



RGB International Bhd. (603831-K)

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
30 September 2011



CONTENTS

	PAGE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	1
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3
CONSOLIDATED STATEMENT OF CASH FLOWS	4 – 5
EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134	6 – 10
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B (RULE 9.22(2)) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)	11 – 20



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

	Note	3 MONTHS ENDED		9 MONTHS ENDED	
		30 SEPT 2011 RM'000	30 SEPT 2010 RM'000	30 SEPT 2011 RM'000	30 SEPT 2010 RM'000
Revenue	10	28,531	37,475	87,072	95,734
Cost of sales		(23,313)	(33,568)	(70,179)	(95,099)
- Depreciation		(11,997)	(16,158)	(34,840)	(52,849)
- Others		(11,316)	(17,410)	(35,339)	(42,250)
Gross profit		5,218	3,907	16,893	635
Other income		273	47	578	1,770
Administrative expenses		(6,931)	(10,489)	(22,230)	(33,584)
- Depreciation		(765)	(893)	(2,270)	(2,586)
- Others		(6,166)	(9,596)	(19,960)	(30,998)
Selling and marketing expenses		(324)	(555)	(912)	(1,371)
Other (expenses)/ gain, net		(846)	1,908	(293)	1,483
Operating loss		(2,610)	(5,182)	(5,964)	(31,067)
Finance costs		(2,499)	(2,187)	(7,325)	(7,520)
Share of profit/ (loss) of jointly controlled entities		1	18	(6)	11
Share of (loss)/ profit of associates		(201)	(75)	(205)	243
Loss before tax		(5,309)	(7,426)	(13,500)	(38,333)
Income tax expense	21	(7)	(37)	(18)	(62)
Loss for the period		(5,316)	(7,463)	(13,518)	(38,395)
Other comprehensive income					
- Foreign currency translation, representing other comprehensive income for the period		8,794	(11,450)	5,146	(19,850)
Total comprehensive income		3,478	(18,913)	(8,372)	(58,245)
Loss attributable to:					
Owners of the parent		(4,957)	(3,341)	(12,348)	(31,715)
Non-controlling interests		(359)	(4,122)	(1,170)	(6,680)
		(5,316)	(7,463)	(13,518)	(38,395)
Total comprehensive income attributable to:					
Owners of the parent		3,382	(15,205)	(7,418)	(52,264)
Non-controlling interests		96	(3,708)	(954)	(5,981)
		3,478	(18,913)	(8,372)	(58,245)
Loss per share attributable to owners of the Parent:					
Basic, for loss for the period (sen)	29	(0.43)	(0.29)	(1.07)	(2.77)
Diluted, for loss for the period (sen)	29	(0.43)	N/A	(1.07)	N/A



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

	Note	AS AT 30 SEPT 2011 RM'000	AS AT 31 DEC 2010 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	143,949	176,162
Investments in jointly controlled entities		233	1,264
Investments in associates		2,160	2,238
Other investment		4	4
Development costs		392	208
Other receivables		394	1,565
Gaming licenses		573	556
Goodwill		272	272
		<u>147,977</u>	<u>182,269</u>
Current assets			
Inventories		13,152	11,884
Trade Receivables		37,877	77,630
Short term lease receivables		-	509
Other Receivables		12,715	9,675
Tax Recoverable		201	123
Due from jointly controlled entities		43	307
Due from associates		3,979	4,105
Deposits with licensed banks		5,775	5,314
Cash and bank balances		29,473	15,861
		<u>103,215</u>	<u>125,408</u>
TOTAL ASSETS		<u>251,192</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		(21,305)	(26,235)
Share option reserve		186	82
Accumulated losses		(29,826)	(17,478)
		<u>78,546</u>	<u>85,846</u>
Non-controlling interests		7,341	7,033
Total equity		<u>85,887</u>	<u>92,879</u>
Non-current liabilities			
Borrowings	25	10,570	12,319
Deferred tax liabilities		8	8
		<u>10,578</u>	<u>12,327</u>
Current liabilities			
Borrowings	25	97,733	116,000
Trade payables		33,416	52,270
Other payables		20,404	25,458
Due to jointly controlled entities		235	3,368
Due to associates		1,903	3,073
Due to other shareholders		1,021	2,302
Tax payable		15	-
		<u>154,727</u>	<u>202,471</u>
Total liabilities		<u>165,305</u>	<u>214,798</u>
TOTAL EQUITY AND LIABILITIES		<u>251,192</u>	<u>307,677</u>
Net assets per share (sen)		<u>7</u>	<u>7</u>



