Issue of ordinary shares pursuant to ESOS	-	9,156
As at 31 March/31 December	<u>1,548,246</u>	<u>1,548,246</u>

- **Treasury Shares**

During the period ended 31 March 2020, the Company repurchased a total of 4,784,800 ordinary shares from the open market for a total consideration of RM841,841 at an average cost of RM0.18 per share. The repurchased shares are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016.

8. Dividends Paid

An interim single-tier dividend of RM0.003 per ordinary share for the financial year ended 31 December 2019 was paid on 15 April 2020.



9. Segmental Information

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

	3 MONTHS ENDED		3 MONTHS ENDED	
	31 MAR 2020 RM'000	31 MAR 2019 RM'000	31 MAR 2020 RM'000	31 MAR 2019 RM'000
Segment Revenue				
Sales and Marketing	44,046	21,965	44,046	21,965
Technical Support and Management	32,676	29,502	32,676	29,502
Engineering Services	690	492	690	492
Others (1)	111	280	111	280
	<u>77,523</u>	<u>52,239</u>	<u>77,523</u>	<u>52,239</u>
Eliminations	(90)	(63)	(90)	(63)
Revenue	<u>77,433</u>	<u>52,176</u>	<u>77,433</u>	<u>52,176</u>
EBITDA*				
Sales and Marketing	7,978	4,026	7,978	4,026
Technical Support and Management	11,461	13,004	11,461	13,004
Engineering Services	476	282	476	282
Others	(102)	89	(102)	89
Unallocated	(1,229)	(2,296)	(1,229)	(2,296)
Total	<u>18,584</u>	<u>15,105</u>	<u>18,584</u>	<u>15,105</u>
Profit/(Loss) before tax				
Sales and Marketing	7,835	3,708	7,835	3,708
Technical Support and Management	(2,096)	5,882	(2,096)	5,882
Engineering Services	476	267	476	267
Others	(268)	(286)	(268)	(286)
	<u>5,947</u>	<u>9,571</u>	<u>5,947</u>	<u>9,571</u>
Unallocated expenses	(1,353)	(2,408)	(1,353)	(2,408)
- Finance cost	(69)	(66)	(69)	(66)
- Interest income	183	51	183	51
- Legal and professional fee	(53)	(73)	(53)	(73)
- Realised foreign exchange gain/(loss)	86	(85)	86	(85)
- Sundry income	25	29	25	29
- Unrealised foreign exchange loss (trade)	(1,330)	(190)	(1,330)	(190)
- Unrealised foreign exchange loss (non-trade)	(459)	(127)	(459)	(127)
- Other income/(expenses)	264	(1,947)	264	(1,947)
	<u>4,594</u>	<u>7,163</u>	<u>4,594</u>	<u>7,163</u>
Profit before tax	<u>4,594</u>	<u>7,163</u>	<u>4,594</u>	<u>7,163</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.

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 March 2020 is as follows:

	AS AT 31 MAR 2020 RM'000
Capital expenditure	
Approved but not contracted for:	
Property, plant and equipment	<u>3,000</u>

15. Significant Related Party Transactions

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

	01.01.2020 to 31.03.2020 RM'000
Sales of products to:	
- Channel Paradise Sdn. Bhd.	4,848
Technical support and management fee from:	
- Timor Holding, S.A.	1,102
Purchase of products from:	
- Channel Paradise Sdn. Bhd.	3,879

