



RGB International Bhd. (603831-K)

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
31 March 2019



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

	Note	3 MONTHS ENDED			3 MONTHS ENDED		
		31 MAR	31 MAR	%	31 MAR	31 MAR	%
		2019	2018		2019	2018	
		RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue	10	52,176	47,772	9%	52,176	47,772	9%
Cost of sales		(33,456)	(28,434)	18%	(33,456)	(28,434)	18%
- Depreciation		(6,755)	(5,509)	23%	(6,755)	(5,509)	23%
- Others		(26,701)	(22,925)	16%	(26,701)	(22,925)	16%
Gross profit		18,720	19,338	-3%	18,720	19,338	-3%
Other income		862	728	18%	862	728	18%
Administrative expenses		(10,597)	(10,430)	2%	(10,597)	(10,430)	2%
- Depreciation		(761)	(973)	-22%	(761)	(973)	-22%
- Others		(9,836)	(9,457)	4%	(9,836)	(9,457)	4%
Selling and marketing expenses		(1,040)	(1,530)	-32%	(1,040)	(1,530)	-32%
Other expenses, net		(397)	(1,158)	-66%	(397)	(1,158)	-66%
Finance costs		(385)	(237)	62%	(385)	(237)	62%
Profit before tax		7,163	6,711	7%	7,163	6,711	7%
Taxation	21	(284)	(273)	4%	(284)	(273)	4%
Profit for the financial period		6,879	6,438	7%	6,879	6,438	7%
Other comprehensive loss, net of tax:							
Item that may be reclassified subsequently to profit or loss							
- Foreign currency translation, representing other comprehensive loss for the financial period		(3,559)	(9,788)	-64%	(3,559)	(9,788)	-64%
Total comprehensive income/(loss) for the financial period		3,320	(3,350)	199%	3,320	(3,350)	199%
Profit attributable to:							
Owners of the Company		6,720	6,366	6%	6,720	6,366	6%
Non-controlling interests		159	72	121%	159	72	121%
		6,879	6,438	7%	6,879	6,438	7%
Total comprehensive income/(loss) attributable to:							
Owners of the Company		3,495	(2,409)	245%	3,495	(2,409)	245%
Non-controlling interests		(175)	(941)	-81%	(175)	(941)	-81%
		3,320	(3,350)	199%	3,320	(3,350)	199%
Earnings per ordinary share attributable to owners of the Company (sen):							
Basic	27	0.44	0.42 *	5%	0.44	0.42 *	5%
Diluted	27	0.43	0.41 *	5%	0.43	0.41 *	5%

* The comparative basic earnings per ordinary share and diluted earnings per ordinary share were recalculated to conform the changes in bonus issue on 20 September 2018.



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

	Note	AS AT 31 MAR 2019 RM'000	AS AT 31 DEC 2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	194,193	173,198
Investments in associates		163	165
Right-of-use assets		2,219	1,552
Intangible assets		2,172	2,295
Trade receivables		-	25
Other receivables		37	37
Lease receivables		7,582	8,286
Due from associates		2,822	2,867
		<u>209,188</u>	<u>188,425</u>
Current assets			
Inventories		5,863	4,725
Trade receivables		104,168	123,399
Other receivables		45,033	47,091
Lease receivables		2,292	2,246
Deposits with licensed banks		3,126	6,287
Cash and bank balances		35,116	56,412
		<u>195,598</u>	<u>240,160</u>
TOTAL ASSETS		<u>404,786</u>	<u>428,585</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		157,439	157,053
Foreign currency translation reserve		14,283	17,508
Share options reserve		2,060	2,176
Retained earnings		64,780	58,060
		<u>238,562</u>	<u>234,797</u>
Non-controlling interests		20,813	20,988
Total equity		<u>259,375</u>	<u>255,785</u>
Non-current liabilities			
Borrowings	23	4,936	5,472
Lease liabilities		1,534	657
Trade payables		5,115	8,592
Deferred tax liabilities		134	134
		<u>11,719</u>	<u>14,855</u>
Current liabilities			
Borrowings	23	15,440	13,870
Lease liabilities		712	913
Trade payables		82,177	107,748
Other payables		34,744	34,615
Due to associates		87	89
Current tax liabilities		532	710
		<u>133,692</u>	<u>157,945</u>
Total liabilities		<u>145,411</u>	<u>172,800</u>
TOTAL EQUITY AND LIABILITIES		<u>404,786</u>	<u>428,585</u>
Net assets per share (sen)		<u>15</u>	<u>15</u>



