



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

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
30 September 2020



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

	Note	3 MONTHS ENDED			9 MONTHS ENDED		
		30 SEP	30 SEP	%	30 SEP	30 SEP	%
		2020	2019		2020	2019	
		RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue	9	39,973	111,632	-64%	131,833	218,971	-40%
Cost of sales		(46,926)	(88,127)	-47%	(134,798)	(157,503)	-14%
- Depreciation		(13,056)	(10,187)	28%	(39,441)	(23,612)	67%
- Others		(33,870)	(77,940)	-57%	(95,357)	(133,891)	-29%
Gross (loss)/ income		(6,953)	23,505	-130%	(2,965)	61,468	-105%
Other income		447	924	-52%	2,018	2,430	-17%
Administrative expenses		(4,460)	(10,201)	-56%	(17,628)	(33,301)	-47%
- Depreciation		(934)	(855)	9%	(2,734)	(2,424)	13%
- Others		(3,526)	(9,346)	-62%	(14,894)	(30,877)	-52%
Selling and marketing expenses		(440)	(1,449)	-70%	(2,017)	(3,750)	-46%
Other (expenses)/gain, net		(592)	(606)	-2%	(315)	697	-145%
Finance costs		(436)	(273)	60%	(1,354)	(1,009)	34%
(Loss)/Profit before tax		(12,434)	11,900	-204%	(22,261)	26,535	-184%
Taxation	20	442	(577)	-177%	(126)	(1,088)	88%
(Loss)/Profit for the financial period		(11,992)	11,323	-206%	(22,387)	25,447	-188%
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		(7,264)	2,764	-363%	3,727	2,724	37%
Total comprehensive (loss)/income for the financial period		(19,256)	14,087	-237%	(18,660)	28,171	-166%
(Loss)/Profit attributable to:							
Owners of the Company		(11,901)	11,179	-206%	(22,330)	25,053	-189%
Non-controlling interests		(91)	144	-163%	(57)	394	-114%
		(11,992)	11,323	-206%	(22,387)	25,447	-188%
Total comprehensive (loss)/income attributable to:							
Owners of the Company		(18,492)	13,702	-235%	(18,874)	27,543	-169%
Non-controlling interests		(764)	385	-298%	214	628	-66%
		(19,256)	14,087	-237%	(18,660)	28,171	-166%
(Loss)/Earnings per ordinary share attributable to owners of the Company (sen):							
Basic	26	(0.80)	0.72	-211%	(1.48)	1.62	-191%
Diluted	26	(0.80)	0.72	-211%	(1.48)	1.61	-192%

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

	Note	AS AT 30 SEP 2020 RM'000	AS AT 31 DEC 2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	174,159	184,746
Investment property		34,030	34,262
Investments in associates		166	164
Right-of-use assets		4,695	4,886
Intangible assets		1,909	1,941
Trade receivables		17,354	23,463
Other receivables		3,062	4,528
Lease receivables		5,365	7,945
Due from associates		2,891	2,849
		<u>243,631</u>	<u>264,784</u>
Current assets			
Inventories		4,180	4,232
Trade receivables		118,792	141,441
Other receivables		16,397	32,719
Lease receivables		3,984	3,323
Deposits with licensed banks		13,805	13,974
Cash and bank balances		30,005	40,074
		<u>187,163</u>	<u>235,763</u>
TOTAL ASSETS		<u>430,794</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		18,624	15,167
Retained earnings		61,777	88,738
		<u>238,044</u>	<u>262,390</u>
Non-controlling interests		<u>21,383</u>	<u>21,170</u>
Total equity		<u>259,427</u>	<u>283,560</u>
Non-current liabilities			
Borrowings	22	19,104	22,202
Lease liabilities		2,355	2,576
Trade payables		13,200	18,671
Deferred tax liabilities		129	129
		<u>34,788</u>	<u>43,578</u>
Current liabilities			
Borrowings	22	15,463	7,544
Lease liabilities		1,182	932
Trade payables		74,794	132,050
Other payables		25,300	24,816
Contract liabilities		19,601	6,875
Due to associates		89	88
Current tax liabilities		150	1,104
		<u>136,579</u>	<u>173,409</u>
Total liabilities		<u>171,367</u>	<u>216,987</u>
TOTAL EQUITY AND LIABILITIES		<u>430,794</u>	<u>500,547</u>
Net assets per share (sen)		<u>15</u>	<u>17</u>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	-	-	(22,821)	(22,821)	(57)	(22,878)
Foreign currency translations	-	-	3,457	-	3,457	270	3,727
Total comprehensive income for the financial period	-	-	3,457	(22,821)	(19,364)	213	(19,151)
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)
At 30 September 2020	158,485	(842)	18,624	61,287	237,554	21,383	258,937



