



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

(Incorporated in Malaysia)

Interim Unaudited Financial Statements  
31 December 2013



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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE THREE-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2013**

	Note	3 MONTHS ENDED		12 MONTHS ENDED	
		31 DEC 2013	31 DEC 2012	31 DEC 2013	31 DEC 2012
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>10</b>	33,760	74,387	139,635	187,398
<b>Cost of sales</b>		(24,714)	(64,303)	(98,250)	(152,432)
- Depreciation		(8,420)	(10,010)	(32,468)	(41,303)
- Others		(16,294)	(54,293)	(65,782)	(111,129)
<b>Gross profit</b>		9,046	10,084	41,385	34,966
Other income		1,570	2,773	2,760	3,780
Administrative expenses		(5,524)	(5,722)	(23,667)	(24,772)
- Depreciation		(551)	(547)	(2,033)	(2,361)
- Others		(4,973)	(5,175)	(21,634)	(22,411)
Selling and marketing expenses		(1,342)	(693)	(2,719)	(2,250)
Other (expenses)/gain, net		(550)	184	(3,747)	4,874
<b>Operating profit</b>		3,200	6,626	14,012	16,598
Finance costs		(2,017)	(2,187)	(8,219)	(9,377)
Share of results of associates		-	(578)	718	(1,087)
<b>Profit before tax</b>		1,183	3,860	6,511	6,133
Income tax expense	<b>21</b>	(126)	(1)	(565)	(97)
<b>Profit for the financial period/year</b>		<u>1,057</u>	<u>3,859</u>	<u>5,946</u>	<u>6,036</u>
<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 financial period/year		1,547	(553)	11,395	(8,254)
<b>Total comprehensive income/(loss)</b>		<u>2,604</u>	<u>3,306</u>	<u>17,341</u>	<u>(2,218)</u>
<b>Profit attributable to:</b>					
Owners of the parent		1,420	4,613	6,637	6,717
Non-controlling interests		(363)	(754)	(691)	(681)
		<u>1,057</u>	<u>3,859</u>	<u>5,946</u>	<u>6,036</u>
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the parent		2,673	4,080	17,011	(337)
Non-controlling interests		(69)	(774)	330	(1,881)
		<u>2,604</u>	<u>3,306</u>	<u>17,341</u>	<u>(2,218)</u>
<b>Earnings per share attributable to owners of the parent:</b>					
<b>Basic, for profit for the financial period/year (sen)</b>	<b>28</b>	<u>0.12</u>	<u>0.40</u>	<u>0.58</u>	<u>0.58</u>
<b>Diluted, for profit for the financial period/year (sen)</b>	<b>28</b>	<u>0.12</u>	<u>0.40</u>	<u>0.57</u>	<u>0.58</u>



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013**

	Note	AS AT 31 DEC 2013 RM'000	AS AT 31 DEC 2012 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	115,180	107,841
Investments in jointly controlled entities		-	244
Investments in associates		128	585
Other receivables		181	346
Development costs		2,960	910
Other intangible assets		3,535	-
		<u>121,984</u>	<u>109,926</u>
<b>Current assets</b>			
Inventories		4,359	8,043
Trade Receivables		41,363	62,088
Other Receivables		8,182	9,905
Assets of disposal group classified as held for sale		1,241	7,364
Tax Recoverable		228	188
Due from associates		2,952	2,405
Deposits with licensed banks		10,134	4,608
Cash and bank balances		26,856	26,030
		<u>95,315</u>	<u>120,631</u>
<b>TOTAL ASSETS</b>		<u>217,299</u>	<u>230,557</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	8	115,911	115,119
Share premium		14,409	14,373
Foreign exchange translation reserve		(19,319)	(30,187)
Share option reserve		514	376
Accumulated losses		(36,574)	(40,185)
		<u>74,941</u>	<u>59,496</u>
Non-controlling interests		14,594	9,027
<b>Total equity</b>		<u>89,535</u>	<u>68,523</u>
<b>Non-current liabilities</b>			
Borrowings	23	48,168	65,084
Other payables		209	-
Deferred tax liabilities		190	195
		<u>48,567</u>	<u>65,279</u>
<b>Current liabilities</b>			
Borrowings	23	25,795	25,247
Trade payables		36,313	48,831
Other payables		16,040	20,500
Liabilities of disposal group classified as held for sale		82	550
Due to jointly controlled entities		-	185
Due to associates		70	532
Due to other shareholders		877	890
Tax payable		20	20
		<u>79,197</u>	<u>96,755</u>
<b>Total liabilities</b>		<u>127,764</u>	<u>162,034</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>217,299</u>	<u>230,557</u>
Net assets per share (sen)		<u>6</u>	<u>5</u>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013**