RGB International Bhd. (603831-K)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**

	----- Attributable to owners of the Company -----						
	----- Non-distributable -----			Distributable			
	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000
							Total equity RM'000
At 1 January 2019	157,053	-	17,508	2,176	58,060	234,797	20,988
Profit for the financial period	-	-	-	-	6,720	6,720	159
Foreign currency translations	-	-	(3,225)	-	-	(3,225)	(334)
Total comprehensive income for the financial period	-	-	(3,225)	-	6,720	3,495	(175)
Transaction with owners:							
Issue of ordinary shares pursuant to ESOS	386	-	-	(119)	-	267	-
Share options vested under ESOS	-	-	-	3	-	3	-
Total transactions with owners	386	-	-	(116)	-	270	-
At 31 March 2019	157,439	-	14,283	2,060	64,780	238,562	20,813



RGB International Bhd. (603831-K)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019 (CONTINUED)**

	----- Attributable to owners of the Company -----							
	----- Non-distributable -----			Distributable				
	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2018	134,730	21,128	12,805	1,740	39,671	210,074	20,820	230,894
Effects of adopting MFRS 9, MFRS 15 and MFRS 16	-	-	92	-	(1,836)	(1,744)	-	(1,744)
At 1 January 2018 (as restated)	134,730	21,128	12,897	1,740	37,835	208,330	20,820	229,150
Profit for the financial period	-	-	-	-	6,366	6,366	72	6,438
Foreign currency translations	-	-	(8,775)	-	-	(8,775)	(1,013)	(9,788)
Total comprehensive loss for the financial period	-	-	(8,775)	-	6,366	(2,409)	(941)	(3,350)
Transaction with owners:								
Issue of ordinary shares pursuant to ESOS	445	-	-	(148)	-	297	-	297
Share options vested under ESOS	-	-	-	182	-	182	-	182
Total transactions with owners	445	-	-	34	-	479	-	479
At 31 March 2018	135,175	21,128	4,122	1,774	44,201	206,400	19,879	226,279



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**

	3 MONTHS ENDED	
	31 MAR	31 MAR
	2019	2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,163	6,711
Adjustments for:		
Interest income	(54)	(132)
Interest expense	325	182
Amortisation of intangible assets	102	99
Depreciation of property, plant and equipment	7,331	6,206
Depreciation of right-of-use assets	185	276
Gain on disposal of property, plant and equipment	(4)	-
Gain on lease modification	(2)	-
Impairment losses (trade receivables)	34	146
Impairment losses written back (trade receivables)	(39)	-
Inventories written back	(113)	(55)
Share options granted under ESOS	3	182
Unrealised forex losses	318	1,460
Written off on property, plant and equipment	-	4
Operating profit before changes in working capital	15,249	15,079
Changes in working capital:		
Receivables, amount due from associates and inventories	20,667	4,169
Payables and amount due to associates	(28,835)	(32,374)
Cash generated from/(used in) operations	7,081	(13,126)
Interest paid	(325)	(182)
Tax paid, net	(462)	(638)
Net cash from/(used in) operating activities	6,294	(13,946)



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019 (CONTINUED)**

	3 MONTHS ENDED	
	31 MAR	31 MAR
	2019	2018
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(30,956)	(7,490)
Proceeds from disposal of property, plant and equipment	4	-
Changes in deposits pledged to licensed banks	2,342	(24)
Changes in bank balances pledged to licensed banks	-	137
Interest received	54	132
Net cash used in investing activities	(28,556)	(7,245)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of onshore foreign currency loan	545	-
Net drawdown/(repayments) of term loan and revolving credits	543	(1,404)
Net repayments of hire purchase creditors	(17)	(21)
Repayments of lease liabilities	(199)	(359)
Proceeds from issuance of ordinary shares	267	297
Net cash from/(used in) financing activities	1,139	(1,487)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(21,123)	(22,678)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(992)	(5,821)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	57,231	103,841
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	35,116	75,342
Cash and cash equivalents at the end of the financial period comprise of the followings:		
Cash and bank balances	35,116	60,863
Deposits with licensed banks	3,126	24,047
	38,242	84,910
Less: Deposits pledged to licensed banks	(3,126)	(7,621)
Less: Bank balances pledged to licensed banks	-	(1,947)
	35,116	75,342



PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Securities.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018. The explanatory notes attached to the interim financial statements provide explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

2. Changes in Accounting Policies

2.1 New MFRSs adopted during the financial period

The Group adopted the followings Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board (“MASB”) during the financial period:

IC Interpretation 23 *Uncertainty over Income Tax Treatments*
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group.

