



RGB International Bhd. (603831-K)

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
30 June 2011



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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2011**

	Note	3 MONTHS ENDED		6 MONTHS ENDED	
		30 JUNE	30 JUNE	30 JUNE	30 JUNE
		2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
Revenue	10	31,252	27,040	58,541	58,259
Cost of sales		(25,988)	(25,210)	(46,866)	(61,531)
- Depreciation		(12,002)	(17,965)	(22,843)	(36,691)
- Others		(13,986)	(7,245)	(24,023)	(24,840)
Gross income/ (loss)		5,264	1,830	11,675	(3,272)
Other income		23	493	305	1,723
Administrative expenses		(6,370)	(10,984)	(15,299)	(23,095)
- Depreciation		(761)	(934)	(1,505)	(1,693)
- Others		(5,609)	(10,050)	(13,794)	(21,402)
Selling and marketing expenses		(317)	(407)	(588)	(816)
Other (expenses)/ gain, net		(198)	643	553	(425)
Operating loss		(1,598)	(8,425)	(3,354)	(25,885)
Finance costs		(2,418)	(2,795)	(4,826)	(5,333)
Share of loss of jointly controlled entities		(26)	(96)	(7)	(7)
Share of profit/ (loss) of associates		123	679	(4)	318
Loss before tax		(3,919)	(10,637)	(8,191)	(30,907)
Income tax expense	21	(6)	(12)	(11)	(25)
Loss for the period		(3,925)	(10,649)	(8,202)	(30,932)
Other comprehensive income					
- Foreign currency translation, representing other comprehensive income for the period		12	104	(3,648)	(8,399)
Total comprehensive income		(3,913)	(10,545)	(11,850)	(39,331)
Loss attributable to:					
Owners of the parent		(3,428)	(10,649)	(7,391)	(28,374)
Minority interests		(497)	-	(811)	(2,558)
		(3,925)	(10,649)	(8,202)	(30,932)
Total comprehensive income attributable to:					
Owners of the parent		(3,423)	(10,545)	(10,800)	(37,058)
Minority interests		(490)	-	(1,050)	(2,273)
		(3,913)	(10,545)	(11,850)	(39,331)
Loss per share attributable to owners of the Parent:					
Basic, for loss for the period (sen)	29	(0.27)	(0.93)	(0.59)	(2.48)
Diluted, for loss for the period (sen)	29	(0.27)	N/A	(0.51)	N/A



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Note	AS AT 30 JUNE 2011 RM'000	AS AT 31 DEC 2010 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	145,553	176,162
Investments in jointly controlled entities		247	1,264
Investments in associates		2,178	2,238
Other investment		4	4
Development costs		354	208
Other receivables		355	1,565
Gaming licenses		545	556
Goodwill		272	272
		<u>149,508</u>	<u>182,269</u>
Current assets			
Inventories		13,622	11,884
Trade Receivables		43,364	77,630
Short term lease receivables		-	509
Other Receivables		13,405	9,675
Tax Recoverable		131	123
Due from jointly controlled entities		391	307
Due from associates		3,726	4,105
Deposits with licensed banks		5,436	5,314
Cash and bank balances		26,258	15,861
		<u>106,333</u>	<u>125,408</u>
TOTAL ASSETS		<u>255,841</u>	<u>307,677</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	8	115,119	115,105
Share premium		14,372	14,372
Foreign exchange translation reserve		(29,644)	(26,235)
Share option reserve		152	82
Accumulated losses		(24,869)	(17,478)
		<u>75,130</u>	<u>85,846</u>
Minority interests		7,245	7,033
Total equity		<u>82,375</u>	<u>92,879</u>
Non-current liabilities			
Borrowings	25	10,909	12,319
Deferred tax liabilities		8	8
		<u>10,917</u>	<u>12,327</u>
Current liabilities			
Borrowings	25	98,920	116,000
Trade payables		39,659	52,270
Other payables		20,967	25,458
Due to jointly controlled entities		601	3,368
Due to associates		1,399	3,073
Due to other shareholders		993	2,302
Tax payable		10	-
		<u>162,549</u>	<u>202,471</u>
Total liabilities		<u>173,466</u>	<u>214,798</u>
TOTAL EQUITY AND LIABILITIES		<u>255,841</u>	<u>307,677</u>
Net assets per share (sen)	7	<u>7</u>	<u>7</u>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2010 AND 30 JUNE 2011**

