



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

(Incorporated in Malaysia)

Interim Unaudited Financial Statements  
30 June 2013



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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2013**

	Note	3 MONTHS ENDED		6 MONTHS ENDED	
		30 JUN 2013 RM'000	30 JUN 2012 RM'000	30 JUN 2013 RM'000	30 JUN 2012 RM'000
<b>Revenue</b>	<b>10</b>	33,610	28,250	65,059	56,341
<b>Cost of sales</b>		(21,889)	(19,268)	(43,472)	(40,699)
- Depreciation		(7,743)	(10,731)	(16,040)	(20,757)
- Others		(14,146)	(8,537)	(27,432)	(19,942)
<b>Gross profit</b>		11,721	8,982	21,587	15,642
Other income		235	507	997	882
Administrative expenses		(5,416)	(6,712)	(12,178)	(12,379)
- Depreciation		(483)	(611)	(989)	(1,235)
- Others		(4,933)	(6,101)	(11,189)	(11,144)
Selling and marketing expenses		(270)	(265)	(601)	(749)
Other (expenses)/gain, net		(2,761)	394	(2,469)	2,467
<b>Operating profit</b>		3,509	2,906	7,336	5,863
Finance costs		(2,009)	(2,395)	(3,980)	(4,856)
Share of results of associates		-	(31)	718	(292)
<b>Profit before tax</b>		1,500	480	4,074	715
Income tax expense	<b>21</b>	(7)	(7)	(12)	(10)
<b>Profit for the period</b>		1,493	473	4,062	705
<b>Other comprehensive income/(loss), net of tax</b>					
Item that may be subsequently reclassified to profit or loss:					
- Foreign currency translation, representing other comprehensive income/(loss) for the period		4,528	5,096	5,868	(252)
<b>Total comprehensive income</b>		6,021	5,569	9,930	453
<b>Profit attributable to:</b>					
Owners of the parent		1,678	475	4,271	599
Non-controlling interests		(185)	(2)	(209)	106
		1,493	473	4,062	705
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		5,886	5,229	9,715	282
Non-controlling interests		135	340	215	171
		6,021	5,569	9,930	453
<b>Earnings per share attributable to owners of the parent:</b>					
<b>Basic, for profit for the period (sen)</b>	<b>27</b>	0.15	0.04	0.37	0.05
<b>Diluted, for profit for the period (sen)</b>	<b>27</b>	0.14	0.04	0.37	0.05



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2013**

	Note	AS AT 30 JUN 2013 RM'000	AS AT 31 DEC 2012 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	100,308	107,841
Investments in jointly controlled entities		-	244
Investments in associates		124	585
Development costs		451	464
Other receivables		193	346
Gaming licenses		462	446
		<u>101,538</u>	<u>109,926</u>
<b>Current assets</b>			
Inventories		8,084	8,043
Trade Receivables		47,669	62,088
Other Receivables		13,883	9,905
Assets of disposal group classified as held for sale		7,527	7,364
Tax Recoverable		307	188
Due from associates		2,511	2,405
Deposits with licensed banks		11,856	4,608
Cash and bank balances		30,912	26,030
		<u>122,749</u>	<u>120,631</u>
<b>TOTAL ASSETS</b>		<u>224,287</u>	<u>230,557</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	8	115,478	115,119
Share premium		14,389	14,373
Foreign exchange translation reserve		(24,743)	(30,187)
Share option reserve		432	376
Accumulated losses		(35,914)	(40,185)
		<u>69,642</u>	<u>59,496</u>
Non-controlling interests		9,242	9,027
<b>Total equity</b>		<u>78,884</u>	<u>68,523</u>
<b>Non-current liabilities</b>			
Borrowings	23	59,222	65,084
Deferred tax liabilities		195	195
		<u>59,417</u>	<u>65,279</u>
<b>Current liabilities</b>			
Borrowings	23	26,766	25,247
Trade payables		33,290	48,831
Other payables		24,401	20,500
Liabilities of disposal group classified as held for sale		569	550
Due to jointly controlled entities		-	185
Due to associates		68	532
Due to other shareholders		882	890
Tax payable		10	20
		<u>85,986</u>	<u>96,755</u>
<b>Total liabilities</b>		<u>145,403</u>	<u>162,034</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>224,287</u>	<u>230,557</u>
Net assets per share (sen)		<u>6</u>	<u>5</u>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2012 AND 30 JUNE 2013**