	----- Attributable to owners of the parent -----							
	----- Non-Distributable -----							
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Share Option Reserve	Accumulated Losses	Total	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 financial year	-	-	(7,054)	-	6,717	(337)	(1,881)	(2,218)
<b>Transaction with owners:</b>								
Share option granted under ESOS	-	-	-	163	-	163	-	163
Accretion/(Dilution) from change in stake	-	-	-	-	226	226	(226)	-
Subscription of ordinary shares by the non-controlling interests in a subsidiary	-	-	-	-	-	-	4,812	4,812
<b>At 31 December 2012</b>	<b>115,119</b>	<b>14,373</b>	<b>(30,187)</b>	<b>376</b>	<b>(40,185)</b>	<b>59,496</b>	<b>9,027</b>	<b>68,523</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 financial year	-	-	10,374	-	6,637	17,011	330	17,341
<b>Transaction with owners:</b>								
Issue of ordinary shares pursuant to ESOS	792	-	-	-	-	792	-	792
Share option granted under ESOS	-	36	-	138	-	174	-	174
Subscription of ordinary shares by the non-controlling interests in a subsidiary	-	-	-	-	-	-	2,705	2,705
(Dilution)/Accretion from change in stake	-	-	494	-	(3,026)	(2,532)	2,532	-
<b>At 31 December 2013</b>	<b>115,911</b>	<b>14,409</b>	<b>(19,319)</b>	<b>514</b>	<b>(36,574)</b>	<b>74,941</b>	<b>14,594</b>	<b>89,535</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	12 MONTHS ENDED	
	31 DEC	31 DEC
	2013	2012
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	6,511	6,133
Adjustments for:		
Amortisation of development costs	28	18
Amortisation of other intangible assets	462	-
Bad debts written off	73	2,221
Bad debts recovered	(1)	(54)
Depreciation	34,501	43,664
Impairment of other investment	-	4
Impairment of property, plant and equipment	74	327
Impairment of property, plant & equipment written back	(3,515)	(5,267)
Loss/(Gain) on disposal of property, plant & equipment	2,231	(11)
Loss on disposal of an associate	600	3
Loss on winding up of a jointly controlled entity	57	-
(Gain)/Loss on disposal/deconsolidation of a subsidiary	(206)	47
Property, plant and equipment written off	734	4,754
Provision for doubtful debts	62	267
Provision for doubtful debts (non trade)	35	291
Reversal of provision for doubtful debts	(643)	(2,226)
Reversal of provision for doubtful debts (non trade)	(176)	(513)
Written down of inventories	124	304
Share options granted under ESOS	174	163
Share of results of associates	(718)	1,087
Interest expense	8,064	9,181
Interest income	(307)	(181)
Operating profit before working capital changes	48,164	60,212
Net changes in receivables, amount due from jointly controlled entities, associates and inventories	15,143	987
Net changes in payables, amount due to jointly controlled entities, associates and other shareholders	(18,946)	(8,456)
Interest paid	(1,618)	(2,439)
Taxes paid	(609)	(197)
<b>Net cash generated from operating activities</b>	<b>42,134</b>	<b>50,107</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	<b>12 MONTHS ENDED</b>	
	<b>31 DEC 2013 RM'000</b>	<b>31 DEC 2012 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(23,626)	(31,377)
Proceeds from disposal of property, plant and equipment	221	342
Changes in fixed deposits pledged to licensed banks	(5,004)	(294)
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	1,053	1,242
Net cash outflow from disposal/deconsolidation of subsidiaries	-	(175)
Interest received	307	181
<b>Net cash used in investing activities</b>	<b>(26,719)</b>	<b>(30,133)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of onshore foreign currency loan	(4,199)	(116)
Net repayment of term loan and commercial papers	(17,257)	(21,216)
Repayment of finance lease liability	(92)	(168)
Proceeds from issuance of shares	792	-
Subscription of ordinary shares by the non-controlling interests in a subsidiary	2,705	4,812
<b>Net cash used in financing activities</b>	<b>(18,051)</b>	<b>(16,688)</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>(2,636)</b>	<b>3,286</b>
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>5,248</b>	<b>(3,922)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>21,888</b>	<b>22,524</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>24,500</b>	<b>21,888</b>
 * Cash and cash equivalents at end of the financial year comprise the following:		
Cash and bank balances	26,856	26,030
Deposits with licensed banks	10,134	4,608
Less: Bank overdrafts	(2,878)	(4,144)
	34,112	26,494
Add: Cash and bank balances for disposal group classified as held for sale	-	2
Less: Fixed deposit pledged to licensed banks	(9,612)	(4,608)
	24,500	21,888



