



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

(Incorporated in Malaysia)

Interim Unaudited Financial Statements  
30 September 2013



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

	Note	3 MONTHS ENDED		9 MONTHS ENDED	
		30 SEPT 2013 RM'000	30 SEPT 2012 RM'000	30 SEPT 2013 RM'000	30 SEPT 2012 RM'000
<b>Revenue</b>	<b>10</b>	40,816	56,670	105,875	113,011
<b>Cost of sales</b>		(30,064)	(47,430)	(73,536)	(88,129)
- Depreciation		(8,008)	(10,536)	(24,048)	(31,293)
- Others		(22,056)	(36,894)	(49,488)	(56,836)
<b>Gross profit</b>		10,752	9,240	32,339	24,882
Other income		193	125	1,190	1,007
Administrative expenses		(5,965)	(6,670)	(18,143)	(19,050)
- Depreciation		(493)	(579)	(1,482)	(1,814)
- Others		(5,472)	(6,091)	(16,661)	(17,236)
Selling and marketing expenses		(776)	(808)	(1,377)	(1,557)
Other (expenses)/gain, net		(728)	2,222	(3,197)	4,690
<b>Operating profit</b>		3,476	4,109	10,812	9,972
Finance costs		(2,222)	(2,334)	(6,202)	(7,190)
Share of results of associates		-	(217)	718	(509)
<b>Profit before tax</b>		1,254	1,558	5,328	2,273
Income tax expense	<b>21</b>	(427)	(86)	(439)	(96)
<b>Profit for the period</b>		827	1,472	4,889	2,177
<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		3,980	(7,449)	9,848	(7,701)
<b>Total comprehensive income/(loss)</b>		4,807	(5,977)	14,737	(5,524)
<b>Profit attributable to:</b>					
Owners of the parent		946	1,505	5,217	2,104
Non-controlling interests		(119)	(33)	(328)	73
		827	1,472	4,889	2,177
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the parent		4,623	(4,699)	14,338	(4,417)
Non-controlling interests		184	(1,278)	399	(1,107)
		4,807	(5,977)	14,737	(5,524)
<b>Earnings per share attributable to owners of the parent:</b>					
Basic, for profit for the period (sen)	<b>27</b>	0.08	0.13	0.45	0.18
Diluted, for profit for the period (sen)	<b>27</b>	0.08	0.13	0.45	0.18



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

	Note	AS AT 30 SEPT 2013 RM'000	AS AT 31 DEC 2012 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	105,940	107,841
Investments in jointly controlled entities		-	244
Investments in associates		127	585
Development costs		444	464
Other receivables		199	346
Gaming licenses		474	446
		<u>107,184</u>	<u>109,926</u>
<b>Current assets</b>			
Inventories		1,595	8,043
Trade Receivables		53,215	62,088
Other Receivables		10,452	9,905
Assets of disposal group classified as held for sale		7,471	7,364
Tax Recoverable		358	188
Due from associates		2,583	2,405
Deposits with licensed banks		9,226	4,608
Cash and bank balances		26,683	26,030
		<u>111,583</u>	<u>120,631</u>
<b>TOTAL ASSETS</b>		<u>218,767</u>	<u>230,557</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	8	115,486	115,119
Share premium		14,389	14,373
Foreign exchange translation reserve		(21,066)	(30,187)
Share option reserve		464	376
Accumulated losses		(34,968)	(40,185)
		<u>74,305</u>	<u>59,496</u>
Non-controlling interests		9,428	9,027
<b>Total equity</b>		<u>83,733</u>	<u>68,523</u>
<b>Non-current liabilities</b>			
Borrowings	23	49,576	65,084
Deferred tax liabilities		195	195
		<u>49,771</u>	<u>65,279</u>
<b>Current liabilities</b>			
Borrowings	23	27,969	25,247
Trade payables		31,609	48,831
Other payables		24,355	20,500
Liabilities of disposal group classified as held for sale		362	550
Due to jointly controlled entities		-	185
Due to associates		70	532
Due to other shareholders		883	890
Tax payable		15	20
		<u>85,263</u>	<u>96,755</u>
<b>Total liabilities</b>		<u>135,034</u>	<u>162,034</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>218,767</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 SEPTEMBER 2012 AND 30 SEPTEMBER 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	-	-	(6,521)	-	2,104	(4,417)	(1,107)	(5,524)
<b>Transaction with owners:</b>								
Share option granted under ESOS	-	-	-	80	-	80	-	80
Accretion/(Dilution) from change in stake	-	-	-	-	225	225	(225)	-
Consideration paid by non-controlling interests in a subsidiary	-	-	-	-	-	-	4,812	4,812
<b>At 30 September 2012</b>	<b>115,119</b>	<b>14,373</b>	<b>(29,654)</b>	<b>293</b>	<b>(44,799)</b>	<b>55,332</b>	<b>9,802</b>	<b>65,134</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	-	-	9,121	-	5,217	14,338	399	14,737
<b>Transaction with owners:</b>								
Issue of ordinary shares pursuant to ESOS	367	-	-	-	-	367	-	367
Share option granted under ESOS	-	16	-	88	-	104	-	104
Deconsolidation of a subsidiary	-	-	-	-	-	-	2	2
<b>At 30 September 2013</b>	<b>115,486</b>	<b>14,389</b>	<b>(21,066)</b>	<b>464</b>	<b>(34,968)</b>	<b>74,305</b>	<b>9,428</b>	<b>83,733</b>