	----- 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 2012</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>
<b>At 1 January 2013</b>	115,119	14,373	(30,187)	376	(40,185)	59,496	9,027	68,523
Total comprehensive income for the period	-	-	5,444	-	4,271	9,715	215	9,930
<b>Transaction with owners:</b>								
Issue of ordinary shares pursuant to ESOS	359	-	-	-	-	359	-	359
Share option granted under ESOS	-	16	-	56	-	72	-	72
<b>At 30 June 2013</b>	<b>115,478</b>	<b>14,389</b>	<b>(24,743)</b>	<b>432</b>	<b>(35,914)</b>	<b>69,642</b>	<b>9,242</b>	<b>78,884</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2013**

	<b>6 MONTHS ENDED</b>	
	<b>30 JUN</b>	<b>30 JUN</b>
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	4,074	715
Adjustments for:		
Amortisation of development costs	14	4
Bad debts recovered	(3)	(54)
Depreciation	17,029	21,992
Impairment of other investment	-	4
Impairment of property, plant & equipment written back	(1,943)	(4,889)
Loss/(Gain) on disposal of property, plant & equipment	1,645	(27)
Loss on disposal of an associate	600	-
Loss on winding up of a jointly controlled entity	57	-
Property, plant and equipment written off	3	4,365
Provision for doubtful debts (non trade)	2	278
Reversal of provision for doubtful debts	(31)	-
Reversal of provision for doubtful debts (non trade)	(61)	(24)
Share options granted under ESOS	72	58
Share of results of associates	(718)	292
Interest expense	3,893	4,756
Interest income	(113)	(95)
Operating profit before working capital changes	24,520	27,375
Net changes in receivables, amount due from jointly controlled entities, associates and inventories	10,623	8,533
Net changes in payables, amount due to jointly controlled entities, associates and other shareholders	(13,833)	(14,712)
Interest paid	(874)	(1,213)
Taxes paid	(141)	(99)
<b>Net cash generated from operating activities</b>	<b>20,295</b>	<b>19,884</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE PERIOD ENDED 30 JUNE 2013**

	<b>6 MONTHS ENDED</b>	
	<b>30 JUN 2013 RM'000</b>	<b>30 JUN 2012 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(6,174)	(18,057)
Proceeds from disposal of property, plant and equipment	219	205
Changes in fixed deposits pledged to licensed banks	(5,702)	(270)
Expenditure on development costs	-	(52)
Proceeds from disposal of associates	145	-
Distribution from a jointly controlled entity	185	-
Partial consideration from disposal of a subsidiary	1,555	1,566
Interest received	113	95
<b>Net cash used in investing activities</b>	<b>(9,659)</b>	<b>(16,513)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown/(repayment) of bankers' acceptances and onshore foreign currency loan	(3,723)	411
Net repayment of term loan and commercial papers	(2,046)	(11,640)
Repayment of finance lease liability	(73)	(38)
Proceeds from issuance of shares	359	-
<b>Net cash used in financing activities</b>	<b>(5,483)</b>	<b>(11,267)</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>5,153</b>	<b>(7,896)</b>
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>2,796</b>	<b>(909)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>21,888</b>	<b>22,524</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b>29,837</b>	<b>13,719</b>
 * Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	30,912	18,722
Deposits with licensed banks	11,857	4,583
Less: Bank overdrafts	(2,624)	(5,017)
	40,145	18,288
Add: Cash and bank balances for disposal group classified as held for sale	2	14
Less: Fixed deposit pledged to licensed banks	(10,310)	(4,583)
	29,837	13,719



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

**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. 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 2012.

**2. Changes in Accounting Policies**

**2.1 Adoption of Standards, Amendments and Issues Committee (“IC”) Interpretations and changes in accounting policies**

During the financial period, the Group has adopted the following Standards, Amendments and IC Interpretations:

MFRS 3	<i>Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)</i>
MFRS 10	<i>Consolidated Financial Statements</i>
MFRS 11	<i>Joint Arrangements</i>
MFRS 12	<i>Disclosure of Interests in Other Entities</i>
MFRS 13	<i>Fair Value Measurement</i>
MFRS 119	<i>Employee Benefits (revised)</i>
MFRS 127	<i>Separate Financial Statements</i>
MFRS 128	<i>Investments in Associates and Joint Ventures</i>
Amendments to MFRS 1	<i>First-time Adoption of MFRS – Government Loans</i>
Amendments to MFRS 7	<i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRS 10, MFRS 11 and MFRS 12	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>
Amendments to MFRS 101	<i>Presentation of Items of Other Comprehensive Income</i>
IC Interpretation 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
Amendments to MFRSs	<i>Annual Improvements 2009 – 2011 Cycle</i>





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

### **2.1 Adoption of Standards, Amendments and Issues Committee (“IC”) Interpretations and changes in accounting policies (Continued)**

The adoption of the above pronouncements did not have any impact on the financial statements of the Group, except for the following:

(a) Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*

The amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income* change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time, i.e. exchange differences on translation of foreign operations would be presented separately from items that will never be reclassified.

The adoption of this amendment affects presentation only and has no financial impact on the Group’s financial statements.

### **2.2 Standards issued but not yet effective**

MFRS 9	<i>Financial instruments</i>
Amendments to MFRS 9	<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>
Amendments to MFRS 10	<i>Consolidated Financial Statements: Investment Entities</i>
Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities: Investment Entities</i>
Amendments to MFRS 127	<i>Consolidated and Separate Financial Statements: Investment Entities</i>
Amendments to MFRS 132	<i>Offsetting Financial Assets and Financial Liabilities</i>

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application.

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

The auditors’ report on the financial statements for the year ended 31 December 2012 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 except for the following:

- **Share Capital**

	<b>Number of Ordinary Shares ('000) of RM0.10 each</b>	
	<b>2013</b>	<b>2012</b>
As at 1 January	1,151,189	1,151,189
Issue of ordinary shares pursuant to ESOS	3,589	-
As at 30 June/December	<u>1,154,778</u>	<u>1,151,189</u>

**9. Dividend**

No dividend was paid for the financial period ended 30 June 2013.



**10. Segmental Information**

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

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUN 2013 RM'000	30 JUN 2012 RM'000	30 JUN 2013 RM'000	30 JUN 2012 RM'000
<b>Segment Revenue</b>				
Sales and Marketing	14,940	9,002	27,666	19,759
Technical Support and Management	18,403	18,510	36,972	34,926
Others <sup>(1)</sup>	315	822	517	1,824
	<u>33,658</u>	<u>28,334</u>	<u>65,155</u>	<u>56,509</u>
Eliminations	(48)	(84)	(96)	(168)
Revenue	<u>33,610</u>	<u>28,250</u>	<u>65,059</u>	<u>56,341</u>
<b>EBITDA*</b>				
Sales and Marketing	2,599	1,463	3,844	2,296
Technical Support and Management	11,728	13,351	24,014	24,199
Others	(381)	95	(472)	(3,530)
Unallocated	(3,768)	(879)	(4,318)	(383)
Total	<u>10,178</u>	<u>14,030</u>	<u>23,068</u>	<u>22,582</u>
<b>Segment Results</b>				
Sales and Marketing	2,591	1,569	3,149	3,045
Technical Support and Management	5,474	2,509	9,798	3,259
Others	(807)	(323)	(1,328)	(81)
	<u>7,258</u>	<u>3,755</u>	<u>11,619</u>	<u>6,223</u>
Unallocated expenses	(3,749)	(849)	(4,283)	(360)
- Foreign exchange (loss)/gain	(2,808)	443	(2,107)	1,917
- Interest income	43	38	83	73
- Sundry Income	142	312	270	573
- Legal and professional fee	(289)	(465)	(654)	(896)
- Other expenses	(837)	(1,177)	(1,875)	(2,027)
<b>Operating profit</b>	<u>3,509</u>	<u>2,906</u>	<u>7,336</u>	<u>5,863</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.



