



**RGB International Bhd.** (603831-K)

(Incorporated in Malaysia)

Interim Unaudited Financial Statements  
30 June 2012



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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2012**

	Note	3 MONTHS ENDED		6 MONTHS ENDED	
		30 JUN 2012 RM'000	30 JUN 2011 RM'000 (Restated)	30 JUN 2012 RM'000	30 JUN 2011 RM'000 (Restated)
<b>Revenue</b>	<b>10</b>	28,250	31,252	56,341	58,541
<b>Cost of sales</b>		(19,268)	(25,984)	(40,699)	(46,859)
- Depreciation		(10,731)	(11,998)	(20,757)	(22,836)
- Others		(8,537)	(13,986)	(19,942)	(24,023)
<b>Gross profit</b>		8,982	5,268	15,642	11,682
Other income		507	23	882	305
Administrative expenses		(6,712)	(6,358)	(12,380)	(15,275)
- Depreciation		(611)	(749)	(1,235)	(1,481)
- Others		(6,101)	(5,609)	(11,145)	(13,794)
Selling and marketing expenses		(265)	(317)	(749)	(588)
Other gain/(expenses), net		394	(198)	2,468	553
<b>Operating profit/(loss)</b>		2,906	(1,582)	5,863	(3,323)
Finance costs		(2,395)	(2,418)	(4,856)	(4,826)
Share of loss of jointly controlled entities		-	(26)	-	(7)
Share of (loss)/ profit of associates		(31)	123	(292)	(4)
<b>Profit/(Loss) before tax</b>		480	(3,903)	715	(8,160)
Income tax expense	<b>21</b>	(7)	(4)	(10)	(7)
<b>Profit/(Loss) for the period</b>		473	(3,907)	705	(8,167)
<b>Other comprehensive income/(loss)</b>					
- Foreign currency translation, representing other comprehensive income/(loss) for the period		5,096	12	(252)	(3,648)
<b>Total comprehensive income/(loss)</b>		5,569	(3,895)	453	(11,815)
<b>Profit/(Loss) attributable to:</b>					
Owners of the parent		475	(3,410)	599	(7,356)
Non-controlling interests		(2)	(497)	106	(811)
		473	(3,907)	705	(8,167)
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the parent		5,229	(3,405)	282	(10,765)
Non-controlling interests		340	(490)	171	(1,050)
		5,569	(3,895)	453	(11,815)
<b>Earnings/(Loss) per share attributable to owners of the parent:</b>					
Basic, for profit/(loss) for the period (sen)	<b>27</b>	0.04	(0.30)	0.05	(0.64)
Diluted, for profit/(loss) for the period (sen)	<b>27</b>	0.04	(0.30)	0.05	(0.64)



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012**

	Note	AS AT 30 JUN 2012 RM'000	AS AT 31 DEC 2011 RM'000 (Restated)	AS AT 1 JAN 2011 RM'000 (Restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	11	118,051	121,739	177,538
Investments in jointly controlled entities		245	239	1,264
Investments in associates		1,343	1,707	2,238
Other investment		-	4	4
Development costs		478	430	208
Other receivables		391	396	1,565
Gaming licenses		391	388	556
Goodwill		-	-	272
		<u>120,899</u>	<u>124,903</u>	<u>183,645</u>
<b>Current assets</b>				
Inventories		17,187	14,965	11,884
Trade Receivables		42,817	48,978	77,630
Short term lease receivables		-	-	509
Other Receivables		9,939	13,484	9,675
Assets of disposal group classified as held for sale		12,898	13,298	-
Tax Recoverable		278	180	123
Due from jointly controlled entities		3	-	307
Due from associates		2,746	3,057	4,106
Deposits with licensed banks		4,583	5,770	5,314
Cash and bank balances		18,722	26,735	15,861
		<u>109,173</u>	<u>126,467</u>	<u>125,409</u>
<b>TOTAL ASSETS</b>		<u>230,072</u>	<u>251,370</u>	<u>309,054</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	8	115,119	115,119	115,105
Share premium		14,373	14,373	14,373
Foreign exchange translation reserve		(23,450)	(23,133)	(26,235)
Share option reserve		271	213	82
Accumulated losses		(46,529)	(47,128)	(16,381)
		<u>59,784</u>	<u>59,444</u>	<u>86,944</u>
Non-controlling interests		6,493	6,322	7,033
<b>Total equity</b>		<u>66,277</u>	<u>65,766</u>	<u>93,977</u>
<b>Non-current liabilities</b>				
Borrowings	23	51,710	70,804	12,319
Deferred tax liabilities		285	286	287
		<u>51,995</u>	<u>71,090</u>	<u>12,606</u>
<b>Current liabilities</b>				
Borrowings	23	46,203	35,781	116,000
Trade payables		40,480	50,912	52,270
Other payables		21,729	24,342	25,458
Liabilities of disposal group classified as held for sale		973	1,153	-
Due to jointly controlled entities		206	213	3,368
Due to associates		1,208	1,095	3,073
Due to other shareholders		971	998	2,302
Tax payable		30	20	-
		<u>111,800</u>	<u>114,514</u>	<u>202,471</u>
<b>Total liabilities</b>		<u>163,795</u>	<u>185,604</u>	<u>215,077</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>230,072</u>	<u>251,370</u>	<u>309,054</u>
Net assets per share (sen)		5	5	8