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

	----- Attributable to owners of the parent -----					Total	Non-controlling Interests	Total Equity
	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	-	-	(20,549)	-	(31,715)	(52,264)	(5,981)	(58,245)
Transaction with owners								
Issue of ordinary shares pursuant to Share Placement	10,954	5,534	-	-	-	16,488	-	16,488
Waiver of advances by the non-controlling interests in subsidiaries	-	-	-	-	2,982	2,982	-	2,982
Subscription of share application monies by the non-controlling interests in subsidiaries	-	-	-	-	-	-	11,983	11,983
At 30 September 2010	115,105	14,372	(26,899)	-	1,754	104,332	8,275	112,607
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	-	-	4,930	-	(12,348)	(7,418)	(954)	(8,372)
Transaction with owners								
Issue of ordinary shares pursuant to ESOS	14	-	-	-	-	14	-	14
Share option granted under ESOS	-	-	-	104	-	104	-	104
Subscription of share application monies by the non-controlling interests in subsidiaries	-	-	-	-	-	-	1,262	1,262
At 30 September 2011	115,119	14,372	(21,305)	186	(29,826)	78,546	7,341	85,887



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

	9 MONTHS ENDED	
	30 SEPT 2011 RM'000	30 SEPT 2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(13,500)	(38,333)
Adjustments for:		
Amortisation of development costs	-	420
Bad debts written off	5,165	-
Deposits written off	-	(32)
Depreciation	37,110	55,435
Impairment of property, plant and equipment written back	(588)	(908)
Impairment of lease receivables	23	236
Gain on disposal of equipment	(363)	(156)
Gain on disposal and deconsolidation of subsidiaries	(86)	-
Property, plant and equipment written off	492	432
Impairment of trade receivables	385	414
Impairment of amount due from associates	30	252
Receivables written back	(2)	234
Impairment of trade receivables written back	(6,421)	(112)
Impairment of other receivables written back	(191)	(530)
Net reversal of inventories written down	(42)	341
Share options granted under ESOS	104	-
Share of loss/ (profit) of jointly controlled entities	6	(11)
Share of loss/ (profit) of associates	205	(243)
Interest expense	7,212	7,017
Interest income	(45)	(512)
Operating profit before working capital changes	<u>29,494</u>	<u>23,944</u>
Net changes in receivables, amount due from associates, jointly controlled entities and inventories	39,209	38,908
Net changes in payables, amount due to jointly controlled entities, associate companies and other shareholders	(30,048)	(62,329)
Interest paid	(1,060)	(1,761)
Taxes paid	(80)	(98)
Net cash flow generated from/(used in) operating activities	<u>37,515</u>	<u>(1,336)</u>



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

	9 MONTHS ENDED	
	30 SEPT 2011 RM'000	30 SEPT 2010 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,310)	(14,272)
Proceeds from disposal of property, plant and equipment	6,323	2,421
Expenditure on development costs	(184)	(173)
Partial consideration from disposal of a subsidiary	1,545	-
Interest received	45	512
Net cash flow used in investing activities	(581)	(11,512)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of bankers' acceptance and onshore foreign currency loan	(1,195)	(1,446)
Net repayment of term loan and commercial papers	(24,269)	(19,104)
Proceeds from issuance of ordinary shares	14	16,488
Proceeds from subscription of ordinary shares by minority interests	1,262	11,983
Net cash flow (used in)/generated from financing activities	(24,188)	7,921
NET CHANGE IN CASH AND CASH EQUIVALENTS	12,746	(4,927)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	2,031	5,186
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	29,672	21,390
* Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	29,473	19,016
Deposits with licensed banks	5,775	5,314
Less: Bank Overdrafts	(5,576)	(2,940)
	29,672	21,390