**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**

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 2013 RM'000</b>
Gaming machines and equipment	<u>11,900</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			6 MONTHS ENDED		
	30 JUN 2013	30 JUN 2012	%	30 JUN 2013	30 JUN 2012	%
	RM'000	RM'000	+/( -)	RM'000	RM'000	+/( -)
<b>Revenue</b>						
Sales and Marketing	14,940	9,002	+66%	27,666	19,759	+40%
Technical Support and Management	18,403	18,510	-1%	36,972	34,926	+6%
Others (1)	267	738	-64%	421	1,656	-75%
<b>Total</b>	<b>33,610</b>	<b>28,250</b>	<b>+19%</b>	<b>65,059</b>	<b>56,341</b>	<b>+15%</b>
<b>EBITDA*</b>						
Sales and Marketing	2,599	1,463	+78%	3,844	2,296	+67%
Technical Support and Management	11,728	13,351	-12%	24,014	24,199	-1%
Others	(381)	95	-501%	(472)	(3,530)	-87%
Unallocated	(3,768)	(879)	+329%	(4,318)	(383)	+1027%
<b>Total</b>	<b>10,178</b>	<b>14,030</b>	<b>-27%</b>	<b>23,068</b>	<b>22,582</b>	<b>+2%</b>
<b>Profit/(Loss) before tax</b>						
Sales and Marketing	2,494	1,394	+79%	3,726	2,495	+49%
Technical Support and Management	4,671	1,609	+190%	8,220	1,407	+484%
Others	(817)	(395)	+107%	(1,358)	(219)	+520%
	6,348	2,608	+143%	10,588	3,683	+187%
Unallocated Expenses	(4,848)	(2,128)	+128%	(6,514)	(2,968)	+119%
- Finance cost	(1,099)	(1,279)	-14%	(2,231)	(2,608)	-14%
- Foreign exchange (loss)/ gain	(2,808)	443	-734%	(2,107)	1,917	-210%
- Interest income	43	38	+13%	83	73	+14%
- Sundry Income	142	312	-54%	270	573	-53%
- Legal and professional fee	(289)	(465)	-38%	(654)	(896)	-27%
- Other expenses	(837)	(1,177)	-29%	(1,875)	(2,027)	-7%
<b>Profit before tax</b>	<b>1,500</b>	<b>480</b>	<b>+213%</b>	<b>4,074</b>	<b>715</b>	<b>+470%</b>

**Note**

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

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



**17. Performance Review (Continued)**

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

The Sales and Marketing ("SSM") division's revenue and profit before tax increased by 66% and 79% respectively for quarter ended 30 June 2013 as compared to previous year's corresponding quarter mainly due to increase in number of machines sold in the region. Profit margin for sales of machines and casino equipment for this quarter is slightly lower as compared to previous year's corresponding quarter due to more sales on lower margin products made during this quarter.

The revenue for Technical Support and Management ("TSM") division decreased slightly by 1% for the quarter ended 30 June 2013 as compared to previous year's corresponding quarter. This is due to competition at certain outlets. However, profit before tax for TSM division increased by 190% due to lower depreciation of gaming machines and significant reduction in cost of upkeep of gaming machines.

The revenue of "Others" division was mainly contributed by sales of refurbished machines and table games layout.

The foreign exchange loss of RM2.8 million in this quarter is due to appreciation of US Dollar against the local currency where RGB operates.

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

The increase in revenue and profit before tax by 40% and 49% respectively for six months period ended 30 June 2013 as compared to preceding year for SSM division is mainly due to increase in number of machines and gaming products to various region.

The revenue and profit before tax from TSM division increased by 6% and 484% respectively for six months period ended 30 June 2013 as compared to preceding year due to better performance of existing outlets in various countries and lower depreciation of gaming machines.