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2011 AND 30 JUNE 2012**

|----- Attributable to owners of the parent -----|  
|----- Non-Distributable -----|

	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Translation Reserve RM'000	Share Option Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
<b>At 1 January 2011</b>	115,105	14,373	(26,235)	82	(17,478)	85,847	7,033	92,880
Effect of adopting MFRSs	-	-	-	-	1,097	1,097	-	1,097
<b>At 1 January 2011 (As restated)</b>	115,105	14,373	(26,235)	82	(16,381)	86,944	7,033	93,977
Total comprehensive loss for the period (Restated)	-	-	(3,409)	-	(7,356)	(10,765)	(1,050)	(11,815)
<b>Transaction with owners</b>								
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 non-controlling interests in subsidiaries	-	-	-	-	-	-	1,262	1,262
<b>At 30 June 2011</b>	<b>115,119</b>	<b>14,373</b>	<b>(29,644)</b>	<b>152</b>	<b>(23,737)</b>	<b>76,263</b>	<b>7,245</b>	<b>83,508</b>
<b>At 1 January 2012</b>	115,119	14,373	(23,133)	213	(48,294)	58,278	6,322	64,600
Effect of adopting MFRSs	-	-	-	-	1,166	1,166	-	1,166
<b>At 1 January 2012 (As restated)</b>	115,119	14,373	(23,133)	213	(47,128)	59,444	6,322	65,766
Total comprehensive (loss)/income for the period	-	-	(317)	-	599	282	171	453
<b>Transaction with owners</b>								
Share option granted under ESOS	-	-	-	58	-	58	-	58
<b>At 30 June 2012</b>	<b>115,119</b>	<b>14,373</b>	<b>(23,450)</b>	<b>271</b>	<b>(46,529)</b>	<b>59,784</b>	<b>6,493</b>	<b>66,277</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2012**

	<b>6 MONTHS ENDED</b>	
	<b>30 JUN</b>	<b>30 JUN</b>
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) before tax	715	(8,160)
Adjustments for:		
Amortisation of development costs	4	-
Bad debts recovered	(54)	-
Depreciation	21,992	24,317
Impairment loss on investment	4	-
Impairment of property, plant & equipment written back	(4,889)	(564)
Impairment of lease receivable	-	23
Gain on disposal of equipment	(27)	(375)
Property, plant and equipment written off	4,365	270
Provision for doubtful debts	-	385
Provision for doubtful debts (non trade)	278	8
Receivables written off	-	(2)
Reversal of provision for doubtful debts	-	(1,261)
Reversal of provision for doubtful debts (non trade)	(24)	-
Written down of inventories	-	114
Share options granted under ESOS	58	70
Share of loss of jointly controlled entities	-	7
Share of loss of associates	292	4
Interest expense	4,756	4,754
Interest income	(95)	(9)
Operating profit before working capital changes	27,375	19,581
Net changes in receivables, amount due from jointly controlled entities, associates and inventories	8,533	32,164
Net changes in payables, amount due to jointly controlled entities, associates and other shareholders	(14,712)	(21,863)
Interest paid	(801)	(664)
Taxes paid	(99)	(9)
<b>Net cash flow generated from operating activities</b>	<b>20,296</b>	<b>29,209</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE PERIOD ENDED 30 JUNE 2012**

