



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

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
30 September 2019



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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	Note	3 MONTHS ENDED			9 MONTHS ENDED		
		30 SEP 2019 RM'000	30 SEP 2018 RM'000	% +/(-)	30 SEP 2019 RM'000	30 SEP 2018 RM'000	% +/(-)
Revenue	10	111,632	86,488	29%	218,971	300,656	-27%
Cost of sales		(88,127)	(63,065)	40%	(157,503)	(233,803)	-33%
- Depreciation		(10,187)	(6,550)	56%	(23,612)	(17,781)	33%
- Others		(77,940)	(56,515)	38%	(133,891)	(216,022)	-38%
Gross profit		23,505	23,423	0%	61,468	66,853	-8%
Other income		924	726	27%	2,430	2,232	9%
Administrative expenses		(10,201)	(9,782)	4%	(33,301)	(31,375)	6%
- Depreciation		(855)	(918)	-7%	(2,424)	(2,750)	-12%
- Others		(9,346)	(8,864)	5%	(30,877)	(28,625)	8%
Selling and marketing expenses		(1,449)	(1,064)	36%	(3,750)	(4,754)	-21%
Other (expenses)/gain, net		(606)	129	-570%	697	(3,469)	120%
Finance costs		(273)	(197)	39%	(1,009)	(682)	48%
Profit before tax		11,900	13,235	-10%	26,535	28,805	-8%
Taxation	21	(577)	(1,149)	-50%	(1,088)	(1,556)	-30%
Profit for the financial period		11,323	12,086	-6%	25,447	27,249	-7%
Other comprehensive income, net of tax:							
Item that may be reclassified subsequently to profit or loss							
- Foreign currency translation, representing other comprehensive income for the financial period		2,764	5,441	-49%	2,724	5,005	-46%
Total comprehensive income for the financial period		14,087	17,527	-20%	28,171	32,254	-13%
Profit attributable to:							
Owners of the Company		11,179	11,991	-7%	25,053	26,991	-7%
Non-controlling interests		144	95	52%	394	258	53%
		11,323	12,086	-6%	25,447	27,249	-7%
Total comprehensive income attributable to:							
Owners of the Company		13,702	16,917	-19%	27,543	31,579	-13%
Non-controlling interests		385	610	-37%	628	675	-7%
		14,087	17,527	-20%	28,171	32,254	-13%
Earnings per ordinary share attributable to owners of the Company (sen):							
Basic	27	0.72	0.78	-8%	1.62	1.76	-8%
Diluted	27	0.72	0.78	-8%	1.61	1.74	-7%



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019**

	Note	AS AT 30 SEP 2019 RM'000	AS AT 31 DEC 2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	224,858	173,198
Investments in associates		167	165
Right-of-use assets		2,235	1,552
Intangible assets		2,033	2,295
Trade receivables		5,552	25
Other receivables		27	37
Lease receivables		9,137	8,286
Due from associates		2,904	2,867
		<u>246,913</u>	<u>188,425</u>
Current assets			
Inventories		3,208	4,725
Trade receivables		120,397	123,399
Other receivables		34,042	47,091
Lease receivables		3,366	2,246
Deposits with licensed banks		15,374	6,287
Cash and bank balances		37,563	56,412
		<u>213,950</u>	<u>240,160</u>
TOTAL ASSETS		<u>460,863</u>	<u>428,585</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		158,441	157,053
Foreign currency translation reserve		19,998	17,508
Share options reserve		1,754	2,176
Retained earnings		72,287	58,060
		<u>252,480</u>	<u>234,797</u>
Non-controlling interests		21,616	20,988
Total equity		<u>274,096</u>	<u>255,785</u>
Non-current liabilities			
Borrowings	23	4,148	5,472
Lease liabilities		1,568	657
Trade payables		1,026	8,592
Deferred tax liabilities		134	134
		<u>6,876</u>	<u>14,855</u>
Current liabilities			
Borrowings	23	16,648	13,870
Lease liabilities		719	913
Trade payables		127,251	107,748
Other payables		34,582	34,615
Due to associates		90	89
Current tax liabilities		601	710
		<u>179,891</u>	<u>157,945</u>
Total liabilities		<u>186,767</u>	<u>172,800</u>
TOTAL EQUITY AND LIABILITIES		<u>460,863</u>	<u>428,585</u>
Net assets per share (sen)		<u>16</u>	<u>15</u>