**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 financial 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 financial 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 year, 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 financial 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	7,923	-
As at 31 December	<u>1,159,112</u>	<u>1,151,189</u>

**9. Dividend**

No dividend was declared and paid for the financial year ended 31 December 2013. However, the Board of Directors has proposed a final single-tier dividend of 0.05 sen per ordinary share for the financial year ended 31 December 2013 to be approved by shareholders at the forthcoming Annual General Meeting.



**10. Segmental Information**

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

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2013 RM'000	31 DEC 2012 RM'000	31 DEC 2013 RM'000	31 DEC 2012 RM'000
<b>Segment Revenue</b>				
Sales and Marketing	17,682	57,953	68,484	114,389
Technical Support and Management	15,945	18,040	70,421	72,045
Others (1)	181	(1,582)	922	1,240
	<u>33,808</u>	<u>74,411</u>	<u>139,827</u>	<u>187,674</u>
Eliminations	(48)	(24)	(192)	(276)
Revenue	<u>33,760</u>	<u>74,387</u>	<u>139,635</u>	<u>187,398</u>
<b>EBITDA*</b>				
Sales and Marketing	3,062	3,410	8,803	7,567
Technical Support and Management	10,738	12,338	46,547	49,400
Others	(1,059)	(912)	(1,889)	(5,016)
Unallocated	(1,391)	(24)	(7,336)	282
Total	<u>11,350</u>	<u>14,812</u>	<u>46,125</u>	<u>52,233</u>
<b>Segment Results</b>				
Sales and Marketing	2,532	3,960	7,549	9,108
Technical Support and Management	3,566	2,153	17,201	7,728
Others	(1,504)	523	(3,446)	(581)
	<u>4,594</u>	<u>6,636</u>	<u>21,304</u>	<u>16,255</u>
Unallocated (expenses)/income	(1,394)	(10)	(7,292)	343
- Foreign exchange (loss)/gain	(550)	647	(3,773)	4,726
- Interest income	96	37	264	148
- Sundry Income	111	423	457	1,055
- Legal and professional fee	(76)	(638)	(814)	(2,000)
- (Loss)/Gain on disposal and deconsolidation of a subsidiary	-	(47)	206	(47)
- Other expenses	(975)	(432)	(3,632)	(3,539)
<b>Operating profit</b>	<u>3,200</u>	<u>6,626</u>	<u>14,012</u>	<u>16,598</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) The Company has allotted a total of 300,000 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) 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 ("MCSB") now holds 48.34% of CDBC. However, CDBC still consolidated as subsidiary of the Group in view of the control and management of CDBC still remain with MCSB and MCSB is still the largest single shareholder.