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

	<b>9 MONTHS ENDED</b>	
	<b>30 SEPT 2013 RM'000</b>	<b>30 SEPT 2012 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	5,328	2,273
Adjustments for:		
Amortisation of development costs	21	11
Bad debts written off	16	-
Bad debts recovered	(3)	(54)
Depreciation	25,530	33,107
Impairment of other investment	-	4
Impairment of property, plant & equipment written back	(2,184)	(5,009)
Loss/(Gain) on disposal of property, plant & equipment	1,704	(32)
Loss on disposal of an associate	600	-
Loss on winding up of a jointly controlled entity	57	-
Gain on deconsolidation of a subsidiary	(206)	-
Property, plant and equipment written off	3	4,430
Provision for doubtful debts (non trade)	4	281
Reversal of provision for doubtful debts	(32)	-
Reversal of provision for doubtful debts (non trade)	(61)	(33)
Written down of inventories	(7)	573
Share options granted under ESOS	104	80
Share of results of associates	(718)	509
Interest expense	6,080	7,035
Interest income	(208)	(136)
Operating profit before working capital changes	36,028	43,039
Net changes in receivables, amount due from jointly controlled entities, associates and inventories	10,552	9,988
Net changes in payables, amount due to jointly controlled entities, associates and other shareholders	(16,614)	(10,008)
Interest paid	(1,269)	(1,843)
Taxes paid	(613)	(142)
<b>Net cash generated from operating activities</b>	<b>28,084</b>	<b>41,034</b>



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

	<b>9 MONTHS ENDED</b>	
	<b>30 SEPT 2013 RM'000</b>	<b>30 SEPT 2012 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(12,048)	(21,949)
Proceeds from disposal of property, plant and equipment	219	231
Changes in fixed deposits pledged to licensed banks	(4,619)	(275)
Expenditure on development costs	-	(665)
Proceeds from disposal of associates	145	-
Distribution from a jointly controlled entity	185	-
Partial consideration from disposal of a subsidiary	2,409	687
Interest received	208	136
<b>Net cash used in investing activities</b>	<b>(13,501)</b>	<b>(21,835)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of bankers' acceptances and onshore foreign currency loan	(4,647)	(428)
Net repayment of term loan and commercial papers	(13,162)	(18,608)
Repayment of finance lease liability	(87)	(112)
Proceeds from issuance of shares	367	-
Proceeds from subscription of ordinary shares by minority interests	-	4,812
<b>Net cash used in financing activities</b>	<b>(17,529)</b>	<b>(14,336)</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>(2,946)</b>	<b>4,863</b>
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>4,443</b>	<b>(3,825)</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>23,385</b>	<b>23,562</b>
* Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	26,683	28,128
Deposits with licensed banks	9,226	4,589
Less: Bank overdrafts	(3,300)	(4,568)
	<u>32,609</u>	<u>28,149</u>
Add: Cash and bank balances for disposal group classified as held for sale	2	2
Less: Fixed deposit pledged to licensed banks	(9,226)	(4,589)
	<u>23,385</u>	<u>23,562</u>



**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	3,672	-
As at 30 September/December	<u>1,154,861</u>	<u>1,151,189</u>