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	-	-	25,053	25,053	394	25,447
Foreign currency translations	-	2,490	-	-	2,490	234	2,724
Total comprehensive income for the financial period	-	2,490	-	25,053	27,543	628	28,171
Transaction with owners:							
Issue of ordinary shares pursuant to ESOS	1,388	-	(425)	-	963	-	963
Share options vested under ESOS	-	-	3	-	3	-	3
Dividends paid	-	-	-	(10,826)	(10,826)	-	(10,826)
Total transactions with owners	1,388	-	(422)	(10,826)	(9,860)	-	(9,860)
At 30 September 2019	158,441	19,998	1,754	72,287	252,480	21,616	274,096



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

	9 MONTHS ENDED	
	30 SEP 2020	30 SEP 2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ Profit before tax	(22,261)	26,535
Adjustments for:		
Interest income	(456)	(363)
Interest expense	1,222	837
Amortisation of intangibles assets	46	273
Bad debts written off	38	-
Depreciation of investment property	679	-
Depreciation of property, plant and equipment	40,610	25,412
Depreciation of right-of-use assets	886	624
Impairment losses on:		
- trade receivables	422	140
Impairment losses written back on:		
- trade receivables	(77)	(283)
- other receivables	(106)	-
Gain on disposal of property, plant & equipment	-	(4)
(Gain)/Loss on lease modification	(2)	4
Inventories written down	1,070	920
Share options granted under ESOS	-	3
Unrealised forex loss	592	333
Written off on property, plant and equipment	1	15
Operating profit before changes in working capital	<u>22,664</u>	<u>54,446</u>
Changes in working capital:		
Receivables, amount due from associates and inventories	47,871	11,546
Payables, contract liabilities and amount due to associates	(49,196)	11,827
Cash generated from operations	<u>21,339</u>	<u>77,819</u>
Interest paid	(1,085)	(837)
Taxes paid	(1,082)	(1,197)
Tax refunded	2	-
Net cash from operating activities	<u>19,174</u>	<u>75,785</u>



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

	9 MONTHS ENDED	
	30 SEP 2020 RM'000	30 SEP 2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(27,820)	(76,464)
Proceeds from disposals of property, plant and equipment	-	4
Changes in deposits pledged to licensed banks	(245)	273
Interest received	456	363
Net cash used in investing activities	(27,609)	(75,824)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	963
Net repayments of bankers' acceptances and onshore foreign currency loan	-	(641)
Net repayments of term loans	(2,291)	(1,304)
Net proceeds from revolving credits	7,112	3,481
Repayments of hire purchase creditors	-	(49)
Payments of lease liabilities	(835)	(566)
Dividends paid	(4,630)	(10,826)
Buy-back of own shares	(842)	-
Net cash used in financing activities	(1,486)	(8,942)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,921)	(8,981)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(562)	(508)
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	30,167	47,742
Cash and cash equivalents at the end of the financial period comprise of the followings:		
Cash and bank balances	30,005	37,563
Deposits with licensed banks	13,805	15,374
	43,810	52,937
Less: Deposits pledged to licensed banks	(13,643)	(5,195)
	30,167	47,742



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 30 September/31 December	<u>1,548,246</u>	<u>1,548,246</u>

