



RGB International Bhd. (603831-K)

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
31 December 2012



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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 DECEMBER 2012**

	Note	3 MONTHS ENDED		12 MONTHS ENDED	
		31 DEC 2012 RM'000	31 DEC 2011 RM'000 (Restated)	31 DEC 2012 RM'000	31 DEC 2011 RM'000 (Restated)
Revenue	10	74,387	31,139	187,398	118,211
Cost of sales		(64,303)	(25,496)	(152,432)	(95,663)
- Depreciation		(10,010)	(11,931)	(41,303)	(46,760)
- Others		(54,293)	(13,565)	(111,129)	(48,903)
Gross profit		10,084	5,643	34,966	22,548
Other income		2,773	285	3,780	863
Administrative expenses		(5,726)	(8,418)	(24,776)	(30,613)
- Depreciation		(546)	(746)	(2,360)	(2,980)
- Others		(5,180)	(7,672)	(22,416)	(27,633)
Selling and marketing expenses		(693)	(1,051)	(2,250)	(1,963)
Other gain/(expenses), net		184	(13,307)	4,874	(13,600)
Operating profit/(loss)		6,622	(16,848)	16,594	(22,765)
Finance costs		(2,188)	(2,245)	(9,378)	(9,570)
Share of (loss)/profit of jointly controlled entities		(1)	16	(1)	10
Share of loss of associates		(577)	(278)	(1,086)	(483)
Profit/(Loss) before tax		3,856	(19,355)	6,129	(32,808)
Income tax expense	21	(1)	(75)	(97)	(87)
Profit/(Loss) for the period		3,855	(19,430)	6,032	(32,895)
Other comprehensive (loss)/income					
- Foreign currency translation, representing other comprehensive (loss)/income for the period		(553)	(1,869)	(8,254)	3,277
Total comprehensive income/(loss)		3,302	(21,299)	(2,222)	(29,618)
Profit/(Loss) attributable to:					
Owners of the parent		3,955	(18,452)	6,059	(30,747)
Non-controlling interests		(100)	(978)	(27)	(2,148)
		3,855	(19,430)	6,032	(32,895)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		3,422	(20,280)	(995)	(27,645)
Non-controlling interests		(120)	(1,019)	(1,227)	(1,973)
		3,302	(21,299)	(2,222)	(29,618)
Earnings/(Loss) per share attributable to owners of the parent:					
Basic, for profit/(loss) for the period (sen)	27	0.34	(1.60)	0.53	(2.67)
Diluted, for profit/(loss) for the period (sen)	27	0.34	(1.60)	0.53	(2.67)


CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	AS AT 31 DEC 2012 RM'000	AS AT 31 DEC 2011 RM'000 (Restated)	AS AT 1 JAN 2011 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	11	107,841	121,739	177,538
Investments in jointly controlled entities		244	239	1,264
Investments in associates		585	1,707	2,238
Other investment		-	4	4
Development costs		464	430	208
Other receivables		346	396	1,565
Gaming licenses		446	388	556
Goodwill		-	-	272
		<u>109,926</u>	<u>124,903</u>	<u>183,645</u>
Current assets				
Inventories		8,043	14,965	11,884
Trade Receivables		62,088	48,978	77,630
Short term lease receivables		-	-	509
Other Receivables		9,905	13,484	9,675
Assets of disposal group classified as held for sale		7,364	13,298	-
Tax Recoverable		188	180	123
Due from jointly controlled entities		-	-	307
Due from associates		2,405	3,057	4,106
Deposits with licensed banks		4,608	5,770	5,314
Cash and bank balances		26,026	26,735	15,861
		<u>120,627</u>	<u>126,467</u>	<u>125,409</u>
TOTAL ASSETS		<u>230,553</u>	<u>251,370</u>	<u>309,054</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	8	115,119	115,119	115,105
Share premium		14,373	14,373	14,373
Foreign exchange translation reserve		(30,187)	(23,133)	(26,235)
Share option reserve		376	213	82
Accumulated losses		(40,844)	(47,128)	(16,381)
		<u>58,837</u>	<u>59,444</u>	<u>86,944</u>
Non-controlling interests		9,682	6,322	7,033
Total equity		<u>68,519</u>	<u>65,766</u>	<u>93,977</u>
Non-current liabilities				
Borrowings	23	61,749	70,804	12,319
Deferred tax liabilities		195	286	287
		<u>61,944</u>	<u>71,090</u>	<u>12,606</u>
Current liabilities				
Borrowings	23	28,581	35,781	116,000
Trade payables		48,831	50,912	52,270
Other payables		20,500	24,342	25,458
Liabilities of disposal group classified as held for sale		550	1,153	-
Due to jointly controlled entities		185	213	3,368
Due to associates		532	1,095	3,073
Due to other shareholders		891	998	2,302
Tax payable		20	20	-
		<u>100,090</u>	<u>114,514</u>	<u>202,471</u>
Total liabilities		<u>162,034</u>	<u>185,604</u>	<u>215,077</u>
TOTAL EQUITY AND LIABILITIES		<u>230,553</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 YEAR ENDED 31 DECEMBER 2011 AND 31 DECEMBER 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
At 1 January 2011	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
At 1 January 2011 (As restated)	115,105	14,373	(26,235)	82	(16,381)	86,944	7,033	93,977
Total comprehensive income/(loss) for the period	-	-	3,102	-	(30,747)	(27,645)	(1,973)	(29,618)
Transaction with owners								
Issue of ordinary shares pursuant to ESOS	14	-	-	-	-	14	-	14
Share option granted under ESOS	-	-	-	131	-	131	-	131
Subscription of share application monies by the non-controlling interests in a subsidiary	-	-	-	-	-	-	1,262	1,262
At 31 December 2011	115,119	14,373	(23,133)	213	(47,128)	59,444	6,322	65,766
At 1 January 2012	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
At 1 January 2012 (As restated)	115,119	14,373	(23,133)	213	(47,128)	59,444	6,322	65,766
Total comprehensive (loss)/income for the period	-	-	(7,054)	-	6,059	(995)	(1,227)	(2,222)
Transaction with owners								
Share option granted under ESOS	-	-	-	163	-	163	-	163
Accretion/(Dilution) from change in stake	-	-	-	-	225	225	(225)	-
Consideration paid by the non-controlling interests in a subsidiary	-	-	-	-	-	-	4,812	4,812
At 31 December 2012	115,119	14,373	(30,187)	376	(40,844)	58,837	9,682	68,519



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	12 MONTHS ENDED	
	31 DEC 2012 RM'000	31 DEC 2011 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (Loss) before tax	6,129	(32,808)
Adjustments for:		
Amortisation of development costs	18	-
Bad debts written off	2,221	5,165
Bad debts recovered	(54)	-
Depreciation	43,663	49,740
Impairment of intangible assets	-	272
Impairment loss on investment	4	-
Impairment of property, plant and equipment	327	14,687
Impairment of property, plant & equipment written back	(5,267)	(588)
Impairment of lease receivable	-	23
Impairment of lease receivable written back	-	(259)
Lease receivable written off	-	259
Gain on disposal of equipment	(11)	(358)
Loss on disposal of investment	3	-
Loss/(Gain) on disposal of a subsidiary	47	(1,608)
Property, plant and equipment written off	4,754	816
Provision for doubtful debts	266	790
Provision for doubtful debts (non trade)	291	236
Receivables written off	-	(2)
Reversal of provision for doubtful debts	(2,221)	(6,640)
Reversal of provision for doubtful debts (non trade)	(513)	(495)
Write down of inventories	304	594
Share options granted under ESOS	163	132
Share of (loss)/profit of jointly controlled entities	1	(10)
Share of loss of associates	1,086	483
Interest expense	9,181	9,428
Interest income	(181)	(106)
Operating profit before working capital changes	<u>60,211</u>	<u>39,751</u>
Net changes in receivables, amount due from jointly controlled entities, associates and inventories	983	24,807
Net changes in payables, amount due to jointly controlled entities, associates and other shareholders	(10,084)	(9,077)
Interest paid	(1,607)	(1,179)
Taxes paid	(197)	(126)
Net cash flow generated from operating activities	<u><u>49,306</u></u>	<u><u>54,176</u></u>