	<b>6 MONTHS ENDED</b>	
	<b>30 JUN 2012 RM'000</b>	<b>30 JUN 2011 RM'000 (Restated)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(18,057)	(2,192)
Proceeds from disposal of equipment	205	5,082
Changes in fixed deposits pledged to licensed banks	(270)	(122)
Expenditure on development costs	(52)	(146)
Partial consideration from disposal of a subsidiary	1,566	-
Interest received	95	9
<b>Net cash flow (used in)/generated from investing activities</b>	<b>(16,513)</b>	<b>2,631</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown/(repayment) of bankers' acceptances and onshore foreign currency loan	411	(2,563)
Net repayment of term loan and CPMTN	(12,052)	(19,088)
Repayment of finance lease liability	(38)	-
Proceeds from issuance of shares	-	14
Proceeds from subscription of ordinary shares by minority interests	-	1,262
<b>Net cash flow used in financing activities</b>	<b>(11,679)</b>	<b>(20,375)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(7,896)</b>	<b>11,465</b>
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(909)</b>	<b>(140)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>22,524</b>	<b>9,581</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b>13,719</b>	<b>20,906</b>
* Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	18,722	26,258
Deposits with licensed banks	4,583	5,436
Less: Bank Overdrafts	(5,017)	(5,352)
	18,288	26,342
Add: Cash and bank balances for disposal group classified as held for sale	14	-
Less: Fixed deposit pledged to licensed banks	(4,583)	(5,436)
	13,719	20,906



**PART A - EXPLANATORY NOTES PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134**

**1. Basis of Preparation**

This unaudited condensed consolidated interim financial statements ("Condensed Report") for the period ended 30 June 2012 have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report also complies with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

This Condensed Report is the Group's first MFRS compliant Condensed Report and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied.

The date of transition to the MFRS framework is 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The impact of the transition from FRS to MFRS is described in Note 2.1 below.

**2. Changes in Accounting Policies**

**2.1 Application of MFRS 1**

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this Condensed Report are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

Property, plant and equipment

Under FRS, all items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced parts is derecognised. All other repairs and maintenance are recognised in profit or loss as incurred. Subsequent to recognition, properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Upon the transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment except for to regard the fair value of certain freehold and leasehold land and buildings at the date of transition as its deemed cost at that date. As at that date, an increase of RM1,375,904 (31 December 2011: RM1,438,102) was recognised in property, plant and equipment.





**2. Changes in Accounting Policies (Continued)**

**2.1 Application of MFRS 1 (Continued)**

(a) Reconciliation of statement of financial position as at 1 January 2011

	<b>As previously reported RM'000</b>	<b>Effects of transition to MFRSs RM'000</b>	<b>As restated RM'000</b>
Property, plant and equipment	176,162	1,376	177,538
Accumulated losses	(17,478)	1,097	(16,381)
Deferred tax liabilities	8	279	287

(b) Reconciliation of statement of financial position as at 31 December 2011

	<b>As previously reported RM'000</b>	<b>Effects of transition to MFRSs RM'000</b>	<b>As restated RM'000</b>
Property, plant and equipment	120,301	1,438	121,739
Accumulated losses	(48,294)	1,166	(47,128)
Deferred tax liabilities	14	272	286

(c) Reconciliation of statement of comprehensive income for the period ended 30 June 2011

	<b>As previously reported RM'000</b>	<b>Effects of transition to MFRSs RM'000</b>	<b>As restated RM'000</b>
Cost of sales	(46,866)	7	(46,859)
Administrative expenses	(15,299)	24	(15,275)
Loss before tax	(8,191)	31	(8,160)
Income tax expenses	(11)	4	(7)
Loss for the period	(8,202)	35	(8,167)



## **2. Changes in Accounting Policies (Continued)**

### **2.2 MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective**

At the date of authorisation of this Condensed Report, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

	<b>Effective Date</b>
Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits (revised)	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9 Financial Instruments	1 January 2015

## **3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2011 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 current quarter.