**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 September/December	<u>1,151,189</u>	<u>1,151,050</u>

9. Dividend

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



10. Segmental Information

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

	3 MONTHS ENDED		9 MONTHS ENDED	
	30 SEPT 2011	30 SEPT 2010	30 SEPT 2011	30 SEPT 2010
	RM'000	RM'000	RM'000	RM'000
Revenue				
Sales and Marketing	12,138	15,482	32,508	29,321
Technical Support and Management	15,377	17,917	45,309	53,575
Leisure and Entertainment (1)	776	3,695	6,312	10,342
Others (2)	240	381	2,943	2,496
Total	28,531	37,475	87,072	95,734
EBITDA*				
Sales and Marketing	253	697	3,672	(297)
Technical Support and Management	11,393	12,435	30,920	35,935
Leisure and Entertainment (1)	(39)	(1,291)	(645)	(11,502)
Others (2)	(205)	(442)	290	812
Unallocated	(1,516)	508	(4,004)	(742)
Total	9,886	11,907	30,233	24,206
Segment Results				
Sales and Marketing	199	617	3,508	(550)
Technical Support and Management	(719)	(3,871)	(3,741)	(16,807)
Leisure and Entertainment	(408)	(1,692)	(1,675)	(12,617)
Others	(171)	(718)	(52)	(404)
	(1,099)	(5,664)	(1,960)	(30,378)
Unallocated (Expenses)/ Income	(1,511)	482	(4,004)	(689)
- Foreign exchange (loss)/ gain	(331)	1,862	(448)	853
- Interest income	34	32	29	502
- Sundry Income	186	4	434	1,187
- Legal and professional fee	(628)	(165)	(1,506)	(331)
- Other expenses	(772)	(1,251)	(2,513)	(2,900)
Operating loss	(2,610)	(5,182)	(5,964)	(31,067)

Note

- (1) "Leisure and Entertainment" consist of revenue from Chateau De Bavet Club Co Ltd. ("Chateau")
- (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 the petition by Mekong Recreation Club Ltd. ("MRC"), the Phnom Penh Municipal Court ordered the closing down and deregistration of MRC from the Commercial Registrar of the Ministry of Commerce on 7 November 2011.

13. Changes in the Composition of the Group during the quarter

- (a) Club 88 Co., Ltd. ("C88") was disposed for a nominal consideration of USD1.
- (b) Macrocept Sdn. Bhd. increased its equity interest in Chateau from 60% to 70.74% via subscription of right issue amounting to USD12,730,503.

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 SEPT 2011 RM'000
Gaming machines and equipment	<u>22,000</u>

16. Significant Related Party Transactions

There was no significant related party transaction 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			9 MONTHS ENDED		
	30 SEPT 2011	30 SEPT 2010	%	30 SEPT 2011	30 SEPT 2010	%
	RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue						
Sales and Marketing	12,138	15,482	-22%	32,508	29,321	+11%
Technical Support and Management	15,377	17,917	-14%	45,309	53,575	-15%
Leisure and Entertainment (1)	776	3,695	-79%	6,312	10,342	-39%
Others (2)	240	381	-37%	2,943	2,496	+18%
Total	28,531	37,475	-24%	87,072	95,734	-9%
EBITDA*						
Sales and Marketing	253	697	-64%	3,672	(297)	+1336%
Technical Support and Management	11,393	12,435	-8%	30,920	35,935	-14%
Leisure and Entertainment (1)	(39)	(1,291)	-97%	(645)	(11,502)	-94%
Others (2)	(205)	(442)	-54%	290	812	-64%
Unallocated	(1,516)	508	-398%	(4,004)	(742)	+440%
Total	9,886	11,907	-17%	30,233	24,206	+25%
Profit/ (Loss) before tax						
Sales and Marketing	199	617	-68%	3,508	(550)	+738%
Technical Support and Management	(719)	(3,871)	-81%	(3,741)	(16,807)	-78%
Leisure and Entertainment	(408)	(1,692)	-76%	(1,675)	(12,617)	-87%
Others	(371)	(775)	-52%	(263)	(150)	+75%
	(1,299)	(5,721)	-77%	(2,171)	(30,124)	-93%
Unallocated Expenses	(4,010)	(1,705)	+135%	(11,329)	(8,209)	+38%
- Finance cost	(2,499)	(2,187)	+14%	(7,325)	(7,520)	-3%
- Foreign exchange (loss)/ gain	(331)	1,862	-118%	(448)	853	-153%
- Interest income	34	32	+6%	29	502	-94%
- Sundry Income	186	4	+4550%	434	1,187	-63%
- Legal and professional fee	(628)	(165)	+281%	(1,506)	(331)	+355%
- Other expenses	(772)	(1,251)	-38%	(2,513)	(2,900)	-13%
Loss before tax	(5,309)	(7,426)	-29%	(13,500)	(38,333)	-65%

Note

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

(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 decreased by 22% and 64% respectively for quarter ended 30 September 2011 as compared to previous year's corresponding quarter mainly due to decrease in number of machine sold as no new casino and soft replacement market in the Philippines and Singapore.