**9. Dividend**

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



**10. Segmental Information**

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

	3 MONTHS ENDED		9 MONTHS ENDED	
	30 SEPT 2013 RM'000	30 SEPT 2012 RM'000	30 SEPT 2013 RM'000	30 SEPT 2012 RM'000
<b>Segment Revenue</b>				
Sales and Marketing	23,136	36,677	50,802	56,436
Technical Support and Management	17,504	19,079	54,476	54,005
Others (1)	224	998	741	2,822
	<u>40,864</u>	<u>56,754</u>	<u>106,019</u>	<u>113,263</u>
Eliminations	(48)	(84)	(144)	(252)
Revenue	<u>40,816</u>	<u>56,670</u>	<u>105,875</u>	<u>113,011</u>
<b>EBITDA*</b>				
Sales and Marketing	1,897	1,861	5,741	4,157
Technical Support and Management	11,795	12,863	35,809	37,062
Others	(358)	(574)	(830)	(4,104)
Unallocated	(1,627)	689	(5,945)	306
Total	<u>11,707</u>	<u>14,839</u>	<u>34,775</u>	<u>37,421</u>
<b>Segment Results</b>				
Sales and Marketing	1,868	2,103	5,017	5,148
Technical Support and Management	3,837	2,316	13,635	5,575
Others	(614)	(1,023)	(1,942)	(1,104)
	<u>5,091</u>	<u>3,396</u>	<u>16,710</u>	<u>9,619</u>
Unallocated (expenses)/income	(1,615)	713	(5,898)	353
- Foreign exchange (loss)/gain	(1,116)	2,162	(3,223)	4,079
- Interest income	85	38	168	111
- Sundry Income	76	59	346	632
- Legal and professional fee	(84)	(466)	(738)	(1,362)
- Other expenses	(576)	(1,080)	(2,451)	(3,107)
	<u>3,476</u>	<u>4,109</u>	<u>10,812</u>	<u>9,972</u>
<b>Operating profit</b>	<u>3,476</u>	<u>4,109</u>	<u>10,812</u>	<u>9,972</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 except for:

- (a) Pursuant to the Sale and Purchase Agreement dated 22 June 2011 for the disposal of 32% equity interest in Chateau de Bavet Club Co., Ltd. (“CDBC”), second tranche of 345,600 shares representing 9.6% of the entire capital of CDBC has been transferred to the acquirer on 6 November 2013. As a result, Macrocept Sdn Bhd now holds 48.34% of CDBC.
- (b) The Company has allotted a total of 150,300 ordinary shares of RM0.10 each for cash pursuant to the Company’s ESOS at a weighted average issue price of RM0.10 per ordinary share.

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

There were no material changes in the composition of the Group except for:

- (a) Diamond House (Nipo) Co., Ltd., a dormant company incorporated in Cambodia, was deregistered on 23 September 2013.

**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 SEPT 2013 RM’000</b>
Gaming machines and equipment	<u>5,800</u>



**16. Significant Related Party Transactions**

There were no significant related party transactions during the current quarter except for:

	<b>1.7.2013 to 30.09.2013 RM'000</b>	<b>1.1.2013 to 30.09.2013 RM'000</b>
Sales of products to:		
- Kelab Sukan dan Rekreasi Perubatan Pulau Pinang	124	124

The abovementioned club is regarded as a related party of the Group as a director of the Company has substantial influences in this club.

The directors are of the opinion that the related party transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.



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

**17. Performance Review**

	3 MONTHS ENDED			9 MONTHS ENDED		
	30 SEPT 2013	30 SEPT 2012	%	30 SEPT 2013	30 SEPT 2012	%
	RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
<b>Revenue</b>						
Sales and Marketing	23,136	36,677	-37%	50,802	56,436	-10%
Technical Support and Management	17,504	19,079	-8%	54,476	54,005	+1%
Others (1)	176	914	-81%	597	2,570	-77%
<b>Total</b>	<b>40,816</b>	<b>56,670</b>	<b>-28%</b>	<b>105,875</b>	<b>113,011</b>	<b>-6%</b>
<b>EBITDA*</b>						
Sales and Marketing	1,897	1,861	+2%	5,741	4,157	+38%
Technical Support and Management	11,795	12,863	-8%	35,809	37,062	-3%
Others	(358)	(574)	-38%	(830)	(4,104)	-80%
Unallocated	(1,627)	689	-336%	(5,945)	306	-2043%
<b>Total</b>	<b>11,707</b>	<b>14,839</b>	<b>-21%</b>	<b>34,775</b>	<b>37,421</b>	<b>-7%</b>
<b>Profit/(Loss) before tax</b>						
Sales and Marketing	1,727	1,718	+1%	5,453	4,213	+29%
Technical Support and Management	3,216	1,428	+125%	11,436	2,835	+303%
Others	(631)	(1,069)	-41%	(1,989)	(1,288)	+54%
	4,312	2,077	+108%	14,900	5,760	+159%
Unallocated Expenses	(3,058)	(519)	+489%	(9,572)	(3,487)	+175%
- Finance cost	(1,443)	(1,232)	+17%	(3,674)	(3,840)	-4%
- Foreign exchange (loss)/ gain	(1,116)	2,162	-152%	(3,223)	4,079	-179%
- Interest income	85	38	+124%	168	111	+51%
- Sundry Income	76	59	+29%	346	632	-45%
- Legal and professional fee	(84)	(466)	-82%	(738)	(1,362)	-46%
- Other expenses	(576)	(1,080)	-47%	(2,451)	(3,107)	-21%
<b>Profit before tax</b>	<b>1,254</b>	<b>1,558</b>	<b>-20%</b>	<b>5,328</b>	<b>2,273</b>	<b>+134%</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 decreased by 37% for quarter ended 30 September 2013 as compared to previous year's corresponding quarter mainly due to decrease in number of machines sold in the region. The sales for this quarter was only limited to the replacement market. There were no orders from new integrated resorts in this quarter. However, the EBITDA improved by 2%.