	----- Attributable to owners of the parent -----					Total	Minority Interest	Total Equity
	----- Non-Distributable -----			Distributable				
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Share Option Reserve	Retained Earnings/ (Accumulated Losses)			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2010	104,151	8,838	(6,326)	-	33,536	140,199	2,273	142,472
Effect of adopting FRS 139	-	-	(24)	-	(3,049)	(3,073)	-	(3,073)
At 1 January 2010 (As restated)	104,151	8,838	(6,350)	-	30,487	137,126	2,273	139,399
Total comprehensive income for the period	-	-	(8,684)	-	(28,374)	(37,058)	(2,273)	(39,331)
Transaction with owners								
Issue of ordinary shares pursuant to Share Placement	10,954	5,534	-	-	-	16,488	-	16,488
At 30 June 2010	115,105	14,372	(15,034)	-	2,113	116,556	-	116,556
At 1 January 2011	115,105	14,372	(26,235)	82	(17,478)	85,846	7,033	92,879
Total comprehensive income for the period	-	-	(3,409)	-	(7,391)	(10,800)	(1,050)	(11,850)
Transaction with owners								
Issue of ordinary shares pursuant to ESOS	14	-	-	-	-	14	-	14
Share option granted under ESOS	-	-	-	70	-	70	-	70
Subscription of share application monies by the minority interests in subsidiaries	-	-	-	-	-	-	1,262	1,262
At 30 June 2011	115,119	14,372	(29,644)	152	(24,869)	75,130	7,245	82,375



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2011**

	6 MONTHS ENDED	
	30 JUNE 2011 RM'000	30 JUNE 2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(8,191)	(30,907)
Adjustments for:		
Amortisation of development costs	-	174
Deposits written off	-	(33)
Depreciation	24,348	38,384
Impairment of property, plant and equipment written back	(564)	(839)
Impairment of lease receivables	23	329
Gain on disposal of equipment	(375)	(165)
Property, plant and equipment written off	269	419
Impairment of trade receivables	385	414
Impairment of amount due from associates	8	-
Receivables written back	(2)	-
Impairment of trade receivables written back	(1,261)	(115)
Impairment of other receivables written back	-	(531)
Net reversal of inventories written down	(42)	-
Share options granted under ESOS	70	-
Share of loss of jointly controlled entities	7	7
Share of loss/ (profit) of associates	4	(318)
Interest expense	4,754	4,862
Interest income	(9)	(477)
Operating profit before working capital changes	<u>19,424</u>	<u>11,204</u>
Net changes in receivables, amount due from associates, jointly controlled entities and inventories	32,320	32,899
Net changes in payables, amount due to jointly controlled entities, associate companies and other shareholders	(21,863)	(39,422)
Interest paid	(664)	(1,362)
Taxes paid	(9)	(26)
Net cash flow generated from operating activities	<u><u>29,208</u></u>	<u><u>3,293</u></u>



**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2011**

	6 MONTHS ENDED	
	30 JUNE 2011 RM'000	30 JUNE 2010 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,296)	(10,926)
Proceeds from disposal of property, plant and equipment	5,186	1,729
Expenditure on development costs	(146)	-
Interest received	9	477
Net cash flow generated from/(used in) investing activities	2,753	(8,720)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of bankers' acceptance and onshore foreign currency loan	(2,563)	(1,145)
Net repayment of term loan and commercial papers	(19,088)	(11,468)
Proceeds from issuance of ordinary shares	14	16,488
Proceeds from subscription of ordinary shares by minority interests	1,262	-
Net cash flow (used in)/generated from financing activities	(20,375)	3,875
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,586	(1,552)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(139)	4,092
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	14,895	21,131
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	26,342	23,671
* Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	26,258	24,724
Deposits with licensed banks	5,436	5,419
Less: Bank Overdrafts	(5,352)	(6,472)
	26,342	23,671



**PART A - EXPLANATORY NOTES PERSUANT TO FINANCIAL REPORTING STANDARD
(FRS) NO. 134**

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared under the historical cost convention and in accordance with the requirements of FRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

2. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the changes arising from the adoption of revised Financial Reporting Standards (FRSs), IC Interpretations and Amendments that are effective for financial period beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011 as follows:

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132 Financial Instruments: Presentation

Effective for financial periods beginning on or after 1 July 2010

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRSs	Improvements to FRSs (2010)
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers



2. Changes in Accounting Policies (Continued)

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the Amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on adoption of the revised FRS 3 and the Amendments to FRS 127 are described below.

