



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

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
30 June 2020



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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	Note	3 MONTHS ENDED			6 MONTHS ENDED		
		30 JUN	30 JUN	%	30 JUN	30 JUN	%
		2020	2019		2020	2019	
		RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue	9	14,427	55,163	-74%	91,860	107,339	-14%
Cost of sales		(24,202)	(35,920)	-33%	(87,872)	(69,376)	27%
- Depreciation		(13,514)	(6,670)	103%	(26,385)	(13,425)	97%
- Others		(10,688)	(29,250)	-63%	(61,487)	(55,951)	10%
Gross (loss)/ income		(9,775)	19,243	-151%	3,988	37,963	-89%
Other income		780	644	21%	1,571	1,506	4%
Administrative expenses		(6,487)	(12,503)	-48%	(13,168)	(23,100)	-43%
- Depreciation		(912)	(808)	13%	(1,800)	(1,569)	15%
- Others		(5,575)	(11,695)	-52%	(11,368)	(21,531)	-47%
Selling and marketing expenses		(473)	(1,261)	-62%	(1,577)	(2,301)	-31%
Other gain, net		1,979	1,700	16%	277	1,303	-79%
Finance costs		(445)	(351)	27%	(918)	(736)	25%
(Loss)/Profit before tax		(14,421)	7,472	-293%	(9,827)	14,635	-167%
Taxation	20	347	(227)	-253%	(568)	(511)	-11%
(Loss)/Profit for the financial period		(14,074)	7,245	-294%	(10,395)	14,124	-174%
Other comprehensive (loss)/income, 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		(2,779)	3,519	-179%	10,991	(40)	27578%
Total comprehensive (loss)/income for the financial period		(16,853)	10,764	-257%	596	14,084	-96%
(Loss)/Profit attributable to:							
Owners of the Company		(14,029)	7,154	-296%	(10,429)	13,874	-175%
Non-controlling interests		(45)	91	-149%	34	250	-86%
		(14,074)	7,245	-294%	(10,395)	14,124	-174%
Total comprehensive (loss)/income attributable to:							
Owners of the Company		(16,576)	10,346	-260%	(382)	13,841	-103%
Non-controlling interests		(277)	418	-166%	978	243	302%
		(16,853)	10,764	-257%	596	14,084	-96%
(Loss)/Earnings per ordinary share attributable to owners of the Company (sen):							
Basic	26	(0.63)	0.46	-237%	(0.40)	0.90	-144%
Diluted	26	(0.63)	0.46	-237%	(0.40)	0.90	-144%

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Note	AS AT 30 JUN 2020 RM'000	AS AT 31 DEC 2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	187,770	184,746
Investment property		35,328	34,262
Investments in associates		171	164
Right-of-use assets		5,015	4,886
Intangible assets		1,942	1,941
Trade receivables		18,914	23,463
Other receivables		4,691	4,528
Lease receivables		6,665	7,945
Due from associates		2,982	2,849
		<u>263,478</u>	<u>264,784</u>
Current assets			
Inventories		5,431	4,232
Trade receivables		122,847	141,441
Other receivables		18,327	32,719
Lease receivables		3,876	3,323
Deposits with licensed banks		14,100	13,974
Cash and bank balances		44,880	40,074
		<u>209,461</u>	<u>235,763</u>
TOTAL ASSETS		<u>472,939</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		25,215	15,167
Retained earnings		73,679	88,738
		<u>256,537</u>	<u>262,390</u>
Non-controlling interests		22,148	21,170
Total equity		<u>278,685</u>	<u>283,560</u>
Non-current liabilities			
Borrowings	22	20,818	22,202
Lease liabilities		2,676	2,576
Trade payables		15,948	18,671
Deferred tax liabilities		128	129
		<u>39,570</u>	<u>43,578</u>
Current liabilities			
Borrowings	22	17,020	7,544
Lease liabilities		1,105	932
Trade payables		82,769	132,050
Other payables		27,687	24,816
Contract liabilities		24,963	6,875
Due to associates		92	88
Current tax liabilities		1,048	1,104
		<u>154,684</u>	<u>173,409</u>
Total liabilities		<u>194,254</u>	<u>216,987</u>
TOTAL EQUITY AND LIABILITIES		<u>472,939</u>	<u>500,547</u>
Net assets per share (sen)		<u>17</u>	<u>17</u>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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	-	-	-	(10,429)	(10,429)	34	(10,395)
Foreign currency translations	-	-	10,048	-	10,048	944	10,992
Total comprehensive income for the financial period	-	-	10,048	(10,429)	(381)	978	597
Transaction with owners:							
Buy-back of own shares	-	(842)	-	-	(842)	-	(842)
Dividends paid	-	-	-	(4,630)	(4,630)	-	(4,630)
Total transactions with owners	-	(842)	-	(4,630)	(5,472)	-	(5,472)
Adjustments for effects of Companies Act 2016			-	-	-	-	-
At 30 June 2020	158,485	(842)	25,215	73,679	256,537	22,148	278,685