**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012**

	12 MONTHS ENDED	
	31 DEC 2012 RM'000	31 DEC 2011 RM'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(31,324)	(24,550)
Proceeds from disposal of equipment	342	6,398
Changes in fixed deposits pledged to licensed banks	(294)	1,000
Expenditure on development costs	(52)	(222)
Partial consideration from disposal of a subsidiary	2,870	2,309
Net cash outflow from disposal of subsidiaries	(175)	(6)
Interest received	181	106
Net cash flow used in investing activities	(28,452)	(14,965)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of bankers' acceptances and onshore foreign currency loan	(116)	(1,722)
Net repayment of term loan and CPMTN	(22,048)	(28,355)
Repayment of finance lease liability	(221)	(48)
Proceeds from issuance of shares	-	14
Consideration paid by the non-controlling interests in a subsidiary	4,812	1,262
Net cash flow used in financing activities	(17,573)	(28,849)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,281	10,362
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(3,921)	2,581
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	22,524	9,581
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	21,884	22,524
* Cash and cash equivalents at end of the financial year comprise the following:		
Cash and bank balances	26,026	26,735
Deposits with licensed banks	4,608	5,770
Less: Bank Overdrafts	(4,144)	(5,966)
	26,490	26,539
Add: Cash and bank balances for disposal group classified as held for sale	2	299
Less: Fixed deposit pledged to licensed banks	(4,608)	(4,314)
	21,884	22,524



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 year ended 31 December 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

	As previously reported RM'000	Effects of transition to MFRSs RM'000	As restated RM'000
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

	As previously reported RM'000	Effects of transition to MFRSs RM'000	As restated RM'000
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 year ended 31 December 2011

	As previously reported RM'000	Effects of transition to MFRSs RM'000	As restated RM'000
Cost of sales	(95,678)	15	(95,663)
Administrative expenses	(30,660)	47	(30,613)
Loss before tax	(32,870)	62	(32,808)
Income tax expenses	(95)	8	(87)
Loss for the year	(32,965)	70	(32,895)



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:

	Effective Date
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 was no significant 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 year ended 31 December 2012.



10. Segmental Information

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

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2012 RM'000	31 DEC 2011 RM'000 (Restated)	31 DEC 2012 RM'000	31 DEC 2011 RM'000 (Restated)
Segment Revenue				
Sales and Marketing	57,953	12,606	114,389	45,114
Technical Support and Management	18,040	17,710	72,046	63,019
Leisure and Entertainment (1)	-	547	-	6,859
Others (2)	(1,582)	360	1,239	3,555
	<u>74,411</u>	<u>31,223</u>	<u>187,674</u>	<u>118,547</u>
Eliminations	(24)	(84)	(276)	(336)
Revenue	<u>74,387</u>	<u>31,139</u>	<u>187,398</u>	<u>118,211</u>
EBITDA*				
Sales and Marketing	3,410	(559)	7,567	2,913
Technical Support and Management	12,334	11,163	49,396	42,083
Leisure and Entertainment	-	(650)	(4)	(1,341)
Others	914	(213)	978	278
Unallocated	(24)	757	282	(3,202)
Total	<u>16,634</u>	<u>10,498</u>	<u>58,219</u>	<u>40,731</u>
Segment Results				
Sales and Marketing	3,960	(334)	9,108	3,173
Technical Support and Management	2,149	(14,113)	7,724	(17,854)
Leisure and Entertainment	-	(2,506)	(4)	(4,227)
Others	523	(371)	(577)	(365)
	<u>6,632</u>	<u>(17,324)</u>	<u>16,251</u>	<u>(19,273)</u>
Unallocated (expenses)/income	(10)	476	343	(3,492)
- Foreign exchange gain/(loss)	647	68	4,726	(380)
- Interest income	37	36	148	65
- Sundry Income	423	23	1,055	457
- Legal and professional fee	(638)	(438)	(2,000)	(1,944)
- Other (expenses)/income	(479)	787	(3,586)	(1,690)
	<u>6,622</u>	<u>(16,848)</u>	<u>16,594</u>	<u>(22,765)</u>
Operating profit/(loss)	<u>6,622</u>	<u>(16,848)</u>	<u>16,594</u>	<u>(22,765)</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

There were no material events subsequent to the end of the current quarter.

