



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

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
31 December 2020



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

	Note	3 MONTHS ENDED			12 MONTHS ENDED		
		31 DEC	31 DEC	%	31 DEC	31 DEC	%
		2020	2019		2020	2019	
		RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue	9	52,195	132,126	-60%	184,028	351,097	-48%
Cost of sales		(51,124)	(104,144)	-51%	(185,922)	(261,647)	-29%
- Depreciation		(12,282)	(11,447)	7%	(51,723)	(35,059)	48%
- Others		(38,842)	(92,697)	-58%	(134,199)	(226,588)	-41%
Gross income/ (loss)		1,071	27,982	-96%	(1,894)	89,450	-102%
Other income		481	1,128	-57%	2,499	3,558	-30%
Administrative expenses		(6,982)	(10,374)	-33%	(24,610)	(43,675)	-44%
- Depreciation		(892)	(1,019)	-12%	(3,626)	(3,443)	5%
- Others		(6,090)	(9,355)	-35%	(20,984)	(40,232)	-48%
Selling and marketing expenses		(641)	(1,652)	-61%	(2,658)	(5,402)	-51%
Other gain, net		753	1,030	-27%	438	1,727	-75%
Finance costs		(379)	(454)	-17%	(1,733)	(1,463)	18%
(Loss)/Profit before tax		(5,697)	17,660	-132%	(27,958)	44,195	-163%
Taxation	20	(992)	(2,932)	66%	(1,118)	(4,020)	72%
(Loss)/Profit for the financial period		(6,689)	14,728	-145%	(29,076)	40,175	-172%
Other comprehensive loss, net of tax:							
Item that may be reclassified subsequently to profit or loss							
- Foreign currency translations, representing other comprehensive loss for the financial period		(6,449)	(5,292)	22%	(2,722)	(2,568)	6%
Total comprehensive (loss)/income for the financial period		(13,138)	9,436	-239%	(31,798)	37,607	-185%
(Loss)/Profit attributable to:							
Owners of the Company		(6,407)	14,713	-144%	(28,737)	39,766	-172%
Non-controlling interests		(282)	15	-1980%	(339)	409	-183%
		(6,689)	14,728	-145%	(29,076)	40,175	-172%
Total comprehensive (loss)/income attributable to:							
Owners of the Company		(12,219)	9,882	-224%	(31,093)	37,425	-183%
Non-controlling interests		(919)	(446)	106%	(705)	182	-487%
		(13,138)	9,436	-239%	(31,798)	37,607	-185%
(Loss)/Earnings per ordinary share attributable to owners of the Company (sen):							
Basic	26	(0.47)	0.95	-149%	(1.91)	2.58	-174%
Diluted	26	(0.47)	0.95	-149%	(1.91)	2.58	-174%

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

	Note	AS AT 31 DEC 2020 RM'000	AS AT 31 DEC 2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	156,530	184,746
Investment property		32,794	34,262
Investments in associates		161	164
Right-of-use assets		6,193	4,886
Intangible assets		1,878	1,941
Trade receivables		41,870	23,463
Other receivables		2,786	4,528
Lease receivables		4,196	7,945
Due from associates		2,791	2,849
		<u>249,199</u>	<u>264,784</u>
Current assets			
Inventories		3,595	4,232
Trade receivables		96,851	141,441
Other receivables		11,094	32,719
Lease receivables		4,026	3,323
Tax recoverable		346	-
Deposits with licensed banks		13,431	13,974
Cash and bank balances		25,748	40,074
		<u>155,091</u>	<u>235,763</u>
TOTAL ASSETS		<u>404,290</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		12,811	15,167
Retained earnings		55,371	88,738
		<u>225,825</u>	<u>262,390</u>
Non-controlling interests		20,465	21,170
Total equity		<u>246,290</u>	<u>283,560</u>
Non-current liabilities			
Borrowings	22	17,350	22,202
Lease liabilities		2,007	2,576
Trade payables		17,517	18,671
Deferred tax liabilities		132	129
		<u>37,006</u>	<u>43,578</u>
Current liabilities			
Borrowings	22	14,300	7,544
Lease liabilities		1,166	932
Trade payables		69,317	132,050
Other payables		23,508	24,816
Contract liabilities		12,617	6,875
Due to associates		86	88
Current tax liabilities		-	1,104
		<u>120,994</u>	<u>173,409</u>
Total liabilities		<u>158,000</u>	<u>216,987</u>
TOTAL EQUITY AND LIABILITIES		<u>404,290</u>	<u>500,547</u>
Net assets per share (sen)		15	17