2.2 New MFRSs that have been issued but not yet effective

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements.



3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2018 was not qualified.

4. Significant Event

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

5. Comments about Seasonal or Cyclical Factors

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

6. 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.

7. 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.

8. Changes in Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities except for the following:

- **Share Capital**

	Number of ordinary shares ('000)	
	2019	2018
As at 1 January	1,539,090	1,340,547
Issue of ordinary shares pursuant to ESOS	1,486	6,260
Issue of bonus shares	-	192,283
As at 31 March/31 December	<u>1,540,576</u>	<u>1,539,090</u>

9. Dividends Paid

No dividend was paid during the financial period ended 31 March 2019.



10. Segmental Information

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

	3 MONTHS ENDED		3 MONTHS ENDED	
	31 MAR	31 MAR	31 MAR	31 MAR
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Sales and Marketing	21,965	15,172	21,965	15,172
Technical Support and Management	29,502	32,017	29,502	32,017
Engineering Services	492	517	492	517
Others (1)	280	129	280	129
	<u>52,239</u>	<u>47,835</u>	<u>52,239</u>	<u>47,835</u>
Eliminations	(63)	(63)	(63)	(63)
Revenue	<u>52,176</u>	<u>47,772</u>	<u>52,176</u>	<u>47,772</u>
EBITDA*				
Sales and Marketing	4,026	587	4,026	587
Technical Support and Management	13,004	15,551	13,004	15,551
Engineering Services	282	329	282	329
Others	89	399	89	399
Unallocated	(2,296)	(3,392)	(2,296)	(3,392)
Total	<u>15,105</u>	<u>13,474</u>	<u>15,105</u>	<u>13,474</u>
Segment Results				
Sales and Marketing	3,916	488	3,916	488
Technical Support and Management	5,993	9,754	5,993	9,754
Engineering Services	267	286	267	286
Others	(286)	(149)	(286)	(149)
	<u>9,890</u>	<u>10,379</u>	<u>9,890</u>	<u>10,379</u>
Unallocated expenses	(2,342)	(3,431)	(2,342)	(3,431)
- Interest income	51	127	51	127
- Legal and professional fee	(73)	(93)	(73)	(93)
- Realised foreign exchange (loss)/gain	(85)	306	(85)	306
- Staff cost - ESOS	-	(111)	-	(111)
- Sundry income	29	43	29	43
- Unrealised foreign exchange loss (trade)	(190)	(678)	(190)	(678)
- Unrealised foreign exchange loss (non-trade)	(127)	(782)	(127)	(782)
- Other expenses	(1,947)	(2,243)	(1,947)	(2,243)
	<u>7,548</u>	<u>6,948</u>	<u>7,548</u>	<u>6,948</u>
Operating profit	<u>7,548</u>	<u>6,948</u>	<u>7,548</u>	<u>6,948</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.



11. Valuation of Property, Plant and Equipment

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

12. Subsequent Events

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

- (a) The Company has allotted the following ordinary shares for cash pursuant to the Company's ESOS:
 - (i) 456,792 ordinary shares at an issue price of RM0.088 per ordinary share;
 - (ii) 134,000 ordinary shares at an issue price of RM0.091 per ordinary share; and
 - (iii) 34,056 ordinary shares at an issue price of RM0.103 per ordinary share.

13. 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.

14. Changes in Contingent Liabilities and Contingent Assets

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

15. Capital Commitments

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

	AS AT 31 MAR 2019 RM'000
Capital expenditure	
Approved but not contracted for:	
Property, plant and equipment	56,200
Contracted but not provided for:	
Property, plant and equipment	800
	<u>57,000</u>



16. Significant Related Party Transactions

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

	01.01.2019 to 31.03.2019 RM'000
Sales of products to:	
- Channel Paradise Sdn. Bhd.	535
TSM share of profit from:	
- Timor Holding, S.A.	1,169
Purchase of products from:	
- Channel Paradise Pte. Ltd. (f.k.a. Standard RGB Pte. Ltd.)	453

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”)