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

	----- Attributable to owners of the Company -----						
	----- 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	Total equity 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 CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	6 MONTHS ENDED	
	30 JUN 2020 RM'000	30 JUN 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ Profit before tax	(9,827)	14,635
Adjustments for:		
Interest income	(231)	(105)
Interest expense	813	617
Amortisation of intangibles assets	46	204
Bad debts written off	38	-
Depreciation of investment property	454	-
Depreciation of property, plant and equipment	27,200	14,613
Depreciation of right-of-use assets	531	381
Impairment losses on:		
- trade receivables	74	36
Impairment losses written back on:		
- trade receivables	(78)	(186)
Gain on disposal of property, plant & equipment	-	(4)
(Gain)/Loss on lease modification	(2)	4
Inventories written down	124	820
Share options granted under ESOS	-	3
Unrealised forex (gain)/loss	(349)	239
Written off on property, plant and equipment	1	1
Operating profit before changes in working capital	<u>18,794</u>	<u>31,258</u>
Changes in working capital:		
Receivables, amount due from associates and inventories	38,108	38,222
Payables, contract liabilities and amount due to associates	(31,538)	(34,661)
Cash generated from operations	<u>25,364</u>	<u>34,819</u>
Interest paid	(742)	(617)
Taxes paid	(625)	(764)
Tax refunded	2	-
Net cash from operating activities	<u>23,999</u>	<u>33,438</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

	6 MONTHS ENDED	
	30 JUN 2020 RM'000	30 JUN 2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(22,684)	(39,218)
Proceeds from disposals of property, plant and equipment	-	4
Changes in deposits pledged to licensed banks	(378)	273
Interest received	231	105
Net cash used in investing activities	(22,831)	(38,836)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	791
Net repayments of bankers' acceptances and onshore foreign currency loan	-	(1,473)
Net repayments of term loans	(658)	(915)
Net proceeds from/(repayments of) revolving credits	8,750	(9,090)
Repayments of hire purchase creditors	-	(33)
Payments of lease liabilities	(453)	(358)
Dividends paid	(4,630)	-
Buy-back of own shares	(842)	-
Net cash from/(used in) financing activities	2,167	(11,078)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,335	(16,476)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	1,219	(1,331)
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	45,204	39,424
Cash and cash equivalents at the end of the financial period comprise of the followings:		
Cash and bank balances	44,880	39,424
Deposits with licensed banks	14,100	5,195
	58,980	44,619
Less: Deposits pledged to licensed banks	(13,776)	(5,195)
	45,204	39,424



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
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 9 Financial Instruments</i>	1 January 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment—Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts—Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 141 Agriculture</i>	1 January 2022
<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)	
	2020	2019
As at 1 January	1,548,246	1,539,090
Issue of ordinary shares pursuant to ESOS	-	9,156
As at 30 June/31 December	<u>1,548,246</u>	<u>1,548,246</u>