**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 for the current quarter.

**9. Dividend**

No dividend was paid for the financial period ended 30 June 2012.



**10. Segmental Information**

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

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUN 2012 RM'000	30 JUN 2011 RM'000 (Restated)	30 JUN 2012 RM'000	30 JUN 2011 RM'000 (Restated)
<b>Segment Revenue</b>				
Sales and Marketing	9,002	12,766	19,759	20,370
Technical Support and Management	18,510	15,990	34,927	29,932
Leisure and Entertainment (1)	-	348	-	5,536
Others (2)	822	2,232	1,823	2,871
	<u>28,334</u>	<u>31,336</u>	<u>56,509</u>	<u>58,709</u>
Eliminations	(84)	(84)	(168)	(168)
Revenue	<u>28,250</u>	<u>31,252</u>	<u>56,341</u>	<u>58,541</u>
<b>EBITDA*</b>				
Sales and Marketing	1,463	1,409	2,296	3,417
Technical Support and Management	13,351	11,152	24,199	19,527
Leisure and Entertainment	-	(656)	(4,168)	(606)
Others	95	1,045	638	497
Unallocated	(879)	(1,963)	(383)	(2,488)
Total	<u>14,030</u>	<u>10,987</u>	<u>22,582</u>	<u>20,347</u>
<b>Segment Results</b>				
Sales and Marketing	1,569	1,231	3,045	3,308
Technical Support and Management	2,509	(757)	3,259	(3,022)
Leisure and Entertainment	-	(997)	(4)	(1,267)
Others	(323)	915	(77)	157
	<u>3,755</u>	<u>392</u>	<u>6,223</u>	<u>(824)</u>
Unallocated expenses	(849)	(1,974)	(360)	(2,499)
- Foreign exchange gain/(loss)	443	(605)	1,917	(117)
- Interest income	38	(37)	73	(5)
- Sundry Income	312	22	573	248
- Legal and professional fee	(465)	(472)	(896)	(878)
- Other expenses	(1,177)	(882)	(2,027)	(1,747)
	<u>2,906</u>	<u>(1,582)</u>	<u>5,863</u>	<u>(3,323)</u>
<b>Operating profit/(loss)</b>	<u>2,906</u>	<u>(1,582)</u>	<u>5,863</u>	<u>(3,323)</u>

**Note**

- (1) "Leisure and Entertainment" consist of casino revenue from Chateau De Bavet Club Co Ltd. ("Chateau").
- (2) "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 under review.

**12. Subsequent Events**

The Group has announced the Proposed Issuance of 7 years Unrated Commercial Papers/ Medium Term Notes Programme (“CP/MTN Programme”) to refinance the existing CP/MTN programme. The proposed programme is expected to enhance financial and liquidity position of the Group.

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

There were no material changes in the composition of the Group.