17. Performance Review

	3 MONTHS ENDED			3 MONTHS ENDED		
	31 MAR 2019 RM'000	31 MAR 2018 RM'000	% +/(-)	31 MAR 2019 RM'000	31 MAR 2018 RM'000	% +/(-)
Revenue						
Sales and Marketing	21,965	15,172	+45%	21,965	15,172	+45%
Technical Support and Management	29,502	32,017	-8%	29,502	32,017	-8%
Engineering Services	492	517	-5%	492	517	-5%
Others (1)	217	66	+229%	217	66	+229%
Total	52,176	47,772	+9%	52,176	47,772	+9%
EBITDA*						
Sales and Marketing	4,026	587	+586%	4,026	587	+586%
Technical Support and Management	13,004	15,551	-16%	13,004	15,551	-16%
Engineering Services	282	329	-14%	282	329	-14%
Others	89	399	-78%	89	399	-78%
Unallocated	(2,296)	(3,392)	-32%	(2,296)	(3,392)	-32%
Total	15,105	13,474	+12%	15,105	13,474	+12%
Profit/(Loss) before tax						
Sales and Marketing	3,708	483	+668%	3,708	483	+668%
Technical Support and Management	5,882	9,585	-39%	5,882	9,585	-39%
Engineering Services	267	284	-6%	267	284	-6%
Others	(286)	(152)	+88%	(286)	(152)	+88%
	9,571	10,200	-6%	9,571	10,200	-6%
Unallocated expenses	(2,408)	(3,489)	-31%	(2,408)	(3,489)	-31%
- Finance cost	(66)	(58)	+14%	(66)	(58)	+14%
- Interest income	51	127	-60%	51	127	-60%
- Legal and professional fee	(73)	(93)	-22%	(73)	(93)	-22%
- Realised foreign exchange (loss)/gain	(85)	306	-128%	(85)	306	-128%
- Staff cost - ESOS	-	(111)	-100%	-	(111)	-100%
- Sundry income	29	43	-33%	29	43	-33%
- Unrealised foreign exchange loss (trade)	(190)	(678)	-72%	(190)	(678)	-72%
- Unrealised foreign exchange loss (non-trade)	(127)	(782)	-84%	(127)	(782)	-84%
- Other expenses	(1,947)	(2,243)	-13%	(1,947)	(2,243)	-13%
Profit before tax	7,163	6,711	+7%	7,163	6,711	+7%

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.



17. 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 45% and 688% respectively for the quarter ended 31 March 2019 as compared to previous year's corresponding quarter due to increase in number of product sold, rebate incentives and variation in product mix in this quarter.

The revenue and profit before tax for Technical Support and Management ("TSM") division decreased by 8% and 39% respectively for the quarter ended 31 March 2019 as compared to previous year's corresponding quarter due to low hold factors in certain outlets, higher depreciation on additional new machines for upgrading and expansion including a new outlet which its full revenue potential has yet to be realised and the reversal of the provision for withholding tax in last year.



18. Comparison with Previous Quarter's Results

	CURRENT QUARTER RM'000	PREVIOUS QUARTER RM'000	% +/(-)
Revenue			
Sales and Marketing	21,965	55,427	-60%
Technical Support and Management	29,502	22,831	+29%
Engineering Services	492	488	+1%
Others (1)	217	(152)	+243%
Revenue	<u>52,176</u>	<u>78,594</u>	<u>-34%</u>
EBITDA*			
Sales and Marketing	4,026	6,964	-42%
Technical Support and Management	13,004	10,489	+24%
Engineering Services	282	298	-5%
Others	89	(241)	+137%
Unallocated	(2,296)	(1,898)	+21%
Total	<u>15,105</u>	<u>15,612</u>	<u>-3%</u>
Profit/(Loss) before tax			
Sales and Marketing	3,708	6,773	-45%
Technical Support and Management	5,882	2,025	+190%
Engineering Services	267	255	+5%
Others	(286)	(709)	-60%
	<u>9,571</u>	<u>8,344</u>	<u>+15%</u>
Unallocated expenses	(2,408)	(1,984)	+21%
- Finance cost	(66)	(76)	-13%
- Interest income	51	67	-24%
- Legal and professional fee	(73)	(99)	-26%
- Realised foreign exchange (loss)/gain	(85)	94	-190%
- Staff cost - ESOS	-	(15)	-100%
- Sundry income	29	25	+16%
- Unrealised foreign exchange loss (trade)	(190)	(678)	-72%
- Unrealised foreign exchange (loss)/gain (non-trade)	(127)	534	-124%
- Other expenses	(1,947)	(1,836)	+6%
Profit before tax	<u>7,163</u>	<u>6,360</u>	<u>+13%</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.