**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 31 DEC 2013 RM'000</b>
Gaming machines and equipment	<u>8,758</u>



**16. Significant Related Party Transactions**

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

	<b>01.10.2013 to 31.12.2013 RM'000</b>	<b>01.01.2013 to 31.12.2013 RM'000</b>
Sales of products to:		
- Kelab Sukan dan Rekreasi Perubatan Pulau Pinang	-	124

The abovementioned club is regarded as a related party of the Group as a director of the Company is one of the 7 committee members of 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			12 MONTHS ENDED		
	31 DEC	31 DEC	%	31 DEC	31 DEC	%
	2013	2012		2013	2012	
	RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
<b>Revenue</b>						
Sales and Marketing	17,682	57,953	-69%	68,484	114,389	-40%
Technical Support and Management	15,945	18,040	-12%	70,421	72,045	-2%
Others (1)	133	(1,606)	+108%	730	964	-24%
<b>Total</b>	<b>33,760</b>	<b>74,387</b>	<b>-55%</b>	<b>139,635</b>	<b>187,398</b>	<b>-25%</b>
<b>EBITDA*</b>						
Sales and Marketing	3,062	3,410	-10%	8,803	7,567	+16%
Technical Support and Management	10,738	12,338	-13%	46,547	49,400	-6%
Others	(1,059)	(912)	+16%	(1,889)	(5,016)	-62%
Unallocated	(1,391)	(24)	+5696%	(7,336)	282	-2701%
<b>Total</b>	<b>11,350</b>	<b>14,812</b>	<b>-23%</b>	<b>46,125</b>	<b>52,233</b>	<b>-12%</b>
<b>Profit/(Loss) before tax</b>						
Sales and Marketing	2,432	3,187	-24%	7,885	7,400	+7%
Technical Support and Management	2,515	1,338	+88%	13,951	4,173	+234%
Others	(1,551)	503	-408%	(3,540)	(785)	+351%
	3,396	5,028	-32%	18,296	10,788	+70%
Unallocated Expenses	(2,213)	(1,168)	+89%	(11,785)	(4,655)	+153%
- Finance cost	(819)	(1,158)	-29%	(4,493)	(4,998)	-10%
- Foreign exchange (loss)/ gain	(550)	647	-185%	(3,773)	4,726	-180%
- Interest income	96	37	+159%	264	148	+78%
- Sundry Income	111	423	-74%	457	1,055	-57%
- Legal and professional fee	(76)	(638)	-88%	(814)	(2,000)	-59%
- (Loss)/Gain on disposal and deconsolidation of a subsidiary	-	(47)	-100%	206	(47)	+538%
- Other expenses	(975)	(432)	+126%	(3,632)	(3,539)	+3%
<b>Profit before tax</b>	<b>1,183</b>	<b>3,860</b>	<b>-69%</b>	<b>6,511</b>	<b>6,133</b>	<b>+6%</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 financial year's corresponding quarter**

The Sales and Marketing ("SSM") division's revenue and profit before tax decreased by 69% and 24% respectively for quarter ended 31 December 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.

The revenue for Technical Support and Management ("TSM") division decreased by 12% for the quarter ended 31 December 2013 as compared to previous year's corresponding quarter. This is mainly due to adverse weather conditions across the region, political uncertainties in certain regions and cessation of two unprofitable concessions in Macau. However, profit before tax for TSM division increased by 88% due to utilization of mobilized machines and machines which have been fully depreciated, 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 RM0.6 million in this quarter is due to appreciation of US Dollar against the local currencies.

**(ii) Comparison with previous financial year**

The revenue decreased by 40% for the financial year ended 31 December 2013 as compared to preceding year for SSM division. This is due to decrease in the number of machines sold as the sales for this year is limited to replacement market. However, the profit before tax has increased by 7% due to improvement in profit margin from product sold in this year, lower interest expense and operating expenditure.