**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:

	<b>AS AT 30 JUN 2012 RM'000</b>
Gaming machines and equipment	<u>31,400</u>

**16. Significant Related Party Transactions**

There were no significant related party transactions 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 JUN 2012 RM'000	30 JUN 2011 RM'000 (Restated)	% +/(-)	30 JUN 2012 RM'000	30 JUN 2011 RM'000 (Restated)	% +/(-)
<b>Revenue</b>						
Sales and Marketing	9,002	12,766	-29%	19,759	20,370	-3%
Technical Support and Management	18,510	15,990	+16%	34,927	29,932	+17%
Leisure and Entertainment (1)	-	348	-100%	-	5,536	-100%
Others (2)	738	2,148	-66%	1,655	2,703	-39%
<b>Total</b>	<b>28,250</b>	<b>31,252</b>	<b>-10%</b>	<b>56,341</b>	<b>58,541</b>	<b>-4%</b>
<b>EBITDA*</b>						
Sales and Marketing	1,463	1,409	+4%	2,296	3,417	-33%
Technical Support and Management	13,351	11,152	+20%	24,199	19,527	+24%
Leisure and Entertainment	-	(656)	-100%	(4,168)	(606)	+588%
Others	95	1,045	-91%	638	497	+28%
Unallocated	(879)	(1,963)	-55%	(383)	(2,488)	-85%
<b>Total</b>	<b>14,030</b>	<b>10,987</b>	<b>+28%</b>	<b>22,582</b>	<b>20,347</b>	<b>+11%</b>
<b>Profit/(Loss) before tax</b>						
Sales and Marketing	1,394	1,114	+25%	2,495	3,054	-18%
Technical Support and Management	2,311	(1,381)	+267%	2,855	(4,397)	+165%
Leisure and Entertainment	-	(997)	-100%	(4)	(1,267)	-100%
Others	(395)	804	-149%	(215)	(41)	+424%
	3,310	(460)	+820%	5,131	(2,651)	+294%
Unallocated Expenses	(2,830)	(3,443)	-18%	(4,416)	(5,509)	-20%
- Finance cost	(1,981)	(1,469)	+35%	(4,056)	(3,010)	+35%
- Foreign exchange gain/ (loss)	443	(605)	+173%	1,917	(117)	+1738%
- Interest income	38	(37)	+203%	73	(5)	+1560%
- Sundry Income	312	22	+1318%	573	248	+131%
- Legal and professional fee	(465)	(472)	-1%	(896)	(878)	+2%
- Other expenses	(1,177)	(882)	+33%	(2,027)	(1,747)	+16%
<b>Profit/(Loss) before tax</b>	<b>480</b>	<b>(3,903)</b>	<b>+112%</b>	<b>715</b>	<b>(8,160)</b>	<b>+109%</b>

**Note**

- (1) "Leisure and Entertainment" consist of casino revenue from Chateau De Bavet Club Co Ltd. ("Chateau").
- (2) "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 Sales and Marketing division's revenue is lower by 29% for quarter ended 30 June 2012 as compared to previous year's corresponding quarter mainly due to the delay in shipment of 300 machines to some countries and market trial of 192 machines being extended to end of November 2012.

However, EBITDA before impairment increased by 4% due to better profit margin for this quarter and reversal of purchase cost for sales in prior years amounting to RM623,000.

The revenue and EBITDA before impairment for Technical Support and Management ("TSM") division increased by 16% and 20% respectively for the quarter ended 30 June 2012 as compared to previous year's corresponding quarter due to better performance of existing outlets in various countries and increase in number of machines on concession by 422 units.

The revenue of "Others" division was mainly contributed by leasing income on Chateau building, sales of refurbished machines and table games layout.

**(ii) Comparison with previous year's corresponding period**

The decrease in revenue and EBITDA before impairment by 3% and 33% respectively for 6 months period ended 30 June 2012 as compared to preceding year for Sales and Marketing ("SSM") division mainly due to decrease in sales of machines and other SSM products as per reasons stated above. In addition, there was a reversal of provision for sales return of RM1.3 million in previous year's corresponding period.

The revenue and EBITDA before impairment from TSM division increased by 17% and 24% respectively for 6 months period ended 30 June 2012 as compared to preceding year due to opening of new concessions and better performance of existing outlets in various countries.

The negative EBITDA before impairment for L&E for period ended 30 June 2012 is mainly due to reversal of impairment in respect of fixed assets written off of RM4.2 million.