18. Comparison with Previous Quarter's Results (Continued)

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

The profit before tax for TSM division increased by 190% as compared to previous quarter due to better performance of all outlets in general across the region and the impact arising from the full adoption of MFRS 15 in the 4th Quarter, 2018.

The loss before taxation for Others is mainly related to expense out of R&D projects.

19. Commentary on Prospects

The Group continues to capitalise on the strong performance of new and existing products under its portfolio in SSM division, to provide additional number of concession machines through the existing and new concessions, to continue aggressive improvement in the performance of concession machines in TSM division, to promote the provision of engineering expertise to across the region and exploring into new markets outside Asia. Barring unforeseen circumstances, the Group expects to achieve a better performance this year.

20. Profit Forecast

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

21. Taxation

	3 MONTHS ENDED		3 MONTHS ENDED	
	31 MAR	31 MAR	31 MAR	31 MAR
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current period	284	273	284	273

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2017: 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.

22. Corporate Proposals

There were no corporate proposals announced but not completed as at 29 May 2019.



23. Borrowings

	AS AT 31 MAR 2019 RM'000	AS AT 31 DEC 2018 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Onshore foreign currency loan	3,408	2,901
Revolving credits	10,198	9,090
Hire purchase creditors	39	55
Term loans	1,795	1,824
	<u>15,440</u>	<u>13,870</u>
Long Term Borrowings:		
<u>Secured</u>		
Term loans	4,936	5,472
	<u>4,936</u>	<u>5,472</u>
Total borrowings	<u>20,376</u>	<u>19,342</u>

Borrowings denominated in foreign currency as at 31 March 2019:

	Foreign currency '000	RM equivalent '000
<u>Onshore foreign currency loan</u>		
United States Dollar	835	3,408
<u>Revolving credits</u>		
United States Dollar	2,500	10,198
<u>Term loans</u>		
United States Dollar	1,650	6,731
		<u>20,337</u>

24. 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.



25. Dividends

The final single-tier dividend of RM0.007 per ordinary share for the financial year ended 31 December 2018 was approved by the shareholders at the 16th Annual General Meeting held on 30 May 2019. The entitlement date and payment date are 31 July 2019 and 15 August 2019 respectively.

26. 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	31 MAR	31 MAR	31 MAR
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(54)	(132)	(54)	(132)
Interest expenses	325	182	325	182
Amortisation of intangible assets	102	99	102	99
Depreciation of property, plant and equipment	7,331	6,206	7,331	6,206
Depreciation of right-of-use assets	185	276	185	276
Gain on disposal of property, plant and equipment	(4)	-	(4)	-
Gain on lease modification	(2)	-	(2)	-
Impairment losses (trade receivables)	34	146	34	146
Impairment losses written back (trade receivables)	(39)	-	(39)	-
Inventories written back	(113)	(55)	(113)	(55)
Written off on property, plant and equipment	-	4	-	4



27. 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.

	3 MONTHS ENDED		3 MONTHS ENDED	
	31 MAR 2019	31 MAR 2018	31 MAR 2019	31 MAR 2018
Profit attributable to owners of the Company (RM'000)	6,720	6,366	6,720	6,366
Weighted average number of ordinary shares in issue ('000)	1,539,551	1,533,341	1,539,551	1,533,341
Basic earnings per ordinary share (sen)	0.44	0.42 *	0.44	0.42 *

(b) Diluted

Diluted 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 adjusted for the effects of dilutive potential ordinary shares.

	3 MONTHS ENDED		3 MONTHS ENDED	
	31 MAR 2019	31 MAR 2018	31 MAR 2019	31 MAR 2018
Profit attributable to owners of the Company (RM'000)	6,720	6,366	6,720	6,366
Weighted average number of ordinary shares in issue ('000)	1,539,551	1,533,341	1,539,551	1,533,341
Effect of dilution due to ESOS ('000)	6,663	11,753	6,663	11,753
Adjusted weighted average number of ordinary shares ('000)	1,546,214	1,545,094	1,546,214	1,545,094
Diluted earnings per ordinary share (sen)	0.43	0.41 *	0.43	0.41 *

* Pursuant to the requirements of MFRS 133 *Earnings per Share*, the weighted average number of ordinary shares used in the calculation of basic and diluted earnings per ordinary share above for the quarter ended 31 March 2018 have been retrospectively adjusted to reflect the bonus issue on 20 September 2018.



RGB International Bhd. (603831-K)

28. Authorisation for Issue

On 30 May 2019, the Board of Directors authorised the issue of these interim financial statements.

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

Datuk Chuah Kim Seah
Managing Director
30 May 2019