- **Treasury Shares**

During the financial period ended 30 June 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		6 MONTHS ENDED	
	30 JUN 2020 RM'000	30 JUN 2019 RM'000	30 JUN 2020 RM'000	30 JUN 2019 RM'000
Segment Revenue				
Sales and Marketing	12,828	23,158	56,874	45,123
Technical Support and Management	1,492	31,361	34,168	60,863
Engineering Services	97	587	787	1,079
Others (1)	100	174	211	454
	<u>14,517</u>	<u>55,280</u>	<u>92,040</u>	<u>107,519</u>
Eliminations	(90)	(117)	(180)	(180)
Revenue	<u>14,427</u>	<u>55,163</u>	<u>91,860</u>	<u>107,339</u>
EBITDA*				
Sales and Marketing	2,833	3,426	10,811	7,452
Technical Support and Management	(1,925)	12,359	9,536	25,363
Engineering Services	39	350	515	632
Others	(166)	(55)	(268)	34
Unallocated	(602)	(735)	(1,831)	(3,031)
Total	<u>179</u>	<u>15,345</u>	<u>18,763</u>	<u>30,450</u>
Profit/(Loss) before tax				
Sales and Marketing	2,735	3,221	10,570	6,929
Technical Support and Management	(16,034)	5,212	(18,130)	11,094
Engineering Services	39	349	515	616
Others	(333)	(453)	(601)	(739)
	<u>(13,593)</u>	<u>8,329</u>	<u>(7,646)</u>	<u>17,900</u>
Unallocated expenses	(828)	(857)	(2,181)	(3,265)
- Finance cost	(140)	(64)	(209)	(130)
- Interest income	26	48	209	99
- Legal and professional fee	(68)	(133)	(121)	(206)
- Realised foreign exchange (loss)/gain	(159)	1,628	(73)	1,543
- Sundry income	67	26	92	55
- Unrealised foreign exchange gain (trade)	1,590	1,011	260	821
- Unrealised foreign exchange gain/(loss) (non-trade)	548	(933)	89	(1,060)
- Other expenses	(2,692)	(2,440)	(2,428)	(4,387)
	<u>(14,421)</u>	<u>7,472</u>	<u>(9,827)</u>	<u>14,635</u>
(Loss)/Profit before tax				

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 30 June 2020 is as follows:

	AS AT 30 JUN 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:

	01.04.2020 to 30.06.2020 RM'000	01.01.2020 to 30.06.2020 RM'000
Sales of products to:		
- Channel Paradise Sdn. Bhd.	977	5,825
Technical support and management fee from:		
- Timor Holding, S.A.	386	1,488
Purchase of products from:		
- Channel Paradise Sdn. Bhd.	2,185	6,064
- Channel Paradise Pte. Ltd.	976	976

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			6 MONTHS ENDED		
	30 JUN	30 JUN	%	30 JUN	30 JUN	%
	2020	2019		2020	2019	
	RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue						
Sales and Marketing	12,828	23,158	-45%	56,874	45,123	+26%
Technical Support and Management	1,492	31,361	-95%	34,168	60,863	-44%
Engineering Services	97	587	-83%	787	1,079	-27%
Others (1)	10	57	-82%	31	274	-89%
Total	14,427	55,163	-74%	91,860	107,339	-14%
Profit/(Loss) before tax						
Sales and Marketing	2,735	3,221	-15%	10,570	6,929	+53%
Technical Support and Management	(16,034)	5,212	-408%	(18,130)	11,094	-263%
Engineering Services	39	349	-89%	515	616	-16%
Others	(333)	(453)	-26%	(601)	(739)	-19%
	(13,593)	8,329	-263%	(7,646)	17,900	-143%
Unallocated expenses	(828)	(857)	-3%	(2,181)	(3,265)	-33%
- Finance cost	(140)	(64)	+119%	(209)	(130)	+61%
- Interest income	26	48	-46%	209	99	+111%
- Legal and professional fee	(68)	(133)	-49%	(121)	(206)	-41%
- Realised foreign exchange (loss)/gain	(159)	1,628	-110%	(73)	1,543	-105%
- Sundry income	67	26	+158%	92	55	+67%
- Unrealised foreign exchange gain (trade)	1,590	1,011	+57%	260	821	-68%
- Unrealised foreign exchange gain/(loss) (non-trade)	548	(933)	+159%	89	(1,060)	+108%
- Other expenses	(2,692)	(2,440)	+10%	(2,428)	(4,387)	-45%
(Loss)/Profit before tax	(14,421)	7,472	-293%	(9,827)	14,635	-167%