- **Treasury Shares**

During the financial period ended 30 September 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		9 MONTHS ENDED	
	30 SEP 2020 RM'000	30 SEP 2019 RM'000	30 SEP 2020 RM'000	30 SEP 2019 RM'000
Segment Revenue				
Sales and Marketing	30,041	80,607	86,915	125,730
Technical Support and Management	9,575	30,694	43,743	91,557
Engineering Services	348	312	1,135	1,391
Others (1)	99	109	310	563
	<u>40,063</u>	<u>111,722</u>	<u>132,103</u>	<u>219,241</u>
Eliminations	(90)	(90)	(270)	(270)
Revenue	<u>39,973</u>	<u>111,632</u>	<u>131,833</u>	<u>218,971</u>
EBITDA*				
Sales and Marketing	3,863	10,227	14,674	17,679
Technical Support and Management	(561)	14,876	8,975	40,239
Engineering Services	264	112	779	744
Others	(310)	96	(578)	130
Unallocated	(1,517)	(2,080)	(3,348)	(5,111)
Total	<u>1,739</u>	<u>23,231</u>	<u>20,502</u>	<u>53,681</u>
Profit/(Loss) before tax				
Sales and Marketing	3,693	10,109	14,263	17,038
Technical Support and Management	(14,362)	4,163	(32,492)	15,257
Engineering Services	263	113	778	729
Others	(449)	(282)	(1,050)	(1,021)
	<u>(10,855)</u>	<u>14,103</u>	<u>(18,501)</u>	<u>32,003</u>
Unallocated expenses	(1,579)	(2,203)	(3,760)	(5,468)
- Finance cost	38	(59)	(171)	(189)
- Interest income	166	256	375	355
- Legal and professional fee	(94)	(107)	(215)	(313)
- Realised foreign exchange gain/(loss)	349	(498)	276	1,045
- Sundry income	27	27	119	82
- Unrealised foreign exchange gain/(loss) (trade)	1,590	(390)	1,850	431
- Unrealised foreign exchange (loss)/gain (non-trade)	(2,531)	296	(2,442)	(764)
- Other expenses	(1,124)	(1,728)	(3,552)	(6,115)
	<u>(12,434)</u>	<u>11,900</u>	<u>(22,261)</u>	<u>26,535</u>
(Loss)/Profit before tax	<u>(12,434)</u>	<u>11,900</u>	<u>(22,261)</u>	<u>26,535</u>

Note

(1) "Others" consist of 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 September 2020 is as follows:

	AS AT 30 SEP 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:

	01.07.2020 to 30.09.2020 RM'000	01.01.2020 to 30.09.2020 RM'000
Sales of products to:		
- Channel Paradise Sdn. Bhd.	54	5,879
Technical support and management fee from:		
- Timor Holding, S.A.	1,219	2,707
Purchase of products from:		
- Channel Paradise Sdn. Bhd.	24	6,088
- Channel Paradise Pte. Ltd.	-	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			9 MONTHS ENDED		
	30 SEP	30 SEP	%	30 SEP	30 SEP	%
	2020	2019		2020	2019	
	RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue						
Sales and Marketing	30,041	80,607	-63%	86,915	125,730	-31%
Technical Support and Management	9,575	30,694	-69%	43,743	91,557	-52%
Engineering Services	348	312	+12%	1,135	1,391	-18%
Others (1)	9	19	-53%	40	293	-86%
Total	39,973	111,632	-64%	131,833	218,971	-40%
Profit/(Loss) before tax						
Sales and Marketing	3,693	10,109	-63%	14,263	17,038	-16%
Technical Support and Management	(14,362)	4,163	-445%	(32,492)	15,257	-313%
Engineering Services	263	113	+133%	778	729	+7%
Others	(449)	(282)	+59%	(1,050)	(1,021)	+3%
	(10,855)	14,103	-177%	(18,501)	32,003	-158%
Unallocated expenses	(1,579)	(2,203)	-28%	(3,760)	(5,468)	-31%
- Finance cost	38	(59)	+164%	(171)	(189)	-10%
- Interest income	166	256	-35%	375	355	+6%
- Legal and professional fee	(94)	(107)	-12%	(215)	(313)	-31%
- Realised foreign exchange gain/(loss)	349	(498)	+170%	276	1,045	-74%
- Sundry income	27	27	+0%	119	82	+45%
- Unrealised foreign exchange gain/(loss) (trade)	1,590	(390)	+508%	1,850	431	+329%
- Unrealised foreign exchange (loss)/gain (non-trade)	(2,531)	296	-955%	(2,442)	(764)	+220%
- Other expenses	(1,124)	(1,728)	-35%	(3,552)	(6,115)	-42%
(Loss)/Profit before tax	(12,434)	11,900	-204%	(22,261)	26,535	-184%