The revenue for TSM division decreased slightly by 2% for the financial year ended 31 December 2013 as compared to preceding financial year. However, the profit before tax increased by 234% due to utilization of mobilized machines and machines which have been fully depreciated, lower interest expense and lower operating cost.

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	17,682	23,136	-24%
Technical Support and Management	15,945	17,504	-9%
Others (1)	133	176	-24%
<b>Revenue</b>	<b>33,760</b>	<b>40,816</b>	<b>-17%</b>
<b>EBITDA*</b>			
Sales and Marketing	3,062	1,897	+61%
Technical Support and Management	10,738	11,795	-9%
Others	(1,059)	(358)	+196%
Unallocated	(1,391)	(1,627)	-15%
	<b>11,350</b>	<b>11,707</b>	<b>-3%</b>
<b>Profit/(Loss) before tax</b>			
Sales and Marketing	2,432	1,727	+41%
Technical Support and Management	2,515	3,216	-22%
Others	(1,551)	(631)	+146%
	<b>3,396</b>	<b>4,312</b>	<b>-21%</b>
Unallocated expenses	(2,213)	(3,058)	-28%
- Finance cost	(819)	(1,443)	-43%
- Foreign exchange loss	(550)	(1,116)	-51%
- Interest income	96	85	+13%
- Sundry income	111	76	+46%
- Legal and professional fee	(76)	(84)	-10%
- Gain on deconsolidation of a subsidiary	-	206	-100%
- Other expenses	(975)	(782)	+25%
<b>Profit before tax</b>	<b>1,183</b>	<b>1,254</b>	<b>-6%</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 decrease in revenue for SSM division in this quarter is due to decrease in number of machines and casino equipment sold in this quarter. However, the profit before tax for SSM division increased by 41% due to improvement in profit margin from product sold in this quarter.

The revenue and profit before tax for TSM division decreased by 9% and 22% respectively. The drop in revenue is due to political uncertainties in certain region and cessation of two unprofitable concessions in Macau.

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 1,200 machines in year 2014 in view of the anticipated opening of new Integrated Resorts and the expansion of existing Integrated Casinos in the region.

TSM Division expects to add in at least three concessions in year 2014 of which two concessions have commenced operation since Feb 2014.

R&D will roll out new platform and games by 1<sup>st</sup> half of 2014.

In view of the foregoing and barring unforeseen circumstances, the Group expects to achieve positive result in year 2014.

**20. Profit Forecast**

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

**21. Income Tax Expense**

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2013	31 DEC 2012	31 DEC 2013	31 DEC 2012
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current period/ year	126	1	565	97

Domestic income tax is calculated at the Malaysian statutory rate of 25% (2012: 25%) of the estimated assessable profit for the financial period/ year. The effective tax rate of the Group for the financial period/ year 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	
	RM	'000	'000	'000	'000	'000
25 Nov 2010	0.100	61,286	-	(7,811)	(797)	52,678
13 Feb 2012	0.100	2,827	-	(89)	(218)	2,520
1 Nov 2012	0.100	10,908	-	(23)	(352)	10,533
11 Dec 2013	0.105	-	4,683	-	-	4,683
		<u>75,021</u>	<u>4,683</u>	<u>(7,923)</u>	<u>(1,367)</u>	<u>70,414</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 RM3.88 million of CPs leaving a balance of RM53.27 million as at 31 December 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 31 DEC 2013 RM'000	AS AT 31 DEC 2012 RM'000
<b>Short Term Borrowings:</b>		
<u>Secured</u>		
Bank overdrafts	2,878	4,144
Onshore foreign currency loan	10,110	14,309
Commercial papers	12,323	6,466
Finance lease liability	372	216
Term loans	112	112
	<u>25,795</u>	<u>25,247</u>
<b>Long Term Borrowings:</b>		
<u>Secured</u>		
Commercial papers	37,748	54,300
Finance lease liability	102	350
Term loans	318	434
	<u>38,168</u>	<u>55,084</u>
<u>Unsecured</u>		
Medium term notes	10,000	10,000
	<u>48,168</u>	<u>65,084</u>
Total borrowings	<u>73,963</u>	<u>90,331</u>
<b>Borrowings denominated in foreign currency as at 31 Dec 2013:</b>		
	USD'000	RM'000
Borrowings	<u>3,220</u>	<u>10,584</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. Proposed Dividend**

The Board of Directors has proposed a final single-tier dividend of 0.05 sen per ordinary share for the financial year ended 31 December 2013.