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</b>	<b>% +/(-)</b>
<b>Revenue</b>			
Sales and Marketing	14,940	12,726	+17%
Technical Support and Management	18,403	18,569	-1%
Others (1)	267	154	+73%
<b>Revenue</b>	<b>33,610</b>	<b>31,449</b>	<b>+7%</b>
<b>EBITDA*</b>			
Sales and Marketing	2,599	1,245	+109%
Technical Support and Management	11,728	12,286	-5%
Others	(381)	(91)	+319%
Unallocated	(3,768)	(550)	+585%
	<b>10,178</b>	<b>12,890</b>	<b>-21%</b>
<b>Profit/(Loss) before tax</b>			
Sales and Marketing	2,494	1,232	+102%
Technical Support and Management	4,671	3,549	+32%
Others	(817)	(541)	+51%
	<b>6,348</b>	<b>4,240</b>	<b>+50%</b>
Unallocated expenses	(4,848)	(1,666)	+191%
- Finance cost	(1,099)	(1,132)	-3%
- Foreign exchange (loss)/gain	(2,808)	701	-501%
- Interest income	43	40	+8%
- Sundry income	142	128	+11%
- Legal and professional fee	(289)	(365)	-21%
- Other expenses	(837)	(1,038)	-19%
<b>Profit before tax</b>	<b>1,500</b>	<b>2,574</b>	<b>-42%</b>

**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 SSM division in this quarter is due to increase in number of machines sold in this quarter.

The revenue for TSM division decreased slightly by 1% due to lower performance at certain outlets but the profit before tax improved by 32% in this quarter. The increase in profit is mainly due to lower depreciation of gaming machines.

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

The Group Profit before tax in this quarter was affected by foreign exchange loss of RM2.8 million due to appreciation of US Dollar against the local currency where RGB operates.

**19. Commentary on Prospects**

During the period, RGB was appointed as exclusive distributor by a well-known Spanish manufacturer, R. Franco, to promote their products particularly Tombola Roulette in the region. Tombola Roulette while popular in Europe, is new to this region with its unique feature of a ball dropping from a lottery drum containing 37 balls. As no other manufacturer has games with the similar feature, we foresee this new game will give positive contribution to our future income.

In addition, RGB has signed a Memorandum of Understanding with Tabcorp Holdings Limited (an Australia based wagering, racing media and keno operator), to pursue opportunities for the distribution of their products such as Keno (including Keno Racing), Trackside (including Racetrax, Virtual Racing) and Live Racing Vision in Cambodia, Malaysia, the Philippines, Vietnam and Macau, in return for a fee to be determined on a case by case basis.

WMS gaming machine specially designed for Singapore local clubs were introduced in June 2013 and received positive response. We expect more orders in the coming quarters.

SSM Division expects to sell about 1,000 machines during the year based on orders in hand and under negotiations.

TSM Division expects to commence operations in a few additional outlets in the region this year while remaining focused on growing revenue at its existing concessions via increasing yield per machine. Capital expenditure for new gaming machines will remain low with priority to place refurbished high yield machines in the new outlets. We have installed R. Franco Tombola Roulette in Cambodia and expect to roll it out to other region to our existing and new concession partners. This will bring additional income to the Group.

In view of the foregoing and barring unforeseen circumstances, the Group expects to perform better this 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 2013	30 JUN 2012	30 JUN 2013	30 JUN 2012
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current period	7	7	12	10

Domestic income tax is calculated at the Malaysian statutory rate of 25% (2012: 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 2013	Number of Options Over Ordinary Shares of RM0.10 each			Balance As At 30 Jun 2013
			Granted	Exercised	Forfeited	
	RM	'000	'000	'000	'000	'000
25 Nov 2010	0.10	61,286	-	(3,500)	(237)	57,549
13 Feb 2012	0.10	2,827	-	(89)	(81)	2,657
1 Nov 2012	0.10	10,908	-	-	(73)	10,835
		75,021	-	(3,589)	(391)	71,041

The above option expires on 20 October 2019.

(b) Proposed Issuance of 7 Years Unrated Commercial Paper (“CP”) and/ or Medium Term Notes (“MTN”) with an aggregate nominal value of RM73 million (“CP/MTN” Programme)

The Group had issued RM62 million CPs and RM10 million MTN respectively under the 7 years Unrated CP/MTN Programme to refinance the existing CP/MTN Programme on 15 June 2013 and the first quarterly repayment of RM3,350,000 for CPs is due on 13 September 2013.

(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 in 2012 and the remaining 19.2% will be transferred to the acquirer in two tranches in 2013 and 2014 upon receipt of sales proceeds.