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 decreased by 45% and 15% respectively for the quarter ended 30 June 2020 as compared to previous year's corresponding quarter mainly due to decreased in number of products sold.

The revenue and profit before tax of Technical Support and Management ("TSM") division decreased by 80% and 326% respectively for the quarter ended 30 June 2020 as compared to previous year's corresponding quarter mainly due to the suspension of respective TSM outlets 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.

(ii) Comparison with previous year's corresponding period

The revenue and profit before tax for Sales and Marketing ("SSM") division increased by 26% and 53% respectively for the first half of 2020 as compared to previous year mainly due to increase in number of products sold, especially on the first quarter of 2020.

The revenue and profit before tax of Technical Support and Management ("TSM") division decreased by 36% and 225% respectively for the first half of 2020 as compared to previous year mainly due to the suspension of respective TSM outlets 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	12,828	44,046	-71%
Technical Support and Management	1,492	32,676	-95%
Engineering Services	97	690	-86%
Others (1)	10	21	-52%
Revenue	<u>14,427</u>	<u>77,433</u>	<u>-81%</u>
Profit/(Loss) before tax			
Sales and Marketing	2,735	7,835	-65%
Technical Support and Management	(16,034)	(2,096)	+665%
Engineering Services	39	476	-92%
Others	(333)	(268)	+24%
	<u>(13,593)</u>	<u>5,947</u>	<u>-329%</u>
Unallocated expenses	(828)	(1,353)	-39%
- Finance cost	(140)	(69)	+103%
- Interest income	26	183	-86%
- Legal and professional fee	(68)	(53)	+28%
- Realised foreign exchange (loss)/gain	(159)	86	-285%
- Sundry income	67	25	+168%
- Unrealised foreign exchange gain/(loss) (trade)	1,590	(1,330)	+220%
- Unrealised foreign exchange gain/(loss) (non-trade)	548	(459)	+219%
- Other (expenses)/income	(2,692)	264	-1120%
	<u>(14,421)</u>	<u>4,594</u>	<u>-414%</u>
(Loss)/Profit before tax	<u>(14,421)</u>	<u>4,594</u>	<u>-414%</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.

TSM & SSM division recorded lower revenue and profit before tax in current quarter 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.



18. Commentary on Prospects

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

The impact of the COVID-19 pandemic could be significant to the Group and the Group is in the process of assessing the full financial impact of COVID-19 pandemic for the financial year ending 31 December 2020 since ongoing developments remain uncertain at this point in time.

Gaming establishments in Timor-Leste and Vietnam have resumed operation since May 2020 while the gaming establishments in other countries within ASEAN have gradually resumed operations starting from July 2020.