Note

(1) “Others” consist of 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 63% for the quarter ended 30 September 2020 as compared to previous year's corresponding quarter mainly due to decreased in number of products sold.

The revenue of Technical Support and Management ("TSM") division decreased by 69% for the quarter ended 30 September 2020 as compared to previous year's corresponding quarter mainly due to the suspension of certain TSM outlets and majority of the other operating outlets are operating at a certain capacity set by the respective local authorities due to social distancing measures to prevent the spreading of COVID-19. The loss before tax of RM14.4 million in current quarter is mainly due to lower revenue and higher depreciation on new machines purchased in previous year end and beginning of this year as compared to previous year's corresponding quarter.

(ii) Comparison with previous year's corresponding period

The revenue and profit before tax for SSM division decreased by 31% and 16% respectively for the nine months period ended 30 September 2020 as compared to previous year's corresponding period mainly due to decrease in number of products sold and variation in product mix.

The revenue of TSM division decreased by 52% for the nine months period ended 30 September 2020 as compared to previous year's corresponding period mainly due to the suspension of TSM outlets since March 2020. Most of the outlets have since reopened starting from July 2020 and majority of the other operating outlets are operating at a certain capacity set by the respective local authorities due to social distancing measures to prevent the spreading of COVID-19. The loss before tax of RM32.5 million in current period is mainly due to lower revenue and higher depreciation on new machines purchased in previous year end and beginning of this year as compared to previous year's corresponding period.



17. Comparison with Previous Quarter's Results

	CURRENT QUARTER RM'000	PREVIOUS QUARTER RM'000	% + / (-)
Revenue			
Sales and Marketing	30,041	12,828	+134%
Technical Support and Management	9,575	1,492	+542%
Engineering Services	348	97	+259%
Others ⁽¹⁾	9	10	-10%
Revenue	<u>39,973</u>	<u>14,427</u>	<u>+177%</u>
Profit/(Loss) before tax			
Sales and Marketing	3,693	2,735	+35%
Technical Support and Management	(14,362)	(16,034)	-10%
Engineering Services	263	39	+574%
Others	(449)	(333)	+35%
	<u>(10,855)</u>	<u>(13,593)</u>	<u>-20%</u>
Unallocated expenses	(1,579)	(828)	+91%
- Finance cost	38	(140)	+127%
- Interest income	166	26	+538%
- Legal and professional fee	(94)	(68)	+38%
- Realised foreign exchange gain/(loss)	349	(159)	+319%
- Sundry income	27	67	-60%
- Unrealised foreign exchange (loss)/gain (trade)	(349)	1,590	-122%
- Unrealised foreign exchange (loss)/gain (non-trade)	(592)	548	-208%
- Other expenses	(1,124)	(2,692)	-58%
Loss before tax	<u>(12,434)</u>	<u>(14,421)</u>	<u>-14%</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.

SSM division recorded higher revenue and profit before tax in current quarter due to increase in number of products sold and variation in product mix as compared to previous quarter.

The revenue for TSM division has increased significantly because many of the outlets have resumed operations since July 2020 albeit at a certain capacity and limited operating hours as set by respective local authorities. The disproportionate decrease in loss before tax in current quarter is mainly due to fixed costs incurred in outlets that resumed operations during the quarter.



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 and hospitality and gaming industries are among the hardest hit by this unprecedented crisis.

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. Some outlets in Indochina region remained closed due to the travel and movement restrictions.