The revenue for Technical Support and Management ("TSM") division decreased slightly by 8% for the quarter ended 30 September 2013 as compared to previous year's corresponding quarter. This is due mainly to adverse weather conditions across the region and post election conditions in Cambodia. However, profit before tax for TSM division increased by 125% due to lower depreciation of gaming machines, utilization of mobilized machines and significant reduction in cost of upkeep and transportation 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 RM1.1 million in this quarter is due to appreciation of US Dollar against the local currencies.

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

The revenue decreased by 10% for nine months period ended 30 September 2013 as compared to preceding year for SSM division. This is due to decrease in the number of machines sold. However, the profit before tax has increased by 29% due to improvement in profit margin, lower interest expense, lower travelling expenses and staff salaries.

The revenue for TSM division increased slightly by 1% for nine months period ended 30 September 2013 as compared to preceding year. The profit before tax increased by 303% due to lower depreciation of gaming machines, utilization of mobilized machines and lower interest expense, lower cost of upkeep and transportation of gaming machines.

The loss before taxation for Others is mainly related to R&D expenditures and depreciation of Chateau Casino.



**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	23,136	14,940	+55%
Technical Support and Management	17,504	18,403	-5%
Others (1)	176	267	-34%
<b>Revenue</b>	<b>40,816</b>	<b>33,610</b>	<b>+21%</b>
<b>EBITDA*</b>			
Sales and Marketing	1,897	2,599	-27%
Technical Support and Management	11,795	11,728	+1%
Others	(358)	(381)	-6%
Unallocated	(1,627)	(3,768)	-57%
	<b>11,707</b>	<b>10,178</b>	<b>+15%</b>
<b>Profit/(Loss) before tax</b>			
Sales and Marketing	1,727	2,494	-31%
Technical Support and Management	3,216	4,671	-31%
Others	(631)	(817)	-23%
	<b>4,312</b>	<b>6,348</b>	<b>-32%</b>
Unallocated expenses	(3,058)	(4,848)	-37%
- Finance cost	(1,443)	(1,099)	+31%
- Foreign exchange loss	(1,116)	(2,808)	-60%
- Interest income	85	43	+98%
- Sundry income	76	142	-46%
- Legal and professional fee	(84)	(289)	-71%
- Other expenses	(576)	(837)	-31%
<b>Profit before tax</b>	<b>1,254</b>	<b>1,500</b>	<b>-16%</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 casino equipments sold in this quarter. The profit before tax for SSM division decreased by 31% due to lower profit margin and trade show expenses.

The revenue and profit before tax for TSM division decreased by 5% and 31% respectively. The drop in revenue is due to adverse weather conditions and post election conditions in Cambodia. The decrease in profit before tax is due to payment of annual bonus and trade show expenses in this quarter.

The loss before taxation for Others is mainly related to R&D expenditures and depreciation of Chateau Casino.

**19. Commentary on Prospects**

SSM Division expects to sell more than 1,000 machines during the year based on book orders in hand.

TSM Division expects to commence operations in a few additional outlets in the region in the remaining year. We remain focused on growing revenue at existing concessions via increasing yield per machine and continue to source for new and potential markets. Capital expenditure for new gaming machines will remain low with priority to place quality and high yield machines in the new outlets.

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

**20. Profit Forecast**

The company did not announce any profit forecast for the year.