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



**18. Comparison with previous quarter's results**

	<b>CURRENT QUARTER RM'000</b>	<b>PREVIOUS QUARTER RM'000 (Restated)</b>	<b>% +/(-)</b>
<b>Revenue</b>			
Sales and Marketing	9,002	10,757	-16%
Technical Support and Management	18,510	16,417	+13%
Others (2)	738	918	-20%
Revenue	<u>28,250</u>	<u>28,092</u>	<u>+1%</u>
<b>EBITDA*</b>			
Sales and Marketing	1,463	833	+76%
Technical Support and Management	13,351	10,848	+23%
Leisure and Entertainment	-	(4,168)	-100%
Others	95	543	-83%
Unallocated	(879)	496	-277%
	<u>14,030</u>	<u>8,552</u>	<u>+64%</u>
<b>Profit/(Loss) before tax</b>			
Sales and Marketing	1,394	1,101	+27%
Technical Support and Management	2,311	544	+325%
Leisure and Entertainment	-	(4)	-100%
Others	(395)	180	-319%
	<u>3,310</u>	<u>1,821</u>	<u>+82%</u>
Unallocated expenses	(2,830)	(1,586)	+78%
- Finance cost	(1,981)	(2,075)	-5%
- Foreign exchange gain	443	1,474	-70%
- Interest income	38	35	+9%
- Sundry income	312	261	+20%
- Legal and professional fee	(465)	(431)	+8%
- Other expenses	(1,177)	(850)	+38%
<b>Profit before tax</b>	<u>480</u>	<u>235</u>	<u>+104%</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)**

The decrease in revenue for Sales and Marketing (“SSM”) division in this quarter is due to decrease in number of machines sold.

The EBITDA before impairment for SSM increased by 76% in this quarter due to better margin for machines sold and lower expenses in this quarter.

The revenue and EBITDA for TSM increased by 13% and 23% respectively is mainly due to better performance of existing outlets in various countries.

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

**19. Commentary on Prospects**

SSM Division has secured orders for over 1,000 machines for delivery by the end of the year.

TSM Division remains focused on growing revenue at its existing concessions via increasing yield per machine by installing in-house and 3<sup>rd</sup> party Slot Management Systems and utilizing new as well as refurbished machines for placement under selective new concessions.

Bingo operation is now expected to commence by end of the year.

The Group continues to enjoy strong cash flow and have repaid CPs amounting to RM7 million. Although the Group’s future cash flow will enable us to meet our financial commitments, we have arranged for a new CPMTN program to refinance the existing CPMTN program so as to enhance financial and liquidity position of the Group.

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		6 MONTHS ENDED	
	30 JUN 2012	30 JUN 2011	30 JUN 2012	30 JUN 2011
	RM’000	RM’000	RM’000	RM’000
		(Restated)		(Restated)
Income Tax				
- Current period	7	4	10	7

Domestic income tax is calculated at the Malaysian statutory rate of 25% (2010: 25%) of the estimated assessable profit for the period. The effective tax rate of the Group 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

Save as disclosed below, 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	Balance As At 1 Jan 2012	Number of Options Over Ordinary Shares of RM0.10 each			Balance As At 30 Jun 2012
			Granted	Exercised	Cancelled	
	RM	'000	'000	'000	'000	'000
25 Nov 2010	0.10	62,532	-	-	(265)	62,267
13 Feb 2012	0.10	-	3,290	-	(107)	3,183
		62,532	3,290	-	(372)	65,450

The above option expires on 20 October 2014.

### (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 RM4 million of CPs leaving a balance of RM67 million as at 30 June 2012.

### (c) Disposal of 32% equity interest in Chateau

As at 30 June 2012, the Company has received RM3.9 million as progressive proceeds from the disposal of a 32% equity interest in Chateau. The balance of RM5.7 million will be received progressively over the next 25 months.