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

On 26 November 2012, RGB (Cambodia) Ltd. (“RGBC”) transferred its 49% equity interest in Dreamgate Holding Co., Ltd. to RGB Ltd. for a nominal consideration of USD1. Subsequently on 20 December 2012, RGBC was disposed of for a nominal consideration of USD1. As a consequence of the disposal, RGBC had ceased to be subsidiary 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:

	AS AT 31 DEC 2012 RM'000
Gaming machines and equipment	<u>17,000</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			12 MONTHS ENDED		
	31 DEC 2012 RM'000	31 DEC 2011 RM'000 (Restated)	% +/(-) %	31 DEC 2012 RM'000	31 DEC 2011 RM'000 (Restated)	% +/(-) %
Revenue						
Sales and Marketing	57,953	12,606	+360%	114,389	45,114	+154%
Technical Support and Management	18,040	17,710	+2%	72,046	63,019	+14%
Leisure and Entertainment (1)	-	547	-100%	-	6,859	-100%
Others (2)	(1,606)	276	-682%	963	3,219	-70%
Total	74,387	31,139	+139%	187,398	118,211	+59%
EBITDA*						
Sales and Marketing	3,410	(559)	+710%	7,567	2,913	+160%
Technical Support and Management	12,334	11,163	+10%	49,396	42,083	+17%
Leisure and Entertainment	-	(650)	-100%	(4)	(1,341)	-100%
Others	914	(213)	+529%	978	278	+252%
Unallocated	(24)	757	-103%	282	(3,202)	+109%
Total	16,634	10,498	+58%	58,219	40,731	+43%
Profit/(Loss) before tax						
Sales and Marketing	3,187	(492)	+748%	7,400	2,314	+220%
Technical Support and Management	1,979	(14,846)	+113%	6,942	(20,598)	+134%
Leisure and Entertainment	-	(2,506)	-100%	(4)	(4,227)	-100%
Others	502	(451)	+211%	(782)	(737)	+6%
	5,668	(18,295)	+131%	13,556	(23,248)	+158%
Unallocated Expenses	(1,812)	(1,060)	+71%	(7,427)	(9,560)	-22%
- Finance cost	(1,802)	(1,536)	+17%	(7,770)	(6,068)	+28%
- Foreign exchange gain/ (loss)	647	68	+851%	4,726	(380)	+1344%
- Interest income	37	36	+3%	148	65	+128%
- Sundry Income	423	23	+1739%	1,055	457	+131%
- Legal and professional fee	(638)	(438)	+46%	(2,000)	(1,944)	+3%
- Other (expenses)/ income	(479)	787	-161%	(3,586)	(1,690)	+112%
Profit/(Loss) before tax	3,856	(19,355)	+120%	6,129	(32,808)	+119%

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 ("SSM") division's revenue and profit before tax increased significantly for quarter ended 31 December 2012 as compared to previous year's corresponding quarter mainly due to increase in number of machines sold in the region.

The revenue and profit before tax for Technical Support and Management ("TSM") division increased by 2% and 113% respectively for the quarter ended 31 December 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 approximately 660 units.

The revenue of "Others" division become negative in this quarter due to reclassification of leasing income on Chateau building from revenue to other income.

(ii) Comparison with previous year

The increase in revenue and profit before tax by 154% and 220% respectively for year ended 31 December 2012 as compared to preceding year for SSM division mainly due to increase in sales of machines and gaming products to various countries.

The revenue and profit before tax from TSM division increased by 14% and 134% respectively for year ended 31 December 2012 as compared to preceding year due to new concessions and better performance of existing outlets in various countries.