The Group sees a slow recovery on the gaming market and remains cautious on its performance for the remainder of the year due to the prevailing uncertainties in the economy and travel restrictions amid the pandemic.

In the meantime, the Group continues to implement various cost control measures across the regions to contain its expenditures and at the same time, the Group is embarking on new avenue by maximising its existing resources to increase the revenue 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		9 MONTHS ENDED	
	30 SEP	30 SEP	30 SEP	30 SEP
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current period	434	557	1,056	1,068
- (Over)/Underprovision in prior year	(876)	20	(930)	20
	<u>(442)</u>	<u>577</u>	<u>126</u>	<u>1,088</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 SEP 2020 RM'000	AS AT 31 DEC 2019 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Revolving credits	11,213	4,101
Term loans	4,250	3,443
	<u>15,463</u>	<u>7,544</u>
Long Term Borrowings:		
<u>Secured</u>		
Term loans	19,104	22,202
	<u>19,104</u>	<u>22,202</u>
Total borrowings	<u>34,567</u>	<u>29,746</u>

Borrowings denominated in foreign currency as at 30 September 2020:

	Foreign currency '000	RM equivalent '000
<u>Revolving credits</u>		
United States Dollar	2,700	11,213
<u>Term loans</u>		
United States Dollar	5,623	23,354
		<u>34,567</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 dividend has been recommended by the Directors for the financial period ended 30 September 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		9 MONTHS ENDED	
	30 SEP 2020 RM'000	30 SEP 2019 RM'000	30 SEP 2020 RM'000	30 SEP 2019 RM'000
Interest income	(225)	(258)	(456)	(363)
Rental income	(95)	(562)	(853)	(1,674)
Sundry income	(128)	(105)	(709)	(393)
Interest expenses	409	220	1,222	837
Amortisation of intangibles assets	-	69	46	273
Bad debts written off	-	-	38	-
Depreciation of investment property	225	-	679	-
Depreciation of property, plant and equipment	13,410	10,799	40,610	25,412
Depreciation of right-of-use assets	355	243	886	624
Impairment losses on:				
- trade receivables	348	104	422	140
Impairment losses written back on:				
- trade receivables	1	(97)	(77)	(283)
- other receivables	(106)	-	(106)	-
Gain on disposal of property, plant and equipment	-	-	-	(4)
Loss/(Gain) on lease modification	-	-	(2)	4
Inventories written down	945	100	1,069	920
Realised foreign exchange (gain)/loss	(349)	498	(276)	(1,045)
Unrealised foreign exchange loss	941	94	592	333
Written off on property, plant and equipment	-	14	1	15

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		9 MONTHS ENDED	
	30 SEP 2020	30 SEP 2019	30 SEP 2020	30 SEP 2019
(Loss)/Profit attributable to owners of the Company (RM'000)	(11,901)	11,179	(22,330)	25,053
Weighted average number of ordinary shares in issue ('000)	1,543,461	1,546,606	1,543,865	1,542,457
Basic (loss)/earnings per ordinary share (sen)	(0.77)	0.72	(1.45)	1.62



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		9 MONTHS ENDED	
	30 SEP	30 SEP	30 SEP	30 SEP
	2020	2019	2020	2019
(Loss)/Profit attributable to owners of the Company (RM'000)	<u>(11,901)</u>	<u>11,179</u>	<u>(22,330)</u>	<u>25,053</u>
Weighted average number of ordinary shares in issue ('000)	1,543,461	1,546,606	1,543,865	1,542,457
Effect of dilution due to ESOS ('000)	<u>-</u>	<u>1,770</u>	<u>-</u>	<u>10,505</u>
Adjusted weighted average number of ordinary shares ('000)	<u>1,543,461</u>	<u>1,548,376</u>	<u>1,543,865</u>	<u>1,552,962</u>
Diluted (loss)/earnings per ordinary share (sen)	<u>(0.77)</u>	<u>0.72</u>	<u>(1.45)</u>	<u>1.61</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 September 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 27 November 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 November 2020