In the meantime, the Group continues to implement various cost control measures across the regions to contain its expenditures during this unprecedented 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		6 MONTHS ENDED	
	30 JUN 2020 RM'000	30 JUN 2019 RM'000	30 JUN 2020 RM'000	30 JUN 2019 RM'000
Income Tax				
- Current period	(348)	227	622	511
- Under/(Over)provision in prior year	1	-	(54)	-
	<u>(347)</u>	<u>227</u>	<u>568</u>	<u>511</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 30 JUN 2020 RM'000	AS AT 31 DEC 2019 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Revolving credits	12,851	4,101
Term loans	4,169	3,443
	<u>17,020</u>	<u>7,544</u>
Long Term Borrowings:		
<u>Secured</u>		
Term loans	20,818	22,202
	<u>20,818</u>	<u>22,202</u>
Total borrowings	<u>37,838</u>	<u>29,746</u>

Borrowings denominated in foreign currency as at 30 June 2020:

	Foreign currency '000	RM equivalent '000
<u>Revolving credits</u>		
United States Dollar	3,000	12,851
<u>Term loans</u>		
United States Dollar	5,833	24,987
		<u>37,838</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		6 MONTHS ENDED	
	30 JUN 2020 RM'000	30 JUN 2019 RM'000	30 JUN 2020 RM'000	30 JUN 2019 RM'000
Interest income	(48)	(51)	(231)	(105)
Rental income	(564)	(12)	(564)	(12)
Sundry (income)/expenses	(537)	(32)	(581)	180
Interest expenses	405	292	813	617
Amortisation of intangibles assets	-	102	46	204
Bad debts written off	38	-	38	-
Depreciation of investment property	231	-	454	-
Depreciation of property, plant and equipment	13,945	7,282	27,200	14,613
Depreciation of right-of-use assets	250	196	531	381
Impairment losses on:				
- trade receivables	28	2	74	36
Impairment losses written back on:				
- trade receivables	(77)	(147)	(78)	(186)
Gain on disposal of property, plant and equipment	-	-	-	(4)
Loss/(Gain) on lease modification	-	6	(2)	4
Inventories written down	180	933	124	820
Realised foreign exchange loss/(gain)	159	(1,628)	73	(1,543)
Unrealised foreign exchange (gain)/loss	(2,138)	(79)	(349)	239
Written off on property, plant and equipment	-	1	1	1

26. (Loss)/Earnings Per Ordinary Share

(a) Basic

Basic (loss)/earnings per ordinary share is calculated by dividing the (loss)/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		6 MONTHS ENDED	
	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019
(Loss)/Profit attributable to owners of the Company (RM'000)	<u>(9,770)</u>	<u>7,154</u>	<u>(6,170)</u>	<u>13,874</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,543,461</u>	<u>1,541,137</u>	<u>1,544,070</u>	<u>1,540,349</u>
Basic (loss)/earnings per ordinary share (sen)	<u>(0.63)</u>	<u>0.46</u>	<u>(0.40)</u>	<u>0.90</u>



26. (Loss)/Earnings Per Ordinary Share (Continued)

(b) Diluted

Diluted (loss)/earnings per ordinary share for previous year is calculated by dividing the (loss)/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	30 JUN	30 JUN	30 JUN
	2020	2019	2020	2019
(Loss)/Profit attributable to owners of the Company (RM'000)	<u>(9,770)</u>	<u>7,154</u>	<u>(6,170)</u>	<u>13,874</u>
Weighted average number of ordinary shares in issue ('000)	1,543,461	1,541,137	1,544,070	1,540,349
Effect of dilution due to ESOS ('000)	<u>-</u>	<u>5,192</u>	<u>-</u>	<u>9,301</u>
Adjusted weighted average number of ordinary shares ('000)	<u>1,543,461</u>	<u>1,546,329</u>	<u>1,544,070</u>	<u>1,549,650</u>
Diluted (loss)/earnings per ordinary share (sen)	<u>(0.63)</u>	<u>0.46</u>	<u>(0.40)</u>	<u>0.90</u>

Diluted loss per ordinary share for the current financial period equals basic loss per ordinary share because there are no potentially dilutive instruments in existence as at 30 June 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 26 August 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
26 August 2020