Revised FRS 3 *Business Combinations* and Amendments to FRS 127 *Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 *Statements of Cash Flows*, FRS 112 *Income Taxes*, FRS 121 *The Effects of Changes in Foreign Exchange Rates*, FRS 128 *Investments in Associates* and FRS 131 *Interests in Joint Ventures*. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2010 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 except for the sales of machines which are subject to seasonal fluctuation.

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 interim period.



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) of RM0.10 each	
	2011	2010
As at 1 January	1,151,050	1,041,510
Issue of ordinary shares pursuant to ESOS	139	-
Share Placement	-	109,540
As at 30 June/December	<u>1,151,189</u>	<u>1,151,050</u>

9. Dividend

No dividend was paid for the financial period ended 30 June 2011.



10. Segmental Information

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

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUNE	30 JUNE	30 JUNE	30 JUNE
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Revenue				
Sales and Marketing	12,766	2,700	20,370	13,839
Technical Support and Management	15,990	18,216	29,932	35,658
Leisure and Entertainment (1)	348	4,354	5,536	6,647
Others (2)	2,148	1,770	2,703	2,115
Total	31,252	27,040	58,541	58,259
EBITDA*				
Sales and Marketing	1,286	(785)	3,419	(994)
Technical Support and Management	11,152	12,668	19,527	23,500
Leisure and Entertainment (1)	(656)	(3,048)	(606)	(10,211)
Others (2)	1,168	1,722	495	1,254
Unallocated	(1,963)	397	(2,488)	(1,250)
Total	10,987	10,954	20,347	12,299
Segment Results				
Sales and Marketing	1,231	(873)	3,309	(1,167)
Technical Support and Management	(757)	(5,295)	(3,022)	(12,936)
Leisure and Entertainment	(997)	(3,501)	(1,267)	(10,925)
Others	896	825	119	314
	373	(8,844)	(861)	(24,714)
Unallocated (Expenses)/ Income	(1,971)	419	(2,493)	(1,171)
- Foreign exchange (loss)/ gain	(605)	767	(117)	(1,009)
- Interest income	(37)	451	(5)	470
- Sundry Income	22	6	248	1,183
- Legal and professional fee	(472)	(103)	(878)	(166)
- Other expenses	(879)	(702)	(1,741)	(1,649)
Operating loss	(1,598)	(8,425)	(3,354)	(25,885)

Note

- (1) "Leisure and Entertainment" consist of revenue from companies involved in gaming and leisure activities.
- (2) "Others" consist of revenue from manufacturing activities, research & development activities and inter-segment transaction.

* Earnings before interest, taxation, depreciation, amortization, 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 under review.

12. Subsequent Events

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

- (a) On 8 August 2011, Macrocept Sdn Bhd (“MCSB”) disposed its entire interest in its wholly owned subsidiary, Club 88 Co., Ltd. (“C88”) for a nominal consideration of USD1. C88 shall cease to be a subsidiary upon completion of share transfer.
- (b) MCSB, a wholly owned subsidiary of RGBI has subscribed for the Rights Issue in Chateau De Bavet Club Co., Ltd. (“CDBC”) of 2,546,100 ordinary shares of KHR20,000 each amounting to USD12,730,503. The shares were allotted to MCSB on 17 August 2011 resulting in MCSB increasing its holding in CDBC from 60% to 70.74%.
- (c) MCSB has entered into an agreement to dispose 32% equity interest in CDBC on 22 June 2011 over a period of 36 months. CDBC shall cease as a subsidiary and become an associate company of RGBI upon the completion of the transfer of the ordinary shares.

13. Changes in the Composition of the Group

On 7 June 2011, RGB Ltd. (“RGL”) acquired the remaining 4% stake in RGB (Macau) Limited (“RGBML”), a company incorporated in Macau from Mr. Lim Tow Boon for a nominal consideration of RM1. As a result, RGBML became a wholly owned subsidiary of RGL.

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 approved but not provided for in the interim financial statements is as follows:

	AS AT 30 JUNE 2011 RM’000
Gaming machines and equipment	<u>26,000</u>

16. Significant Related Party Transactions

There were no significant related party transactions entered into during the current quarter.