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



18. Comparison with previous quarter's results

	CURRENT QUARTER RM'000	PREVIOUS QUARTER RM'000 (Restated)	% +/(-)
Revenue			
Sales and Marketing	57,953	36,677	+58%
Technical Support and Management	18,040	19,079	-5%
Others (2)	(1,606)	914	-276%
Revenue	<u>74,387</u>	<u>56,670</u>	<u>+31%</u>
EBITDA*			
Sales and Marketing	3,410	1,861	+83%
Technical Support and Management	12,334	12,863	-4%
Others	914	(574)	+259%
Unallocated	(24)	689	-103%
	<u>16,634</u>	<u>14,839</u>	<u>+12%</u>
Profit/(Loss) before tax			
Sales and Marketing	3,187	1,718	+86%
Technical Support and Management	1,979	2,108	-6%
Others	502	(1,069)	+147%
	<u>5,668</u>	<u>2,757</u>	<u>+106%</u>
Unallocated expenses	(1,812)	(1,199)	+51%
- Finance cost	(1,802)	(1,912)	-6%
- Foreign exchange gain	647	2,162	-70%
- Interest income	37	38	-3%
- Sundry income	423	59	+617%
- Legal and professional fee	(638)	(466)	+37%
- Other expenses	(479)	(1,080)	-56%
Profit before tax	<u>3,856</u>	<u>1,558</u>	<u>+147%</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 increase in revenue and profit before tax for Sales and Marketing (“SSM”) division in this quarter is due to increase in number of machines sold in the region.

The revenue for TSM decreased slightly by 5% is mainly due to lower performance of existing outlets due to drop in patronage.

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

19. Commentary on Prospects

SSM Division continues to concentrate its sales effort in key markets and increase product line under distribution.

TSM Division remains focused on growing revenue at its existing concessions via increasing yield per machine by installing in-house and 3rd party Slot Management Systems and management of new concessions in the region. The Group expects Bingo operation to commence in 2013.

Following a successful implementation of a turnkey project for the commissioning and installation of gaming machines in a new casino in the last quarter of 2012, Technical Service Division will include this activity as an additional activity to the normal sales, services and maintenance for gaming machines and table games equipment in the region.

RGBGames will introduce a new cabinet and several games on a new gaming platform in 2013.

In view of the foregoing and barring unforeseen circumstances, the Group expects to perform better in 2013.

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		12 MONTHS ENDED	
	31 DEC 2012	31 DEC 2011	31 DEC 2012	31 DEC 2011
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Income Tax				
- Current period	<u>1</u>	<u>75</u>	<u>97</u>	<u>87</u>

Domestic income tax is calculated at the Malaysian statutory rate of 25% (2011: 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 31 Dec 2012
			Granted	Exercised	Cancelled	
			RM	'000	'000	
25 Nov 2010	0.10	62,532	-	-	(1,246)	61,286
13 Feb 2012	0.10	-	3,290	-	(462)	2,828
1 Nov 2012	0.10	-	11,022	-	(115)	10,907
		62,532	14,312	-	(1,823)	75,021

The above option expires on 20 October 2019.

(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 RM61 million as at 31 December 2012.

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 issuance is currently pending approval from Securities Commission.

(c) Disposal of 32% equity interest in Chateau

Pursuant to the Sale and Purchase Agreement dated 22 June 2011 for the disposal of 32% equity interest in Chateau, 12.8% equity interest has been transferred to the acquirer during the previous quarters and the remaining 19.2% will be transferred to the acquirer over the next 2 years.