The proposed dividend is subject to the Shareholders' approval at the forthcoming Annual General Meeting. The dates of entitlement and payment shall be determined by the Board of Directors at the subsequent stage.

**26. Notes to the Statements of Profit or Loss and Other Comprehensive Income**

The profit before taxation is after accounting for the following:

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2013	31 DEC 2012	31 DEC 2013	31 DEC 2012
	RM'000	RM'000	RM'000	RM'000
Interest income	(99)	(45)	(307)	(181)
Interest expenses	1,984	2,146	8,064	9,181
Amortisation of development costs	7	7	28	18
Amortisation of other intangible assets	462	-	462	-
Bad debts written off	57	2,221	73	2,221
Bad debts recovered	2	-	(1)	(54)
Depreciation	8,971	10,557	34,501	43,664
Impairment of other investment	-	-	-	4
Impairment of property, plant and equipment	74	327	74	327
Impairment of property, plant & equipment written back	(1,331)	(258)	(3,515)	(5,267)
Loss/(Gain) on disposal of property, plant & equipment	527	21	2,231	(11)
Loss on disposal of an associate	-	3	600	3
Loss on winding up of a jointly controlled entity	-	-	57	-
Loss/(Gain) on disposal/deconsolidation of a subsidiary	-	47	(206)	47
Property, plant and equipment written off	731	324	734	4,754
Provision for doubtful debts	62	267	62	267
Provision for doubtful debts (non trade)	31	10	35	291
Reversal of provision for doubtful debts	(611)	(2,226)	(643)	(2,226)
Reversal of provision for doubtful debts (non trade)	(115)	(480)	(176)	(513)
Written down of inventories	131	(269)	124	304



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

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

	<b>YEAR ENDED</b>	
	<b>31 DEC 2013</b>	<b>31 DEC 2012</b>
	<b>RM'000</b>	<b>RM'000</b>
The accumulated losses of the Company and subsidiaries:		
- Realised	(127,913)	(132,695)
- Unrealised	5,239	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/>
	(122,747)	(125,435)
Add: Consolidation adjustments	86,173	85,250
Total Group accumulated losses	<hr/>	<hr/>
	(36,574)	(40,185)



## 28. Earnings Per Share

### (a) Basic

Basic earnings per share amounts are calculated by dividing the profit for the financial period/year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial period/year.

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2013	31 DEC 2012	31 DEC 2013	31 DEC 2012
Profit attributable to owners of the parent (RM'000)	1,420	4,613	6,637	6,717
Weighted average number of ordinary shares in issue ('000)	1,155,266	1,151,189	1,153,312	1,151,189
<b>Basic earnings per share (sen)</b>	<b>0.12</b>	<b>0.40</b>	<b>0.58</b>	<b>0.58</b>

### (b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the financial period/year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial period/year have been adjusted for the dilutive effects of share options granted.

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2013	31 DEC 2012	31 DEC 2013	31 DEC 2012
Profit attributable to owners of the parent (RM'000)	1,420	4,613	6,637	6,717
Weighted average number of ordinary shares in issue ('000)	1,155,266	1,151,189	1,153,312	1,151,189
Effect of dilution of share options	13,861	-	8,570	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,169,127	1,151,189	1,161,883	1,151,189
<b>Diluted earnings per share (sen)</b>	<b>0.12</b>	<b>0.40</b>	<b>0.57</b>	<b>0.58</b>



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

**29. Authorisation for Issue**

On 28 February 2014, 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  
28 February 2014