B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

17. Performance Review

	3 MONTHS ENDED			6 MONTHS ENDED		
	30 JUNE	30 JUNE	%	30 JUNE	30 JUNE	%
	2011	2010		2011	2010	
	RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue						
Sales and Marketing	12,766	2,700	+373%	20,370	13,839	+47%
Technical Support and Management	15,990	18,216	-12%	29,932	35,658	-16%
Leisure and Entertainment (1)	348	4,354	-92%	5,536	6,647	-17%
Others (2)	2,148	1,770	+21%	2,703	2,115	+28%
Total	31,252	27,040	+16%	58,541	58,259	+0%
EBITDA*						
Sales and Marketing	1,286	(785)	+264%	3,419	(994)	+444%
Technical Support and Management	11,152	12,668	-12%	19,527	23,500	-17%
Leisure and Entertainment (1)	(656)	(3,048)	-78%	(606)	(10,211)	-94%
Others (2)	1,168	1,722	-32%	495	1,254	-61%
Unallocated	(1,963)	397	-594%	(2,488)	(1,250)	+99%
Total	10,987	10,954	+0%	20,347	12,299	+65%
Profit/ (Loss) before tax						
Sales and Marketing	1,231	(873)	+241%	3,309	(1,167)	+384%
Technical Support and Management	(757)	(5,295)	-86%	(3,022)	(12,936)	-77%
Leisure and Entertainment	(997)	(3,501)	-72%	(1,267)	(10,925)	-88%
Others	993	1,408	-29%	108	625	-83%
	470	(8,261)	+106%	(872)	(24,403)	-96%
Unallocated Expenses	(4,389)	(2,376)	+85%	(7,319)	(6,504)	+13%
- Finance cost	(2,418)	(2,795)	-13%	(4,826)	(5,333)	-10%
- Foreign exchange (loss)/ gain	(605)	767	-179%	(117)	(1,009)	-88%
- Interest income	(37)	451	-108%	(5)	470	-101%
- Sundry Income	22	6	+267%	248	1,183	-79%
- Legal and professional fee	(472)	(103)	+358%	(878)	(166)	+429%
- Other expenses	(879)	(702)	+25%	(1,741)	(1,649)	+6%
Loss before tax	(3,919)	(10,637)	-63%	(8,191)	(30,907)	-73%

Note

- (1) "Leisure and Entertainment" consist of revenue from companies involved in gaming and leisure activities.
- (2) "Others" consist of revenue from manufacturing activities, research & development activities and inter-segment transaction.

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



17. Performance Review (Continued)

(i) Comparison with previous year's corresponding quarter

The Sales and Marketing division's revenue and EBITDA before impairment increased by 373% and 264% respectively for quarter ended 30 June 2011 as compared to previous year's corresponding quarter mainly due to increase in number of machine sold.

The summary of machines sold is as follows:-

Country	Number of machines sold	
	3 months ended 30 June 2011 (Unit/ Station)	3 months ended 30 June 2010 (Unit/ Station)
Macau	45	-
Malaysia	12	-
Philippines	296	52
Singapore	12	-
Vietnam	84	-
Grand Total:	449	52

The revenue and EBITDA before impairment for Technical Support and Management ("TSM") division decreased by 12% each for the quarter ended 30 June 2011 as compared to previous year's corresponding quarter. The decrease in revenue is mainly due to less machines in operation, closure of non-performing outlets and depreciation of US Dollar as follows:-

Country	Number of outlets as at		Number of machines placed as at	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Cambodia	13	12	2,392	2,230
Philippines	18	18	1,975	1,987
Vietnam	-	2	-	152
Macau	4	6	379	803
Laos	2	3	159	200
Grand Total:	37	41	4,905	5,372

The revenue for Leisure and Entertainment ("L&E") division decreased by 92% for the quarter ended 30 June 2011 as compared to previous year's corresponding quarter is mainly due to lower win per table and temporary closure of chips table. However, the EBITDA before impairment increased by 78% due to reduction in operating expenses and better performance after the introduction of cash table operation.

The revenue of "Others" division was mainly contributed by sales of RGBGames machine, reconditioned machines and table games layout.



17. Performance Review (Continued)

(ii) Comparison with previous year's corresponding period

The increase in revenue and EBITDA before impairment by 47% and 444% respectively for 6 months period ended 30 June 2011 as compared to preceding year for Sales and Marketing ("SSM") division mainly due to increase in number of machine sold and effective cost cutting measure implemented by management and reversal of provision for sales return of RM1.3 million.

The summary of machines sold for 6 months ended 30 June 2011 and 2010 are as follows:-

Country	Number of machines sold	
	30 June 2011 (Unit/ Station)	30 June 2010 (Unit/ Station)
Macau	45	44
Malaysia	37	-
Philippines	308	76
Singapore	13	-
Vietnam	94	29
Others	-	5
Grand Total:	497	154

The revenue and EBITDA before impairment from TSM division decreased by 16% and 17% respectively for 6 months period ended 30 June 2011 as compared to preceding year is due to reasons stated above.