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			3 MONTHS ENDED		
	31 MAR	31 MAR	%	31 MAR	31 MAR	%
	2020	2019		2020	2019	
	RM'000	RM'000	+/(-)	RM'000	RM'000	+/(-)
Revenue						
Sales and Marketing	44,046	21,965	+101%	44,046	21,965	+101%
Technical Support and Management	32,676	29,502	+11%	32,676	29,502	+11%
Engineering Services	690	492	+40%	690	492	+40%
Others (1)	21	217	-90%	21	217	-90%
Total	77,433	52,176	+48%	77,433	52,176	+48%
Profit/(Loss) before tax						
Sales and Marketing	7,835	3,708	+111%	7,835	3,708	+111%
Technical Support and Management	(2,096)	5,882	-136%	(2,096)	5,882	-136%
Engineering Services	476	267	+78%	476	267	+78%
Others	(268)	(286)	-6%	(268)	(286)	-6%
	5,947	9,571	-38%	5,947	9,571	-38%
Unallocated expenses	(1,353)	(2,408)	-44%	(1,353)	(2,408)	-44%
- Finance cost	(69)	(66)	+5%	(69)	(66)	+5%
- Interest income	183	51	+259%	183	51	+259%
- Legal and professional fee	(53)	(73)	-27%	(53)	(73)	-27%
- Realised foreign exchange gain/(loss)	86	(85)	+201%	86	(85)	+201%
- Sundry income	25	29	-14%	25	29	-14%
- Unrealised foreign exchange loss (trade)	(1,330)	(190)	+600%	(1,330)	(190)	+600%
- Unrealised foreign exchange loss (non-trade)	(459)	(127)	+261%	(459)	(127)	+261%
- Other income/(expenses)	264	(1,947)	+114%	264	(1,947)	+114%
Profit before tax	4,594	7,163	-36%	4,594	7,163	-36%

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 101% and 111% respectively for the quarter ended 31 March 2020 as compared to previous year's corresponding quarter mainly due to increase in number of products sold.

The revenue of Technical Support and Management (“TSM”) division increased by 11% for the quarter ended 31 March 2020 as compared to previous year's corresponding quarter mainly due to opening of new outlets. However, this division recorded a loss of RM2.1 million mainly due to the additional depreciation of the new machines placed in new and existing outlets and also due to loss of revenue during the lockdown period imposed by various countries starting from mid-March 2020 as part of the measures to prevent the spreading of COVID-19.



17. Comparison with Previous Quarter's Results

	CURRENT QUARTER RM'000	PREVIOUS QUARTER RM'000	% + / (-)
Revenue			
Sales and Marketing	44,046	97,746	-55%
Technical Support and Management	32,676	33,743	-3%
Engineering Services	690	512	+35%
Others (1)	21	125	-83%
Revenue	77,433	132,126	-41%
Profit/(Loss) before tax			
Sales and Marketing	7,835	10,895	-28%
Technical Support and Management	(2,096)	8,029	-126%
Engineering Services	476	255	+87%
Others	(268)	(562)	-52%
	5,947	18,617	-68%
Unallocated expenses	(1,353)	(956)	+42%
- Finance cost	(69)	(128)	-46%
- Interest income	183	263	-30%
- Legal and professional fee	(53)	(166)	-68%
- Realised foreign exchange gain/(loss)	86	(539)	+116%
- Sundry income	25	25	+0%
- Unrealised foreign exchange (loss)/gain (trade)	(1,330)	126	-1156%
- Unrealised foreign exchange (loss)/gain (non-trade)	(459)	1,445	-132%
- Other income/(expenses)	264	(1,982)	+113%
Profit before tax	4,594	17,661	-74%

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.

SSM division recorded lower revenue and profit before tax in current quarter due to decrease in number of products sold as compared to previous quarter.

The revenue for TSM division decreased by 3% due to loss of revenue during the lockdown period imposed by various countries starting from mid-March 2020 as part of the measures to prevent the spreading of COVID-19. The profit before tax decreased by 126% mainly due to higher depreciation on new machines placed in new outlets.



18. Commentary on Prospects

The COVID-19 pandemic and the preventive measures taken by governments worldwide have placed significant pressure on the respective countries' economies. The tourism, leisure & hospitality and gaming industries are among the hardest hit by this unprecedented crisis.

The financial impact of the COVID-19 pandemic could be significant to the Group and the Group is in the process of assessing the financial impact of COVID-19 pandemic since ongoing developments remain uncertain at this point in time.

Gaming establishments in Timor-Leste and Vietnam have resumed operations starting from May 2020 while some casinos and VIP clubs in the other regions where the Group operates have also begun to resume operations starting from mid-June 2020.