The summary of machines sold is as follows:-

Country	Number of machines sold	
	3 months ended 30 Sept 2011 (Unit/ Station)	3 months ended 30 Sept 2010 (Unit/ Station)
Cambodia	-	16
Macau	58	17
Malaysia	-	18
Philippines	40	70
Singapore	-	61
Vietnam	26	27
Others	-	4
Grand Total:	124	213

The revenue and EBITDA before impairment for Technical Support and Management ("TSM") division decreased by 14% and 8% respectively for the quarter ended 30 September 2011 as compared to previous year's corresponding quarter. Yield per machine in general across the region has improved due to management effort. However, revenue in the Philippines decreased due to increase of PAGCOR's management fees for slot operation from 60% to 65% and more severe disruption of our operation caused by typhoon. In Laos, revenue also decreased due to increased competition in an outlet (machines are being upgraded to mitigate the competition) and cessation of operations in another outlet (we expect to resume operation at this outlet in 2012). The summary of number of outlets and number of machines placed are as below:

Country	Number of outlets as at		Number of machines placed as at	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
Cambodia	14	12	2,395	2,034
Philippines	18	15	2,017	1,791
Vietnam	-	1	-	58
Macau	4	5	384	641
Laos	2	3	159	189
Grand Total:	38	36	4,955	4,713



17. Performance Review (Continued)

(i) Comparison with previous year's corresponding quarter (Continued)

The revenue for Leisure and Entertainment ("L&E") division decreased by 79% for the quarter ended 30 September 2011 as compared to previous year's corresponding quarter is mainly due to conversion of chips table to cash table. As such, the EBITDA before impairment increased by 97%.

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

(ii) Comparison with previous year's corresponding period

The increase in revenue and EBITDA before impairment by 11% and 1336% respectively for 9 months period ended 30 September 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 in the 1st quarter of 2011 due to acceptance of machines by the customer.

The summary of machines sold for 9 months ended 30 September 2011 and 2010 are as follows:-

Country	Number of machines sold	
	30 Sept 2011 (Unit/ Station)	30 Sept 2010 (Unit/ Station)
Cambodia	-	16
Macau	103	61
Malaysia	37	18
Philippines	348	146
Singapore	13	61
Vietnam	120	56
Others	-	9
Grand Total:	621	367

The revenue and EBITDA before impairment from TSM division decreased by 15% and 14% respectively for 9 months period ended 30 September 2011 as compared to preceding year is due to reasons stated above.

The revenue of L&E decreased by 39% 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	12,138	12,766	-5%
Technical Support and Management	15,377	15,990	-4%
Leisure and Entertainment (1)	776	348	+123%
Others (2)	240	2,148	-89%
Revenue	<u>28,531</u>	<u>31,252</u>	<u>-9%</u>
EBITDA*			
Sales and Marketing	253	1,286	-80%
Technical Support and Management	11,393	11,152	+2%
Leisure and Entertainment	(39)	(656)	-94%
Others	(205)	1,168	-118%
Unallocated	(1,516)	(1,963)	-23%
	<u>9,886</u>	<u>10,987</u>	<u>-10%</u>
Profit/ (Loss) before tax			
Sales and Marketing	199	1,231	-84%
Technical Support and Management	(719)	(757)	-5%
Leisure and Entertainment	(408)	(997)	-59%
Others	(371)	993	-137%
	(1,299)	470	-376%
Unallocated Expenses	(4,010)	(4,389)	-9%
- Finance cost	(2,499)	(2,418)	+3%
- Foreign exchange loss	(331)	(605)	-45%
- Non-trade receivables written off	34	(37)	+192%
- Sundry income	186	22	+745%
- Legal and professional fee	(628)	(472)	+33%
- Other expenses	(772)	(879)	-12%
Loss before tax	<u>(5,309)</u>	<u>(3,919)</u>	<u>+35%</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 slight decrease in revenue for Sales and Marketing (“SSM”) division in this quarter is due to decrease in number of machines as the market for replacement remains soft in this quarter.

Country	Number of machines sold	
	30 Sept 2011 (Unit/ Station)	30 June 2011 (Unit/ Station)
Macau	58	45
Malaysia	-	12
Philippines	40	296
Singapore	-	12
Vietnam	26	84
Grand Total:	124	449

The EBITDA before impairment for SSM decreased by 80% in this quarter due to low profit margin for machines sold in this quarter.

The revenue for TSM decreased slightly by 5% is mainly due to the flood and typhoon which affected revenue from certain outlets in the Philippines.

The loss before taxation for L&E decreased by 59% is mainly due to provision for doubtful debts of RM380k made in last quarter.

The loss before taxation for Others is mainly related to R&D expenditures.

19. Commentary on Prospects

SSM Division has secured orders of 113 machines for the 4th quarter and is confident to secure additional orders for approximately 100 -150 machines by end of the year.