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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
Loss for the financial period	-	-	-	(28,737)	(28,737)	(339)	(29,076)
Foreign currency translations	-	-	(2,356)	-	(2,356)	(366)	(2,722)
Total comprehensive loss for the financial period	-	-	(2,356)	(28,737)	(31,093)	(705)	(31,798)
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 31 December 2020	158,485	(842)	12,811	55,371	225,825	20,465	246,290



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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	-	-	-	39,766	39,766	409	40,175
Foreign currency translations	-	(2,341)	-	-	(2,341)	(227)	(2,568)
Total comprehensive (loss)/income for the financial period	-	(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 CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	12 MONTHS ENDED	
	31 DEC 2020 RM'000	31 DEC 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ Profit before tax	(27,958)	44,195
Adjustments for:		
Interest income	(592)	(633)
Interest expense	1,532	1,168
Amortisation of intangibles assets	46	341
Bad debts written off	212	-
Depreciation of investment property	900	815
Depreciation of property, plant and equipment	53,258	36,738
Depreciation of right-of-use assets	1,191	949
Impairment losses on:		
- trade receivables	1,932	902
- other receivables	12	352
Impairment losses written back on:		
- trade receivables	(694)	(422)
- other receivables	(106)	-
Gain on disposal of property, plant & equipment	-	(4)
(Gain)/Loss on lease modification	(2)	4
Inventories written down	973	293
Share options granted under ESOS	-	3
Unrealised forex gain	(72)	(1,238)
Written off on property, plant and equipment	1	18
Operating profit before changes in working capital	<u>30,633</u>	<u>83,481</u>
Changes in working capital:		
Receivables, amount due from associates and inventories	51,670	(31,066)
Payables, contract liabilities and amount due to associates	(58,691)	31,685
Cash generated from operations	<u>23,612</u>	<u>84,100</u>
Interest paid	(1,355)	(1,041)
Taxes paid	(2,566)	(4,019)
Tax refunded	-	388
Net cash from operating activities	<u>19,691</u>	<u>79,428</u>



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

	12 MONTHS ENDED	
	31 DEC 2020 RM'000	31 DEC 2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(27,599)	(87,972)
Proceeds from disposals of property, plant and equipment	-	4
Purchase of right-of-use assets	(1,948)	-
Changes in deposits pledged to licensed banks	(33)	(7,930)
Interest received	592	633
Net cash used in investing activities	(28,988)	(95,265)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	991
Net repayments of bankers' acceptances and onshore foreign currency loan	-	(2,863)
Net (repayments)/drawdown of term loans	(3,972)	18,349
Net proceeds from/(repayments of) revolving credits	5,876	(4,990)
Repayments of hire purchase creditors	-	(129)
Payments of lease liabilities	(1,099)	(1,003)
Dividends paid	(4,630)	(10,826)
Buy-back of own shares	(842)	-
Net cash used in financing activities	(4,667)	(471)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,964)	(16,308)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(938)	(273)
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	25,748	40,650
Cash and cash equivalents at the end of the financial period comprise of the followings:		
Cash and bank balances	25,748	40,074
Deposits with licensed banks	13,431	13,974
	39,179	54,048
Less: Deposits pledged to licensed banks	(13,431)	(13,398)
	25,748	40,650



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 December	<u>1,548,246</u>	<u>1,548,246</u>

- **Treasury Shares**

During the financial year ended 31 December 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		12 MONTHS ENDED	
	31 DEC 2020 RM'000	31 DEC 2019 RM'000	31 DEC 2020 RM'000	31 DEC 2019 RM'000
Segment Revenue				
Sales and Marketing	37,154	97,746	124,069	223,476
Technical Support and Management	14,881	33,743	58,624	125,300
Engineering Services	78	512	1,213	1,903
Others (1)	120	215	430	778
	<u>52,233</u>	<u>132,216</u>	<u>184,336</u>	<u>351,457</u>
Eliminations	(38)	(90)	(308)	(360)
Revenue	<u>52,195</u>	<u>132,126</u>	<u>184,028</u>	<u>351,097</u>
EBITDA*				
Sales and Marketing	4,103	10,996	18,777	28,675
Technical Support and Management	4,185	20,145	13,161	60,384
Engineering Services	146	256	925	1,000
Others	(771)	(853)	(1,349)	(723)
Unallocated	(96)	(833)	(3,444)	(5,944)
Total	<u>7,567</u>	<u>29,711</u>	<u>28,070</u>	<u>83,392</u>
Profit/(Loss) before tax				
Sales and Marketing	4,011	10,895	18,274	27,933
Technical Support and Management	(8,717)	8,029	(41,209)	23,286
Engineering Services	146	255	924	984
Others	(908)	(563)	(1,958)	(1,584)
	<u>(5,468)</u>	<u>18,616</u>	<u>(23,969)</u>	<u>50,619</u>
Unallocated expenses	(229)	(956)	(3,989)	(6,424)
- Finance cost	(77)	(128)	(248)	(317)
- Interest income	78	263	453	618
- Legal and professional fee	(117)	(166)	(332)	(479)
- Realised foreign exchange gain/(loss)	88	(539)	364	506
- Sundry income	2	25	120	107
- Unrealised foreign exchange gain (trade)	273	126	240	557
- Unrealised foreign exchange gain/(loss) (non-trade)	391	1,445	(168)	681
- Other expenses	(867)	(1,982)	(4,418)	(8,097)
	<u>(5,697)</u>	<u>17,660</u>	<u>(27,958)</u>	<u>44,195</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 except for:

- On 1 January 2021, the Company acquired 100% equity interest in RGB (Macau) Limited from RGB Ltd., its wholly owned subsidiary.

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 2020 is as follows:

	AS AT 31 DEC 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:

	01.10.2020 to 31.12.2020 RM'000	01.01.2020 to 31.12.2020 RM'000
Sales of products to:		
- Channel Paradise Sdn. Bhd.	429	6,308
Technical support and management fee from:		
- Timor Holding, S.A.	872	3,579
Purchase of products from:		
- Channel Paradise Sdn. Bhd.	3,413	9,501
- Channel Paradise Pte. Ltd.	320	1,296

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	%
	2020	2019		2020	2019	
	RM'000	RM'000	+/(-) %	RM'000	RM'000	+/(-) %
Revenue						
Sales and Marketing	37,154	97,746	-62%	124,069	223,476	-44%
Technical Support and Management	14,881	33,743	-56%	58,624	125,300	-53%
Engineering Services	78	512	-85%	1,213	1,903	-36%
Others (1)	82	125	-34%	122	418	-71%
Total	52,195	132,126	-60%	184,028	351,097	-48%
Profit/(Loss) before tax						
Sales and Marketing	4,011	10,895	-63%	18,274	27,933	-35%
Technical Support and Management	(8,717)	8,029	-209%	(41,209)	23,286	-277%
Engineering Services	146	255	-43%	924	984	-6%
Others	(908)	(563)	+61%	(1,958)	(1,584)	+24%
	(5,468)	18,616	-129%	(23,969)	50,619	-147%
Unallocated expenses	(229)	(956)	-76%	(3,989)	(6,424)	-38%
- Finance cost	(77)	(128)	-40%	(248)	(317)	-22%
- Interest income	78	263	-70%	453	618	-27%
- Legal and professional fee	(117)	(166)	-30%	(332)	(479)	-31%
- Realised foreign exchange gain/(loss)	88	(539)	+116%	364	506	-28%
- Sundry income	2	25	-92%	120	107	+12%
- Unrealised foreign exchange gain (trade)	273	126	+117%	240	557	-57%
- Unrealised foreign exchange gain/(loss) (non-trade)	391	1,445	-73%	(168)	681	-125%
- Other expenses	(867)	(1,982)	-56%	(4,418)	(8,097)	-45%
(Loss)/Profit before tax	(5,697)	17,660	-132%	(27,958)	44,195	-163%

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.



1. 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 62% and 63% respectively for the quarter ended 31 December 2020 as compared to previous year's corresponding quarter mainly due to decreased in number of products sold resulting from the impact of COVID-19 pandemic.

The revenue of Technical Support and Management ("TSM") division decreased by 56% for the quarter ended 31 December 2020 as compared to previous year's corresponding quarter mainly due to the TSM outlets are operating at a limited capacity set by the respective local authorities due to social distancing measures to prevent the spreading of COVID-19. In addition, some of the outlets opted to suspend their operations due to closure of the borders for foreign visitors. The loss before tax of RM8.7 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

The revenue and profit before tax for SSM division decreased by 44% and 35% respectively for the year ended 31 December 2020 as compared to previous year mainly due to decrease in number of products sold and variation in product mix resulting from the impact of COVID-19 pandemic.

The revenue of TSM division decreased by 53% for the year ended 31 December 2020 as compared to previous year mainly due to the suspension of TSM outlets in March 2020. The TSM outlets have gradually reopened starting from July 2020 and majority of the TSM outlets are operating at a limited capacity set by the respective local authorities due to social distancing measures to prevent the spreading of COVID-19. The loss before tax of RM41.2 million in current year 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.