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

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



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	-	94	-	(2,729)	(2,635)	(499)	(3,134)
At 1 January 2018 (as restated)	134,730	21,128	12,899	1,740	36,942	207,439	20,321	227,760
Profit for the financial period	-	-	-	-	26,991	26,991	258	27,249
Foreign currency translations	-	-	4,588	-	-	4,588	417	5,005
Total comprehensive income for the financial period	-	-	4,588	-	26,991	31,579	675	32,254
Transaction with owners:								
Issue of ordinary shares pursuant to ESOS	1,081	-	-	(342)	-	739	-	739
Share options vested under ESOS	-	-	-	776	-	776	-	776
Bonus issue	19,228	(19,228)	-	-	-	-	-	-
Dividends paid	-	-	-	-	(9,413)	(9,413)	-	(9,413)
Total transactions with owners	20,309	(19,228)	-	434	(9,413)	(7,898)	-	(7,898)
At 30 September 2018	155,039	1,900	17,487	2,174	54,520	231,120	20,996	252,116



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	9 MONTHS ENDED	
	30 SEP	30 SEP
	2019	2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	26,535	28,805
Adjustments for:		
Interest income	(363)	(353)
Interest expense	837	496
Amortisation of intangible assets	273	299
Depreciation of property, plant and equipment	25,412	19,605
Depreciation of right-of-use assets	624	926
Gain on disposal of property, plant and equipment	(4)	(11)
Loss on lease modification	4	-
Impairment losses (trade receivables)	140	514
Impairment losses written back (non-trade receivables)	-	(7)
Impairment losses written back (trade receivables)	(283)	(266)
Inventories written down/(back)	920	(682)
Share options granted under ESOS	3	776
Unrealised forex losses	333	3,550
Written off on property, plant and equipment	15	29
Operating profit before changes in working capital	54,446	53,681
Changes in working capital:		
Receivables, amount due from associates and inventories	11,546	(22,039)
Payables and amount due to associates	11,827	(7,248)
Cash generated from operations	77,819	24,394
Interest paid	(837)	(496)
Tax paid, net	(1,197)	(1,821)
Net cash from operating activities	75,785	22,077



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)**

	9 MONTHS ENDED	
	30 SEP 2019 RM'000	30 SEP 2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(76,464)	(39,982)
Proceeds from disposal of property, plant and equipment	4	12
Changes in bank balances and deposits pledged to licensed banks	273	4,218
Interest received	363	353
Net cash used in investing activities	(75,824)	(35,399)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayments)/drawdown of onshore foreign currency loan	(641)	2,374
Net drawdown/(repayments) of term loan and revolving credits	2,177	(2,630)
Repayments of hire purchase creditors	(49)	(46)
Repayments of lease liabilities	(566)	(888)
Proceeds from issuance of ordinary shares	963	739
Dividends paid	(10,826)	(9,413)
Net cash used in financing activities	(8,942)	(9,864)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,981)	(23,186)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(508)	(226)
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	47,742	80,429
Cash and cash equivalents at the end of the financial period comprise of the followings:		
Cash and bank balances	37,563	79,636
Deposits with licensed banks	15,374	6,256
	52,937	85,892
Less: Deposits pledged to licensed banks	(5,195)	(5,463)
	47,742	80,429



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. 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)	
	2019	2018
As at 1 January	1,539,090	1,340,547
Issue of ordinary shares pursuant to ESOS	8,852	6,260
Issue of bonus shares	-	192,283
As at 30 September/31 December	<u>1,547,942</u>	<u>1,539,090</u>

8. Dividends Paid

A final single-tier dividend of RM0.007 per ordinary share for the financial year ended 31 December 2018 was paid on 15 August 2019.