**21. Income Tax Expense**

	<b>3 MONTHS ENDED</b>		<b>9 MONTHS ENDED</b>	
	<b>30 SEPT 2013</b>	<b>30 SEPT 2012</b>	<b>30 SEPT 2013</b>	<b>30 SEPT 2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income Tax				
- Current period	<u>427</u>	<u>86</u>	<u>439</u>	<u>96</u>

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 for the nine months period 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	Number of Options Over Ordinary Shares of RM0.10 each			Balance As At
			Granted	Exercised	Forfeited	
		1 Jan 2013				30 Sept 2013
	RM	'000	'000	'000	'000	'000
25 Nov 2010	0.10	61,286	-	(3,565)	(717)	57,004
13 Feb 2012	0.10	2,827	-	(89)	(218)	2,520
1 Nov 2012	0.10	10,908	-	(19)	(341)	10,548
		<u>75,021</u>	<u>-</u>	<u>(3,673)</u>	<u>(1,276)</u>	<u>70,072</u>

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. During the quarter, the Group retired RM4.85 million of CPs leaving a balance of RM57.15 million as at 30 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% and 9.6% equity interest has been transferred to the acquirer in 2012 and Q4'13 respectively.



**23. Borrowings**

	AS AT 30 SEPT 2013 RM'000	AS AT 31 DEC 2012 RM'000
<b>Short Term Borrowings:</b>		
<u>Secured</u>		
Bank overdrafts	3,300	4,144
Onshore foreign currency loan	9,662	14,309
Commercial papers	14,657	6,466
Finance lease liability	238	216
Term loans	112	112
	<u>27,969</u>	<u>25,247</u>
<b>Long Term Borrowings:</b>		
<u>Secured</u>		
Commercial papers	38,988	54,300
Finance lease liability	242	350
Term loans	346	434
	<u>39,576</u>	<u>55,084</u>
<u>Unsecured</u>		
Medium term notes	10,000	10,000
	<u>49,576</u>	<u>65,084</u>
Total borrowings	<u>77,545</u>	<u>90,331</u>
<b>Borrowings denominated in foreign currency as at 30 Sept 2013:</b>		
	USD'000	RM'000
Borrowings	<u>3,112</u>	<u>10,142</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 profitbefore taxation is after accounting for the following:

	<b>3 MONTHS ENDED</b>		<b>9 MONTHS ENDED</b>	
	<b>30 SEPT 2013</b>	<b>30 SEPT 2012</b>	<b>30 SEPT 2013</b>	<b>30 SEPT 2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	(95)	(41)	(208)	(136)
Interest expenses	2,187	2,279	6,080	7,035
Amortisation of development costs	7	7	21	11
Bad debts written off	16	-	16	-
Bad debts recovered	-	-	(3)	(54)
Depreciation	8,501	11,115	25,530	33,107
Impairment of other investment	-	-	-	4
Impairment of property, plant & equipment written back	(241)	(120)	(2,184)	(5,009)
Loss/(Gain) on disposal of property, plant & equipment	59	(5)	1,704	(32)
Loss on disposal of an associate	-	-	600	-
Loss on winding up of a jointly controlled entity	-	-	57	-
Gain on deconsolidation of a subsidiary	(206)	-	(206)	-
Property, plant and equipment written off	-	65	3	4,430
Provision for doubtful debts (non trade)	2	3	4	281
Reversal of provision for doubtful debts	(1)	-	(32)	-
Reversal of provision for doubtful debts (non trade)	-	(9)	(61)	(33)
Written down of inventories	(7)	573	(7)	573



**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 SEPT 2013 RM'000</b>	<b>31 DEC 2012 RM'000</b>
The accumulated losses of the Company and subsidiaries:		
- Realised	(125,995)	(132,695)
- Unrealised	4,988	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/>
	(121,080)	(125,435)
Add: Consolidation adjustments	86,112	85,250
Total Group accumulated losses	<hr/> <b>(34,968)</b>	<hr/> <b>(40,185)</b>



**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		9 MONTHS ENDED	
	30 SEPT	30 SEPT	30 SEPT	30 SEPT
	2013	2012	2013	2012
Profit attributable to owners of the parent (RM'000)	946	1,505	5,217	2,104
Weighted average number of ordinary shares in issue ('000)	1,154,816	1,151,189	1,152,654	1,151,189
<b>Basic earnings per share (sen)</b>	<b>0.08</b>	<b>0.13</b>	<b>0.45</b>	<b>0.18</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		9 MONTHS ENDED	
	30 SEPT	30 SEPT	30 SEPT	30 SEPT
	2013	2012	2013	2012
Profit attributable to owners of the parent (RM'000)	946	1,505	5,217	2,104
Weighted average number of ordinary shares in issue ('000)	1,154,816	1,151,189	1,152,654	1,151,189
Effect of dilution of share options	11,191	-	8,344	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,166,007	1,151,189	1,160,998	1,151,189
<b>Diluted earnings per share (sen)</b>	<b>0.08</b>	<b>0.13</b>	<b>0.45</b>	<b>0.18</b>



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

**28. Authorisation for Issue**

On 26 November 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  
26 November 2013