**23. Borrowings**

	AS AT 30 JUN 2013 RM'000	AS AT 31 DEC 2012 RM'000
<b>Short Term Borrowings:</b>		
<u>Secured</u>		
Bank overdrafts	2,624	4,144
Bankers' acceptances	3,594	-
Onshore foreign currency loan	6,992	14,309
Commercial papers	13,199	6,466
Finance lease liability	245	216
Term loans	112	112
	<u>26,766</u>	<u>25,247</u>
 <b>Long Term Borrowings:</b>		
<u>Secured</u>		
Commercial papers	48,600	54,300
Finance lease liability	248	350
Term loans	374	434
	<u>49,222</u>	<u>55,084</u>
 <u>Unsecured</u>		
Medium term notes	10,000	10,000
	<u>59,222</u>	<u>65,084</u>
 Total borrowings	 <u>85,988</u>	 <u>90,331</u>
 <b>Borrowings denominated in foreign currency as at 30 Jun 2013:</b>		
	USD'000	RM'000
Borrowings	<u>2,706</u>	<u>8,587</u>

**24. Material Litigation**

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, save for the announcements made on 8 February 2013 and 15 February 2013.

There is no further development in connection with the above matter as at the date of this announcement.



**25. Notes to the Statements of Comprehensive Income**

The profit before taxation is after accounting for the following:

	<b>3 MONTHS ENDED</b>		<b>6 MONTHS ENDED</b>	
	<b>30 JUN 2013</b>	<b>30 JUN 2012</b>	<b>30 JUN 2013</b>	<b>30 JUN 2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	(61)	(45)	(113)	(95)
Interest expenses	1,964	2,331	3,892	4,756
Amortisation of development costs	7	4	14	4
Bad debts recovered	(3)	-	(3)	(54)
Depreciation	8,226	11,342	17,029	21,992
Impairment of other investment	-	-	-	4
Impairment of property, plant & equipment written back	(1,520)	(128)	(1,943)	(4,889)
Loss/(Gain) on disposal of property, plant & equipment	1,473	(10)	1,645	(27)
Gain on disposal of an associate	-	-	600	-
Gain on winding up of a jointly controlled entity	-	-	57	-
Property, plant and equipment written off	-	187	3	4,365
Provision for doubtful debts (non trade)	2	247	2	278
Reversal of provision for doubtful debts	(30)	-	(31)	-
Reversal of provision for doubtful debts (non trade)	-	-	(61)	(24)



**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 2013 RM'000</b>	<b>31 DEC 2012 RM'000</b>
The accumulated losses of the Company and subsidiaries:		
- Realised	(127,295)	(132,695)
- Unrealised	5,927	8,051
Total share of accumulated losses from jointly controlled entities:		
- Realised	(58)	(58)
Total share of accumulated losses from associates:		
- Realised	250	(56)
- Unrealised	(265)	(677)
	<hr/>	<hr/>
	(121,441)	(125,435)
Add: Consolidation adjustments	85,527	85,250
Total Group accumulated losses	<hr/> <hr/>	<hr/> <hr/>
	(35,914)	(40,185)



## 27. Earnings Per Share

### (a) Basic

Basic earnings per share amounts are calculated by dividing the profit 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 2013	30 JUN 2012	30 JUN 2013	30 JUN 2012
Profit attributable to owners of the parent (RM'000)	1,678	475	4,271	599
Weighted average number of ordinary shares in issue ('000)	1,151,916	1,151,189	1,151,555	1,151,189
<b>Basic earnings per share (sen)</b>	<b>0.15</b>	<b>0.04</b>	<b>0.37</b>	<b>0.05</b>

### (b) Diluted

For the purpose of calculating diluted earnings per share, the profit 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 2013	30 JUN 2012	30 JUN 2013	30 JUN 2012
Profit attributable to owners of the parent (RM'000)	1,678	475	4,271	599
Weighted average number of ordinary shares in issue ('000)	1,151,916	1,151,189	1,151,555	1,151,189
Effect of dilution of share options	9,829	-	6,262	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,161,745	1,151,189	1,157,817	1,151,189
<b>Diluted earnings per share (sen)</b>	<b>0.14</b>	<b>0.04</b>	<b>0.37</b>	<b>0.05</b>



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

**28. Authorisation For Issue**

On 24 August 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  
24 August 2013