9. Segmental Information

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

	3 MONTHS ENDED		9 MONTHS ENDED	
	30 SEP	30 SEP	30 SEP	30 SEP
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Sales and Marketing	80,607	56,157	125,730	209,697
Technical Support and Management	30,694	28,363	91,557	87,849
Engineering Services	312	1,902	1,391	2,929
Others ⁽¹⁾	109	129	563	370
	<u>111,722</u>	<u>86,551</u>	<u>219,241</u>	<u>300,845</u>
Eliminations	(90)	(63)	(270)	(189)
Revenue	<u>111,632</u>	<u>86,488</u>	<u>218,971</u>	<u>300,656</u>
EBITDA*				
Sales and Marketing	10,227	7,402	17,679	17,590
Technical Support and Management	14,876	13,704	40,239	39,476
Engineering Services	112	1,743	744	2,440
Others	96	72	130	584
Unallocated	<u>(2,080)</u>	<u>(1,979)</u>	<u>(5,111)</u>	<u>(9,959)</u>
Total	<u>23,231</u>	<u>20,942</u>	<u>53,681</u>	<u>50,131</u>
Profit/(Loss) before tax				
Sales and Marketing	10,109	7,297	17,038	17,252
Technical Support and Management	4,163	6,702	15,257	20,368
Engineering Services	113	1,697	729	2,304
Others	<u>(282)</u>	<u>(398)</u>	<u>(1,021)</u>	<u>(892)</u>
	<u>14,103</u>	<u>15,298</u>	<u>32,003</u>	<u>39,032</u>
Unallocated expenses	<u>(2,203)</u>	<u>(2,063)</u>	<u>(5,468)</u>	<u>(10,227)</u>
- Finance cost	(59)	(66)	(189)	(210)
- Interest income	256	86	355	343
- Legal and professional fee	(107)	(332)	(313)	(602)
- Realised foreign exchange (loss)/gain	(498)	(768)	1,045	98
- Staff cost - ESOS	-	(121)	-	(343)
- Sundry income	27	32	82	99
- Unrealised foreign exchange (loss)/gain (trade)	(390)	402	431	(661)
- Unrealised foreign exchange gain/(loss) (non-trade)	296	488	(764)	(2,889)
- Other expenses	<u>(1,728)</u>	<u>(1,784)</u>	<u>(6,115)</u>	<u>(6,062)</u>
Profit before tax	<u>11,900</u>	<u>13,235</u>	<u>26,535</u>	<u>28,805</u>

Note

(1) "Others" consist of revenue from leasing of Chateau building, manufacturing activities, research & development activities and inter-segment transaction.

* Earnings before interest, taxation, depreciation, amortisation, impairment of property, plant & equipment, intangible assets and investments.



10. Valuation of Property, Plant and Equipment

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

11. Subsequent Events

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

(a) The Company has allotted the following ordinary shares for cash pursuant to the Company's ESOS:

- (i) 70,603 ordinary shares at an issue price of RM0.088 per ordinary share;
- (ii) 173,737 ordinary shares at an issue price of RM0.091 per ordinary share; and
- (iii) 58,968 ordinary shares at an issue price of RM0.103 per ordinary share.

The ESOS has expired on 20 October 2019.

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 2019 is as follows:

	AS AT 30 SEP 2019 RM'000
Capital expenditure	
Approved but not contracted for:	
Property, plant and equipment	39,200
- 2019	22,100
- 2020	17,100
Contracted but not provided for:	
Property, plant and equipment	100
	<u>39,300</u>



15. Significant Related Party Transactions

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

	01.07.2019 to 30.09.2019 RM'000	01.01.2019 to 30.09.2019 RM'000
Sales of products to:		
- Channel Paradise Sdn. Bhd.	443	1,902
Technical support and management fee from:		
- Timor Holding, S.A.	1,168	3,231
Purchase of products from:		
- Channel Paradise Sdn. Bhd.	309	2,650
- Channel Paradise Pte. Ltd. (f.k.a. Standard RGB Pte. Ltd.)	1,748	2,450