TSM Division under the PAGCOR concession, 50 machines have been installed and put in operation during this quarter. The remaining 500 machines to be installed remain outstanding pending review of the profit sharing arrangement. The Group has signed a new concession agreement in Myanmar and will commence operation with 60 machines in December 2011.

Chateau has signed a 2-year lease agreement with a third party to lease the ground floor, meeting room and two offices on the 4th floor and all hotel rooms on the 5th, 6th and 7th floor at an annual rental of USD720,000 with effect from January 2012. The Group continues to look for tenants for the remaining areas and the sale of its remaining equity interest in Chateau.

Our RGBGames managed to penetrate the Singapore club market and we expect to receive more orders in 2012. R&D needs to develop new games in order to meet market demand.

In view of the foregoing and barring unforeseen circumstances, the Group expects to perform better than last year.



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		9 MONTHS ENDED	
	30 SEPT 2011	30 SEPT 2010	30 SEPT 2011	30 SEPT 2010
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current period	7	37	18	62

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				As At
		Balance As At	Exercised	Lapsed	Balance	
		1 Jan 2011			30 Sept 2011	
	RM	'000	'000	'000	'000	'000
25 Nov 2010	0.10	66,437	(139)	(3,360)	62,938	

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 RM1 million of CPs leaving a balance of RM75 million as at 30 September 2011.

(c) Disposal of 32% equity interest in Chateau

During the quarter, the Company received RM1.5 million as progressive proceeds from the disposal of 32% equity interest in Chateau. The balance of RM8.1 million will be received progressively over the next 34 months.

25. Borrowings

	AS AT 30 SEPT 2011 RM'000	AS AT 31 DEC 2010 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Bank overdrafts	5,576	6,280
Bankers' acceptances	-	2,250
Onshore foreign currency loan	14,951	13,897
Term loans	2,596	6,929
Hire purchase payable	-	-
Commercial Papers	74,610	86,644
	<u>97,733</u>	<u>116,000</u>
Long Term Borrowings:		
<u>Secured</u>		
Term loans	570	2,319
Medium Term Notes	10,000	10,000
	<u>10,570</u>	<u>12,319</u>
Total borrowings	<u><u>108,303</u></u>	<u><u>128,319</u></u>

Borrowings denominated in foreign currency as at 30 Sept 2011:

	USD'000	RM'000
Borrowings	<u>5,487</u>	<u>17,435</u>



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 SEPT 2011 RM'000	31 DEC 2010 RM'000
The accumulated losses of the Company and subsidiaries:		
- Realised	(62,696)	(49,109)
- Unrealised	(4,921)	(7,782)
Total share of accumulated losses from jointly controlled entities:		
- Realised	(52)	(17)
- Unrealised	(22)	(50)
Total share of accumulated losses from associates:		
- Realised	1,335	1,593
- Unrealised	(703)	(756)
	<hr/>	<hr/>
	(67,059)	(56,121)
Add: Consolidation adjustments	37,233	38,643
	<hr/>	<hr/>
Total Group accumulated losses	<u>(29,826)</u>	<u>(17,478)</u>



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		9 MONTHS ENDED	
	30 SEPT 2011	30 SEPT 2010	30 SEPT 2011	30 SEPT 2010
Loss attributable to owners of the parent (RM'000)	<u>(4,957)</u>	<u>(3,341)</u>	<u>(12,348)</u>	<u>(31,715)</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,151,189</u>	<u>1,151,050</u>	<u>1,151,164</u>	<u>1,145,224</u>
Basic loss per share (sen)	<u>(0.43)</u>	<u>(0.29)</u>	<u>(1.07)</u>	<u>(2.77)</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 Sept 2010 has not been presented as the Group did not have any outstanding share options as at 30 Sept 2010.

	3 MONTHS ENDED		9 MONTHS ENDED	
	30 SEPT 2011	30 SEPT 2010	30 SEPT 2011	30 SEPT 2010
Profit attributable to owners of the parent (RM'000)	<u>(4,957)</u>	<u>N/A</u>	<u>(12,348)</u>	<u>N/A</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,151,189</u>	<u>N/A</u>	<u>1,151,164</u>	<u>N/A</u>
Effect of dilution of share options	<u>-</u>	<u>N/A</u>	<u>5,095</u>	<u>N/A</u>
Adjusted weighted average number of ordinary shares in issue and issuable	<u>1,151,189</u>	<u>N/A</u>	<u>1,156,259</u>	<u>N/A</u>
Diluted loss per share (sen)	<u>(0.43)</u>	<u>N/A</u>	<u>(1.07)</u>	<u>N/A</u>



RGB International Bhd. (603831-K)

30. Authorisation For Issue

On 22 November 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
22 November 2011