



RGB International Bhd. (603831-K)

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
30 June 2014



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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2014**

	Note	3 MONTHS ENDED		6 MONTHS ENDED	
		30 JUN 2014 RM'000	30 JUN 2013 RM'000	30 JUN 2014 RM'000	30 JUN 2013 RM'000
Revenue	10	60,551	33,610	96,881	65,059
Cost of sales		(46,069)	(21,867)	(72,700)	(43,393)
- Depreciation		(6,468)	(7,743)	(13,591)	(16,040)
- Others		(39,601)	(14,124)	(59,109)	(27,353)
Gross profit		14,482	11,743	24,181	21,666
Other income		575	235	1,200	997
Administrative expenses		(6,662)	(5,416)	(13,341)	(12,178)
- Depreciation		(496)	(483)	(1,009)	(989)
- Others		(6,166)	(4,933)	(12,332)	(11,189)
Selling and marketing expenses		(515)	(269)	(794)	(600)
Other gain/(expenses), net		2,089	(2,784)	2,367	(2,549)
Operating profit		9,969	3,509	13,613	7,336
Finance costs		(1,797)	(2,009)	(3,663)	(3,980)
Share of results of associates		-	-	4	718
Profit before tax		8,172	1,500	9,954	4,074
Income tax expense	21	(656)	(7)	(794)	(12)
Profit for the financial period		7,516	1,493	9,160	4,062
Other comprehensive (loss)/income, net of tax					
Item that may be subsequently reclassified to profit or loss:					
- Foreign currency translation, representing other comprehensive (loss)/income for the financial period		(3,224)	4,528	(4,587)	5,868
Total comprehensive income		4,292	6,021	4,573	9,930
Profit attributable to:					
Owners of the Company		7,533	1,678	9,252	4,271
Non-controlling interests		(17)	(185)	(92)	(209)
		7,516	1,493	9,160	4,062
Total comprehensive income attributable to:					
Owners of the Company		4,538	5,886	5,013	9,715
Non-controlling interests		(246)	135	(440)	215
		4,292	6,021	4,573	9,930
Earnings per share attributable to owners of the Company:					
Basic, for profit for the financial period (sen)	28	0.65	0.15	0.80	0.37
Diluted, for profit for the financial period (sen)	28	0.65	0.14	0.79	0.37



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	AS AT 30 JUN 2014 RM'000	AS AT 31 DEC 2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	106,120	115,180
Investments in associates		128	128
Other receivables		160	181
Development costs		3,116	2,960
Other intangible assets		2,949	3,535
		<u>112,473</u>	<u>121,984</u>
Current assets			
Inventories		3,764	4,359
Trade Receivables		62,048	41,363
Other Receivables		10,074	8,203
Assets of disposal group classified as held for sale		1,194	1,241
Tax Recoverable		291	228
Due from associates		2,884	2,952
Deposits with licensed banks		13,923	10,134
Cash and bank balances		28,907	26,855
		<u>123,085</u>	<u>95,335</u>
TOTAL ASSETS		<u>235,558</u>	<u>217,319</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	8	115,941	115,911
Share premium		14,412	14,409
Foreign exchange translation reserve		(23,557)	(19,318)
Share option reserve		565	514
Accumulated losses		(27,302)	(36,554)
		<u>80,059</u>	<u>74,962</u>
Non-controlling interests		14,660	14,594
Total equity		<u>94,719</u>	<u>89,556</u>
Non-current liabilities			
Borrowings	23	45,627	48,168
Other payables		159	209
Deferred tax liabilities		190	190
		<u>45,976</u>	<u>48,567</u>
Current liabilities			
Borrowings	23	27,060	25,795
Trade payables		48,891	36,313
Other payables		17,918	16,039
Liabilities of disposal group classified as held for sale		81	82
Due to associates		69	70
Due to minority shareholder of a subsidiary		834	877
Tax payable		10	20
		<u>94,863</u>	<u>79,196</u>
Total liabilities		<u>140,839</u>	<u>127,763</u>
TOTAL EQUITY AND LIABILITIES		<u>235,558</u>	<u>217,319</u>
Net assets per share (sen)		<u>7</u>	<u>6</u>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013 AND 30 JUNE 2014**