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 2019 RM'000	30 SEP 2018 RM'000	% +/(-)	30 SEP 2019 RM'000	30 SEP 2018 RM'000	% +/(-)
Revenue						
Sales and Marketing	80,607	56,157	+44%	125,730	209,697	-40%
Technical Support and Management	30,694	28,363	+8%	91,557	87,849	+4%
Engineering Services	312	1,902	-84%	1,391	2,929	-53%
Others (1)	19	66	-71%	293	181	+62%
Total	111,632	86,488	+29%	218,971	300,656	-27%
EBITDA*						
Sales and Marketing	10,227	7,402	+38%	17,679	17,590	+1%
Technical Support and Management	14,876	13,704	+9%	40,239	39,476	+2%
Engineering Services	112	1,743	-94%	744	2,440	-70%
Others	96	72	+33%	130	584	-78%
Unallocated	(2,080)	(1,979)	+5%	(5,111)	(9,959)	-49%
Total	23,231	20,942	+11%	53,681	50,131	+7%
Profit/(Loss) before tax						
Sales and Marketing	10,109	7,297	+39%	17,038	17,252	-1%
Technical Support and Management	4,163	6,702	-38%	15,257	20,368	-25%
Engineering Services	113	1,697	-93%	729	2,304	-68%
Others	(282)	(398)	-29%	(1,021)	(892)	+14%
	14,103	15,298	-8%	32,003	39,032	-18%
Unallocated expenses	(2,203)	(2,063)	+7%	(5,468)	(10,227)	-47%
- Finance cost	(59)	(66)	-11%	(189)	(210)	-10%
- Interest income	256	86	+198%	355	343	+3%
- Legal and professional fee	(107)	(332)	-68%	(313)	(602)	-48%
- Realised foreign exchange (loss)/gain	(498)	(768)	-35%	1,045	98	+966%
- Staff cost - ESOS	-	(121)	-100%	-	(343)	-100%
- Sundry income	27	32	-16%	82	99	-17%
- Unrealised foreign exchange (loss)/gain (trade)	(390)	402	-197%	431	(661)	+165%
- Unrealised foreign exchange gain/(loss) (non-trade)	296	488	-39%	(764)	(2,889)	-74%
- Other expenses	(1,728)	(1,784)	-3%	(6,115)	(6,062)	+1%
Profit before tax	11,900	13,235	-10%	26,535	28,805	-8%

Note

(1) “Others” consist of revenue from leasing of Chateau building, manufacturing activities, research & development activities and inter-segment transaction.

* Earnings before interest, taxation, depreciation, amortisation, impairment of property, plant & equipment, intangible assets and investments.



16. Performance Review (Continued)

(i) Comparison with previous year's corresponding quarter

The revenue and profit before tax for Sales and Marketing ("SSM") division increased by 44% and 39% respectively for the quarter ended 30 September 2019 as compared to previous year's corresponding quarter mainly due to increase in number of products sold.

The revenue for Technical Support and Management ("TSM") division increased by 8% for the quarter ended 30 September 2019 as compared to previous year's corresponding quarter mainly due to a better performance in the Philippines's outlets and opening of a new outlet. However, the profit before tax decreased by 38% which was mainly due to higher depreciation and provision for jackpot liabilities on new machines placed in a new outlet.

(ii) Comparison with previous year's corresponding period

The revenue and profit before tax for SSM division decreased by 40% and 1% respectively for the nine months period ended 30 September 2019 as compared to preceding year mainly due to decrease in number of products sold and variation in product mix. In addition, higher revenue in previous year's corresponding period was solely due to a bulk sale to an Integrated Resort in Indochina.

The revenue for TSM division increased by 4% for the nine months period ended 30 September 2019 as compared to preceding year. However, the profit before tax decreased by 25% which was mainly due to higher depreciation and provision for jackpot liabilities on new machines placed in a new outlet.



17. Comparison with Previous Quarter's Results

	CURRENT QUARTER RM'000	PREVIOUS QUARTER RM'000	% + / (-)
Revenue			
Sales and Marketing	80,607	23,158	+248%
Technical Support and Management	30,694	31,361	-2%
Engineering Services	312	587	-47%
Others ⁽¹⁾	19	57	-67%
Revenue	111,632	55,163	+102%
EBITDA*			
Sales and Marketing	10,227	3,426	+199%
Technical Support and Management	14,876	12,359	+20%
Engineering Services	112	350	-68%
Others	96	(55)	+275%
Unallocated	(2,080)	(735)	+183%
Total	23,231	15,345	+51%
Profit/(Loss) before tax			
Sales and Marketing	10,109	3,221	+214%
Technical Support and Management	4,163	5,212	-20%
Engineering Services	113	349	-68%
Others	(282)	(453)	-38%
	14,103	8,329	+69%
Unallocated expenses	(2,203)	(857)	+157%
- Finance cost	(59)	(64)	-8%
- Interest income	256	48	+433%
- Legal and professional fee	(107)	(133)	-20%
- Realised foreign exchange (loss)/gain	(498)	1,628	-131%
- Sundry income	27	26	+4%
- Unrealised foreign exchange (loss)/gain (trade)	(390)	1,011	-139%
- Unrealised foreign exchange gain/(loss) (non-trade)	296	(933)	+132%
- Other expenses	(1,728)	(2,440)	-29%
Profit before tax	11,900	7,472	+59%

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. Comparison with Previous Quarter's Results (Continued)

The revenue and profit before tax for SSM division increased by 248% and 214% respectively due to increase in number of products sold and variation in product mix.