2. Comparison with Previous Quarter's Results

	CURRENT QUARTER RM'000	PREVIOUS QUARTER RM'000	% +/(%)
Revenue			
Sales and Marketing	37,154	30,041	+24%
Technical Support and Management	14,881	9,575	+55%
Engineering Services	78	348	-78%
Others (1)	82	9	+811%
Revenue	52,195	39,973	+31%
Profit/(Loss) before tax			
Sales and Marketing	4,011	3,693	+9%
Technical Support and Management	(8,717)	(14,362)	-39%
Engineering Services	146	263	-44%
Others	(908)	(449)	+102%
	(5,468)	(10,855)	-50%
Unallocated expenses	(229)	(1,579)	-85%
- Finance cost	(77)	38	-303%
- Interest income	78	166	-53%
- Legal and professional fee	(117)	(94)	+24%
- Realised foreign exchange gain	88	349	-75%
- Sundry income	2	27	-93%
- Unrealised foreign exchange gain/(loss) (trade)	273	(349)	+178%
- Unrealised foreign exchange gain/(loss) (non-trade)	391	(592)	+166%
- Other expenses	(867)	(1,124)	-23%
Loss before tax	(5,697)	(12,434)	-54%

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 and loss before tax for TSM division improved by 55% and 39% respectively for the quarter ended 31 December 2020 as compared to previous quarter because more outlets have resumed operations in the 4th quarter of 2020 coupled with the increase in capacity.



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.

International Monetary Fund ("IMF") is projecting global economy growth for 2021 to be 5.5% (previous forecast: 5.2%) on expectations of vaccine rollout and additional policy support in few large economies. It is also expected that the governments of the respective countries will gradually reopen their borders for foreign visitors. Barring unforeseen circumstances, the Group foresees some recovery in the gaming market and therefore a better performance for year 2021.

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		12 MONTHS ENDED	
	31 DEC 2020 RM'000	31 DEC 2019 RM'000	31 DEC 2020 RM'000	31 DEC 2019 RM'000
Income Tax				
- Current period	954	2,938	2,010	4,006
- Under/(Over)provision in prior year	34	-	(896)	20
Deferred Tax				
- Current period	(10)	(6)	(10)	(6)
- Underprovision in prior year	14	-	14	-
	<u>992</u>	<u>2,932</u>	<u>1,118</u>	<u>4,020</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 DEC 2020 RM'000	AS AT 31 DEC 2019 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Revolving credits	9,977	4,101
Term loans	4,323	3,443
	<u>14,300</u>	<u>7,544</u>
Long Term Borrowings:		
<u>Secured</u>		
Term loans	17,350	22,202
	<u>17,350</u>	<u>22,202</u>
Total borrowings	<u>31,650</u>	<u>29,746</u>

Borrowings denominated in foreign currency as at 31 December 2020:

	Foreign currency '000	RM equivalent '000
<u>Revolving credits</u>		
United States Dollar	2,477	9,977
<u>Term loans</u>		
United States Dollar	5,380	21,673
		<u>31,650</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 year ended 31 December 2020.



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

The (loss)/profit before taxation is after accounting for the following:

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2020 RM'000	31 DEC 2019 RM'000	31 DEC 2020 RM'000	31 DEC 2019 RM'000
Interest income	(136)	(270)	(592)	(633)
Rental income	(236)	(562)	(1,089)	(2,236)
Sundry income	(109)	(296)	(818)	(689)
Interest expenses	310	331	1,532	1,168
Amortisation of intangibles assets	-	68	46	341
Bad debts written off	174	-	212	-
Depreciation of investment property	221	815	900	815
Depreciation of property, plant and equipment	12,648	11,326	53,258	36,738
Depreciation of right-of-use assets	305	325	1,191	949
Impairment losses on:				
- trade receivables	1,510	762	1,932	902
- other receivables	12	352	12	352
Impairment losses written back on:				
- trade receivables	(617)	(139)	(694)	(422)
- other receivables	-	-	(106)	-
Gain on disposal of property, plant and equipment	-	-	-	(4)
Loss/(Gain) on lease modification	-	-	(2)	4
Inventories written (back)/down	(97)	(627)	973	293
Realised foreign exchange (gain)/loss	(88)	539	(364)	(506)
Unrealised foreign exchange gain	(664)	(1,571)	(72)	(1,238)
Written off on property, plant and equipment	-	3	1	18

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

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
(Loss)/Profit attributable to owners of the Company (RM'000)	(6,407)	14,713	(28,737)	39,766
Weighted average number of ordinary shares in issue ('000)	1,543,461	1,548,167	1,543,764	1,543,896
Basic (loss)/earnings per ordinary share (sen)	(0.42)	0.95	(1.86)	2.58



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

(b) Diluted

Diluted (loss)/earnings per ordinary share have not been presented as the Group did not have any outstanding share options as at 31 December 2020 and 31 December 2019.

Diluted (loss)/earnings per ordinary share for the year ended 31 December 2020 and 31 December 2019 equal basic (loss)/earnings per ordinary share because there are no potentially dilutive instruments in existence as at 31 December 2020 and 31 December 2019.

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 February 2021, 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 February 2021