23. Borrowings

	AS AT 31 DEC 2012 RM'000	AS AT 31 DEC 2011 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Bank overdrafts	4,144	5,965
Onshore foreign currency loan	14,309	14,425
Commercial Papers	9,816	13,615
Finance lease liability	200	151
Term loans	112	1,625
	<u>28,581</u>	<u>35,781</u>
Long Term Borrowings:		
<u>Secured</u>		
Commercial Papers (Modified term)	50,950	60,000
Medium Term Notes	10,000	10,000
Finance lease liability	365	258
Term loans	434	546
	<u>61,749</u>	<u>70,804</u>
Total borrowings	<u>90,330</u>	<u>106,585</u>
Borrowings denominated in foreign currency as at 31 Dec 2012:		
	USD'000	RM'000
Borrowings	<u>4,857</u>	<u>14,874</u>

24. Material Litigation

Save for the announcements made on 8 February 2013 and 15 February 2013, the Group is not engaged in any material litigation, either as plaintiff or defendant and the Directors do not know of any proceedings pending or threatened or of any fact likely to give to any proceedings which might adversely affect the position or business of the Group.



25. Notes to the Statements of Comprehensive Income

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

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2012	31 DEC 2011	31 DEC 2012	31 DEC 2011
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Interest income	(45)	(61)	(181)	(106)
Interest expenses	2,146	2,216	9,181	9,428
Amortisation of development costs	7	-	18	-
Bad debts written off	2,221	-	2,221	5,165
Bad debts recovered	-	-	(54)	-
Depreciation	10,556	12,677	43,663	49,740
Impairment of intangible assets	-	272	-	272
Impairment loss on investment	-	-	4	-
Impairment of property, plant and equipment	327	14,687	327	14,687
Impairment of property, plant & equipment written back	(258)	-	(5,267)	(588)
Impairment of lease receivable	-	-	-	23
Impairment of lease receivable written back	-	(259)	-	(259)
Lease receivable written off	-	259	-	259
Loss on disposal of equipment	21	5	(11)	(358)
Loss on disposal of investment	3	-	3	-
Loss/(Gain) on disposal of a subsidiary	47	(1,522)	47	(1,608)
Property, plant and equipment written off	324	324	4,754	816
Provision for doubtful debts	266	405	266	790
Provision for doubtful debts (non trade)	10	205	291	236
Receivables written off	-	-	-	(2)
Reversal of provision for doubtful debts	(2,221)	(219)	(2,221)	(6,640)
Reversal of provision for doubtful debts (non trade)	(480)	(304)	(513)	(495)
Write down of inventories	(269)	480	304	594



26. Disclosure of Realised and Unrealised Profits/ Losses

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

	AS AT 31 DEC 2012 RM'000	AS AT 31 DEC 2011 RM'000 (Restated)
The accumulated losses of the Company and subsidiaries:		
- Realised	(132,703)	(124,489)
- Unrealised	8,055	3,966
Total share of accumulated losses from jointly controlled entities:		
- Realised	(58)	(58)
- Unrealised	-	1
Total share of retained profit from associates:		
- Realised	(56)	922
- Unrealised	(677)	(568)
	<u>(125,439)</u>	<u>(120,226)</u>
Add: Consolidation adjustments	84,595	73,098
Total Group accumulated losses	<u>(40,844)</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		12 MONTHS ENDED	
	31 DEC 2012	31 DEC 2011 (Restated)	31 DEC 2012	31 DEC 2011 (Restated)
Profit/(Loss) attributable to owners of the parent (RM'000)	3,955	(18,452)	6,059	(30,747)
Weighted average number of ordinary shares in issue ('000)	1,151,189	1,151,189	1,151,189	1,151,171
Basic earnings/(loss) per share (sen)	0.34	(1.60)	0.53	(2.67)

(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		12 MONTHS ENDED	
	31 DEC 2012	31 DEC 2011 (Restated)	31 DEC 2012	31 DEC 2011 (Restated)
Profit/(Loss) attributable to owners of the parent (RM'000)	3,955	(18,452)	6,059	(30,747)
Weighted average number of ordinary shares in issue ('000)	1,151,189	1,151,189	1,151,189	1,151,171
Effect of dilution of share options	-	-	-	1,724
Adjusted weighted average number of ordinary shares in issue and issuable	1,151,189	1,151,189	1,151,189	1,152,895
Diluted earnings/(loss) per share (sen)	0.34	(1.60)	0.53	(2.67)



RGB International Bhd. (603831-K)

28. Authorisation For Issue

On 27 February 2013, 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
27 February 2013