In the meantime, the Group continues to implement various cost control measures across the regions to contain its expenditures during this lockdown period. The Group has also put in place stringent health and precautionary measures at all its properties to comply with the relevant standard operating procedures and to ensure the safety and well-being of its employees and visitors at all times.

19. Profit Forecast

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

20. Taxation

	3 MONTHS ENDED		3 MONTHS ENDED	
	31 MAR 2020 RM'000	31 MAR 2019 RM'000	31 MAR 2020 RM'000	31 MAR 2019 RM'000
Income Tax				
- Current period	970	284	970	284
- Overprovision in prior year	(55)	-	(55)	-
	<u>915</u>	<u>284</u>	<u>915</u>	<u>284</u>

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2019: 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 MAR 2020 RM'000	AS AT 31 DEC 2019 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Onshore foreign currency loan	2,973	-
Revolving credits	8,657	4,101
Term loans	3,781	3,443
	<u>15,411</u>	<u>7,544</u>
Long Term Borrowings:		
<u>Secured</u>		
Term loans	22,378	22,202
	<u>22,378</u>	<u>22,202</u>
Total borrowings	<u>37,789</u>	<u>29,746</u>

Borrowings denominated in foreign currency as at 31 March 2020:

	Foreign currency '000	RM equivalent '000
<u>Onshore foreign currency loan</u>		
United States Dollar	687	2,973
<u>Revolving credits</u>		
United States Dollar	2,000	8,657
<u>Term loans</u>		
United States Dollar	6,043	26,159
		<u>37,789</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

No final dividend has been recommended by the Directors for the financial year ended 31 December 2019.



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		3 MONTHS ENDED	
	31 MAR 2020 RM'000	31 MAR 2019 RM'000	31 MAR 2020 RM'000	31 MAR 2019 RM'000
Interest income	(183)	(54)	(183)	(54)
Rental income	(564)	(12)	(564)	(12)
Sundry income/(expenses)	(44)	212	(44)	212
Interest expenses	408	325	408	325
Amortisation of intangibles assets	46	102	46	102
Depreciation of investment property	223	-	223	-
Depreciation of property, plant and equipment	13,255	7,331	13,255	7,331
Depreciation of right-of-use assets	281	185	281	185
Impairment losses on:				
- trade receivables	46	34	46	34
Impairment losses written back on:				
- trade receivables	(1)	(39)	(1)	(39)
Gain on disposal of property, plant and equipment	-	(4)	-	(4)
Gain on lease modification	(2)	(2)	(2)	(2)
Inventories written back	(56)	(113)	(56)	(113)
Realised foreign exchange (gain)/loss	(86)	85	(86)	85
Unrealised foreign exchange loss	1,789	318	1,789	318
Written off on property, plant and equipment	1	-	1	-

26. 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 excluding ordinary shares purchased by the Company and held as treasury shares.

	3 MONTHS ENDED		3 MONTHS ENDED	
	31 MAR 2020	31 MAR 2019	31 MAR 2020	31 MAR 2019
Profit attributable to owners of the Company (RM'000)	3,600	6,720	3,600	6,720
Weighted average number of ordinary shares in issue ('000)	1,544,679	1,539,551	1,544,679	1,539,551
Basic earnings per ordinary share (sen)	0.23	0.44	0.23	0.44



26. Earnings Per Ordinary Share (Continued)

(b) Diluted

Diluted earnings per ordinary share for previous year 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
	2020	2019	2020	2019
Profit attributable to owners of the Company (RM'000)	3,600	6,720	3,600	6,720
Weighted average number of ordinary shares in issue ('000)	1,544,679	1,539,551	1,544,679	1,539,551
Effect of dilution due to ESOS ('000)	-	6,663	-	6,663
Adjusted weighted average number of ordinary shares ('000)	1,544,679	1,546,214	1,544,679	1,546,214
Diluted earnings per ordinary share (sen)	0.23	0.43	0.23	0.43

Diluted earnings per ordinary share for the current financial period equals basic earnings per ordinary share because there are no potentially dilutive instruments in existence as at 31 March 2020.

27. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not qualified.

28. Authorisation for Issue

On 30 June 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
30 June 2020