**23. Borrowings**

	AS AT 30 JUN 2012 RM'000	AS AT 31 DEC 2011 RM'000
<b>Short Term Borrowings:</b>		
<u>Secured</u>		
Bank overdrafts	5,017	5,965
Onshore foreign currency loan	14,836	14,425
Commercial Papers	25,761	13,615
Finance lease liability	151	151
Term loans	438	1,625
	<u>46,203</u>	<u>35,781</u>
<b>Long Term Borrowings:</b>		
<u>Secured</u>		
Commercial Papers (Modified term)	41,000	60,000
Medium Term Notes	10,000	10,000
Finance lease liability	220	258
Term loans	490	546
	<u>51,710</u>	<u>70,804</u>
Total borrowings	<u>97,913</u>	<u>106,585</u>
<b>Borrowings denominated in foreign currency as at 30 Jun 2012:</b>		
	USD'000	RM'000
Borrowings	<u>4,865</u>	<u>15,534</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. Notes to the Statements of Comprehensive Income**

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

	<b>3 MONTHS ENDED</b>		<b>6 MONTHS ENDED</b>	
	<b>30 JUN 2012 RM'000</b>	<b>30 JUN 2011 RM'000 (Restated)</b>	<b>30 JUN 2012 RM'000</b>	<b>30 JUN 2011 RM'000 (Restated)</b>
Interest income	(45)	26	(95)	(9)
Interest expenses	2,331	2,388	4,756	4,754
Amortisation of development costs	4	-	4	-
Bad debts recovered	-	-	(54)	-
Depreciation	11,342	12,747	21,992	24,317
Impairment loss on investment	-	-	4	-
Impairment of property, plant & equipment written back	(128)	(244)	(4,889)	(564)
Impairment of lease receivable	-	-	-	23
Gain on disposal of equipment	(10)	(375)	(27)	(375)
Property, plant and equipment written off	187	213	4,365	270
Provision for doubtful debts	-	385	-	385
Provision for doubtful debts (non trade)	247	-	278	8
Receivables written off	-	-	-	(2)
Reversal of provision for doubtful debts	-	(8)	-	(1,261)
Reversal of provision for doubtful debts (non trade)	-	-	(24)	-
Written down of inventories	-	(42)	-	114



**26. Disclosure of Realised and Unrealised Profits/ Losses**

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

	<b>ACCUMULATED QUARTER ENDED</b>	
	<b>30 JUN 2012 RM'000</b>	<b>31 DEC 2011 RM'000 (Restated)</b>
The accumulated losses of the Company and subsidiaries:		
- Realised	(124,762)	(124,489)
- Unrealised	5,734	3,966
Total share of accumulated losses from jointly controlled entities:		
- Realised	(58)	(58)
- Unrealised	1	1
Total share of retained profit from associates:		
- Realised	591	922
- Unrealised	(529)	(568)
	<u>(119,023)</u>	<u>(120,226)</u>
Add: Consolidation adjustments	72,494	73,098
Total Group accumulated losses	<u>(46,529)</u>	<u>(47,128)</u>



**27. Earnings/(Loss) Per Share**

**(a) Basic**

Basic earnings/(loss) per share amounts are calculated by dividing the profit/(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 JUN 2012	30 JUN 2011 (Restated)	30 JUN 2012	30 JUN 2011 (Restated)
Profit/(Loss) attributable to owners of the parent (RM'000)	475	(3,410)	599	(7,356)
Weighted average number of ordinary shares in issue ('000)	1,151,189	1,151,189	1,151,189	1,151,152
<b>Basic earnings/(loss) per share (sen)</b>	<b>0.04</b>	<b>(0.30)</b>	<b>0.05</b>	<b>(0.64)</b>

**(b) Diluted**

For the purpose of calculating diluted earnings/(loss) per share, the profit/(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.

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUN 2012	30 JUN 2011 (Restated)	30 JUN 2012	30 JUN 2011 (Restated)
Profit/(Loss) attributable to owners of the parent (RM'000)	475	(3,410)	599	(7,356)
Weighted average number of ordinary shares in issue ('000)	1,151,189	1,151,189	1,151,189	1,151,152
Effect of dilution of share options	-	-	-	6,938
Adjusted weighted average number of ordinary shares in issue and issuable	1,151,189	1,151,189	1,151,189	1,158,090
<b>Diluted earnings/(loss) per share (sen)</b>	<b>0.04</b>	<b>(0.30)</b>	<b>0.05</b>	<b>(0.64)</b>



**RGB International Bhd. (603831-K)**

**28. Authorisation For Issue**

On 24 August 2012, 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  
24 August 2012