The revenue for TSM division decreased by 2% mainly due to provision for jackpot liabilities on the new machines placed in a new outlet. Without the said provision for jackpot liabilities, the revenue for TSM in current quarter is higher due to a better performance in the Philippines's outlets. The profit before tax for TSM division decreased by 20% as compared to previous quarter mainly due to higher depreciation on new machines placed in a new outlet.

18. Commentary on Prospects

The Group continues to capitalise on the strong demand of our products and services across the regions. Barring unforeseen circumstances, the Group expects to achieve a better performance this year.

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
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current period	557	1,149	1,068	1,556
- Underprovision in prior year	20	-	20	-
	<u>577</u>	<u>1,149</u>	<u>1,088</u>	<u>1,556</u>

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2018: 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

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of this announcement:

(a) Proposed Share Buy-Back

On 24 October 2019, the Company had announced its intention to seek its shareholders' approval to allow the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company ("Proposed Share Buy-Back"). The shareholders of the Company had, at the Extraordinary General Meeting held on 28 November 2019, approved the Proposed Share Buy-Back.

22. Borrowings

	AS AT 30 SEP 2019 RM'000	AS AT 31 DEC 2018 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Onshore foreign currency loan	2,227	2,901
Revolving credits	12,571	9,090
Hire purchase creditors	6	55
Term loans	1,844	1,824
	<u>16,648</u>	<u>13,870</u>
Long Term Borrowings:		
<u>Secured</u>		
Term loans	4,148	5,472
	<u>4,148</u>	<u>5,472</u>
Total borrowings	<u>20,796</u>	<u>19,342</u>
Borrowings denominated in foreign currency as at 30 September 2019:		
	Foreign currency '000	RM equivalent '000
<u>Onshore foreign currency loan</u>		
United States Dollar	532	2,227
<u>Revolving credits</u>		
United States Dollar	3,000	12,571
<u>Term loans</u>		
United States Dollar	1,430	5,992
		<u>20,790</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

As disclosed in Note 8.

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	30 SEP	30 SEP	30 SEP
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(258)	(88)	(363)	(353)
Interest expenses	220	138	837	496
Amortisation of intangible assets	69	101	273	299
Depreciation of property, plant and equipment	10,799	7,137	25,412	19,605
Depreciation of right-of-use assets	243	331	624	926
Gain on disposal of property, plant and equipment	-	(11)	(4)	(11)
Loss on lease modification	-	-	4	-
Impairment losses (trade receivables)	104	107	140	514
Impairment losses written back (non-trade receivables)	-	(7)	-	(7)
Impairment losses written back (trade receivables)	(97)	(258)	(283)	(266)
Inventories written down/(back)	100	(816)	920	(682)
Written off on property, plant and equipment	14	6	15	29


26. Earnings Per Ordinary Share
(a) Basic

Basic earnings per ordinary share is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

	3 MONTHS ENDED		9 MONTHS ENDED	
	30 SEP 2019	30 SEP 2018	30 SEP 2019	30 SEP 2018
Profit attributable to owners of the Company (RM'000)	11,179	11,991	25,053	26,991
Weighted average number of ordinary shares in issue ('000)	1,546,606	1,537,739	1,542,457	1,535,763
Basic earnings per ordinary share (sen)	0.72	0.78	1.62	1.76

(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		9 MONTHS ENDED	
	30 SEP 2019	30 SEP 2018	30 SEP 2019	30 SEP 2018
Profit attributable to owners of the Company (RM'000)	11,179	11,991	25,053	26,991
Weighted average number of ordinary shares in issue ('000)	1,546,606	1,537,739	1,542,457	1,535,763
Effect of dilution due to ESOS ('000)	1,770	9,021	10,505	13,419
Adjusted weighted average number of ordinary shares ('000)	1,548,376	1,546,760	1,552,962	1,549,182
Diluted earnings per ordinary share (sen)	0.72	0.78	1.61	1.74

27. 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.



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

28. Authorisation for Issue

On 28 November 2019, 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
28 November 2019