The revenue of L&E decreased by 17% is due to reasons stated above.



18. Comparison with previous quarter's results

	CURRENT QUARTER RM'000	PREVIOUS QUARTER RM'000	% +/(-)
Revenue			
Sales and Marketing	12,766	7,604	+68%
Technical Support and Management	15,990	13,942	+15%
Leisure and Entertainment (1)	348	5,188	-93%
Others (2)	2,148	564	+281%
Revenue	<u>31,252</u>	<u>27,298</u>	<u>+14%</u>
EBITDA*			
Sales and Marketing	1,286	2,133	-40%
Technical Support and Management	11,152	8,375	+33%
Leisure and Entertainment	(656)	50	-1412%
Others	1,168	(673)	+274%
Unallocated	(1,963)	(525)	+274%
	<u>10,987</u>	<u>9,360</u>	<u>+17%</u>
Profit/ (Loss) before tax			
Sales and Marketing	1,231	2,078	-41%
Technical Support and Management	(757)	(2,265)	-67%
Leisure and Entertainment	(997)	(270)	+269%
Others	993	(885)	+212%
	470	(1,342)	+135%
Unallocated Expenses	(4,389)	(2,930)	+50%
- Finance cost	(2,418)	(2,408)	+0%
- Foreign exchange (loss)/ gain	(605)	488	-224%
- Non-trade receivables written off	(37)	32	-216%
- Sundry income	22	226	-90%
- Legal and professional fee	(472)	(406)	+16%
- Other expenses	(879)	(862)	+2%
Loss before tax	<u>(3,919)</u>	<u>(4,272)</u>	<u>-8%</u>

Note

(1) "Leisure and Entertainment" consists of revenue from Chateau.

(2) "Others" consists of revenue from manufacturing activities, research & development activities and inter-segment transaction.

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



18. Comparison with previous quarter's results (Continued)

The increase in revenue for Sales and Marketing (“SSM”) division in this quarter is due to increase in number of machines sold as per table below:-

Country	Number of machines sold	
	30 June 2011 (Unit/ Station)	31 Mar 2011 (Unit/ Station)
Macau	45	-
Malaysia	12	25
Philippines	296	12
Singapore	12	1
Vietnam	84	10
Grand Total:	449	48

The EBITDA before impairment for SSM decreased by 40% in this quarter due to reversal of provision for sales return of RM1.3 million in last quarter and low margin for certain machines sold in this quarter.

The revenue and EBITDA before impairment for TSM increased by 15% and 33% respectively is mainly due to placement of more machines in the quarter and better performance of existing outlets. The reduced loss of TSM is mainly due to reduction in operating expenses.

The loss before taxation for L&E increased by 269% is mainly due to reduction in revenue and provision for doubtful debts of RM380k made during the quarter.

The profit before taxation for Others division is mainly due to profit from sales of 35 RGBGames machines and table layouts in this quarter.

19. Commentary on Prospects

SSM Division is confident of securing additional orders for approximately 700 machines in the 2nd half of the year.

TSM Division under the PAGCOR concession contract, 38 machines have been installed and put in operation during this quarter and additional 500 machines is scheduled to be installed by end of the year. The Group continues to pursue new concessions in this region and expects to have 6,000 machines in operation by end of the year.

L&E Division continues to focus on cash table and promotion activities to bring in more headcount and steps are being taken to lease out both table and floor space to 3rd parties to generate additional income and to minimize operating expenditures.

RGBGames continues to progress in market penetration in both Malaysia and the Philippines. Our newly launched RGBGames Four Level Progressive Link Wang Wang Wang have received good response from players in both Malaysia and the Philippines. RGBGames PACMAN Link (a nationwide progressive poker games) has been installed and in operation in 11 PAGCOR casinos in the Philippines and is positioned for full launch in September 2011.

R&D will continue to develop new games in order to meet market demand.



19. Commentary on Prospects (Continued)

In view of the foregoing and barring unforeseen circumstances, the Group expects to perform better in 2011.

20. Profit Forecast

No profit forecast was announced hence there was no comparison between actual results and forecast.

21. Income Tax Expense

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUNE 2011	30 JUNE 2010	30 JUNE 2011	30 JUNE 2010
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current period	<u>6</u>	<u>12</u>	<u>11</u>	<u>25</u>

Domestic income tax is calculated at the Malaysian statutory rate of 25% (2009: 25%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

22. Profit on sale of Investments and/or Properties

There was no disposal of investment or properties during the quarter under review.

23. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities during the quarter under review.

24. Corporate Proposals

Save as disclosed below and Note 8, there were no corporate proposals announced but not completed as at the date of this announcement:

(a) Status Of Employee Share Option Scheme (“ESOS”)

Grant Date	Exercise Price	Number of Options Over			
		Ordinary Shares of RM0.10 each			
		Balance	Exercised	Lapsed	Balance
		As At			As At
		1 Jan 2011		30 Jun 2011	
	RM	'000	'000	'000	'000
25 Nov 2010	0.10	<u>66,437</u>	<u>(139)</u>	<u>(2,079)</u>	<u>64,219</u>

The above option expires on 20 October 2014.



24. Corporate Proposals (Continued)

(b) Issuance of Commercial Paper (“CP”) and/ or Medium Term Notes (“MTN”) with an aggregate nominal value of RM97 million (“CP/ MTN” Programme)

During the quarter, the Company retired RM9.9 million of CPs resulting a balance of RM76 million as at 30 Jun 2011.

25. Borrowings

	AS AT 31 MAR 2011 RM'000	AS AT 31 DEC 2010 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Bank overdrafts	5,352	6,280
Bankers' acceptances	-	2,250
Onshore foreign currency loan	13,583	13,897
Term loans	4,318	6,929
Commercial Papers	75,667	86,644
	98,920	116,000
Long Term Borrowings:		
<u>Secured</u>		
Term loans	909	2,319
Medium Term Notes	10,000	10,000
	10,909	12,319
Total borrowings	109,829	128,319
Borrowings denominated in foreign currency as at 30 June 2011:		
	USD'000	RM'000
Borrowings	5,572	16,864

26. Derivative Financial Instruments

The Group does not have any derivative financial instruments as at the date of this report.



27. 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.

28. Disclosure of Realised and Unrealised Profits/ Losses

The Group's realised and unrealised accumulated losses disclosures are as follows:

	ACCUMULATED QUARTER ENDED	
	30 JUNE 2011 (RM'000)	31 DEC 2010 (RM'000)
The accumulated losses of the Company and subsidiaries:		
- Realised	(57,534)	(49,109)
- Unrealised	(9,660)	(7,782)
Total share of accumulated losses from jointly controlled entities:		
- Realised	(52)	(17)
- Unrealised	(23)	(50)
Total share of accumulated losses from associates:		
- Realised	1,564	1,593
- Unrealised	(731)	(756)
	<hr/>	<hr/>
	(66,436)	(56,121)
Add: Consolidation adjustments	41,567	38,643
Total Group accumulated losses	<hr/> <hr/>	<hr/> <hr/>
	(24,869)	(17,478)



29. Loss Per Share

(a) Basic

Basic loss per share amounts are calculated by dividing the loss for the period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period.

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUNE	30 JUNE	30 JUNE	30 JUNE
	2011	2010	2011	2010
Loss attributable to owners of the parent (RM'000)	<u>(3,428)</u>	<u>(10,649)</u>	<u>(7,391)</u>	<u>(28,374)</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,290,450</u>	<u>1,151,050</u>	<u>1,252,712</u>	<u>1,142,262</u>
Basic loss per share (sen)	<u>(0.27)</u>	<u>(0.93)</u>	<u>(0.59)</u>	<u>(2.48)</u>

(b) Diluted

For the purpose of calculating diluted loss per share, the loss for the period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of share options granted. The diluted loss per share for the period ended 30 June 2010 has not been presented as the Group did not have any outstanding share options as at 30 June 2010.

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUNE	30 JUNE	30 JUNE	30 JUNE
	2011	2010	2011	2010
Profit attributable to owners of the parent (RM'000)	<u>(3,428)</u>	<u>N/A</u>	<u>(7,391)</u>	<u>N/A</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,290,450</u>	<u>N/A</u>	<u>1,252,712</u>	<u>N/A</u>
Effect of dilution of share options	<u>-</u>	<u>N/A</u>	<u>210,002</u>	<u>N/A</u>
Adjusted weighted average number of ordinary shares in issue and issuable	<u>1,290,450</u>	<u>N/A</u>	<u>1,462,714</u>	<u>N/A</u>
Diluted loss per share (sen)	<u>(0.27)</u>	<u>N/A</u>	<u>(0.51)</u>	<u>N/A</u>



RGB International Bhd. (603831-K)

30. Authorisation For Issue

On 23 August 2011, 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, JP
Group Managing Director
23 August 2011