	----- Attributable to owners of the Company -----					----- Non-Distributable -----		
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Translation Reserve RM'000	Share Option Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 January 2013	115,119	14,373	(30,187)	376	(40,185)	59,496	9,027	68,523
Profit for the financial period	-	-	-	-	4,271	4,271	(209)	4,062
Foreign currency translations	-	-	5,444	-	-	5,444	424	5,868
Total comprehensive income for the financial period	-	-	5,444	-	4,271	9,715	215	9,930
Transaction with owners:								
Issue of ordinary shares pursuant to ESOS	359	-	-	-	-	359	-	359
Share option granted under ESOS	-	16	-	56	-	72	-	72
Total transactions with owners	359	16	-	56	-	431	-	431
At 30 June 2013	115,478	14,389	(24,743)	432	(35,914)	69,642	9,242	78,884
At 1 January 2014	115,911	14,409	(19,318)	514	(36,554)	74,962	14,594	89,556
Profit for the financial period	-	-	-	-	9,252	9,252	(92)	9,160
Foreign currency translations	-	-	(4,239)	-	-	(4,239)	(348)	(4,587)
Total comprehensive income for the financial period	-	-	(4,239)	-	9,252	5,013	(440)	4,573
Transaction with owners:								
Issue of ordinary shares pursuant to ESOS	30	-	-	-	-	30	-	30
Share option granted under ESOS	-	3	-	51	-	54	-	54
Deconsolidation of a subsidiary	-	-	-	-	-	-	506	506
Total transactions with owners	30	3	-	51	-	84	506	590
At 30 June 2014	115,941	14,412	(23,557)	565	(27,302)	80,059	14,660	94,719



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**

	6 MONTHS ENDED	
	30 JUN 2014 RM'000	30 JUN 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	9,954	4,074
Adjustments for:		
Amortisation of development costs	14	14
Amortisation of other intangible assets	506	-
Bad debts written off	29	-
Bad debts recovered	-	(3)
Depreciation	14,600	17,029
Gain on disposal of property, plant & equipment	(10)	(219)
Loss on disposal of an associate	-	600
Loss on winding up of a jointly controlled entity	-	57
Gain on deconsolidation of a subsidiaries	(1,285)	-
Property, plant and equipment written off	20	3
Provision for doubtful debts (non trade)	2	2
Reversal of provision for doubtful debts	(8)	(31)
Reversal of provision for doubtful debts (non trade)	-	(61)
Written down of inventories	11	-
Share options granted under ESOS	54	72
Share of results of associates	(4)	(718)
Interest expense	3,563	3,893
Interest income	(163)	(113)
Operating profit before working capital changes	<u>27,283</u>	<u>24,599</u>
Net changes in receivables, amount due from jointly controlled entities, associates and inventories	(21,907)	10,544
Net changes in payables, amount due to associates and minority shareholders of a subsidiary	15,486	(13,833)
Interest paid	(608)	(874)
Taxes paid	(868)	(141)
Net cash generated from operating activities	<u>19,386</u>	<u>20,295</u>



**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**

	6 MONTHS ENDED	
	30 JUN 2014 RM'000	30 JUN 2013 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,926)	(6,174)
Prepayment of land lease	-	-
Proceeds from disposal of property, plant and equipment	22	219
Changes in fixed deposits pledged to licensed banks	(3,789)	(5,702)
Changes in bank balances pledged to licensed banks	(1,352)	(3,491)
Expenditure on development costs	(231)	-
Proceeds from disposal of associates	-	145
Distribution from a jointly controlled entity	-	185
Partial consideration from disposal of a subsidiary	-	1,555
Interest received	163	113
Net cash used in investing activities	(13,113)	(13,150)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of onshore foreign currency loan and bankers' acceptance	144	(3,723)
Net repayment of term loan and commercial papers	(2,963)	(2,046)
Repayment of finance lease liability	(62)	(73)
Proceeds from issuance of shares	30	359
Net cash used in financing activities	(2,851)	(5,483)
NET CHANGES IN CASH AND CASH EQUIVALENTS	3,422	1,662
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(1,373)	2,796
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	23,851	21,888
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	25,900	26,346
 * Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	28,907	30,912
Deposits with licensed banks	13,923	11,857
Less: Bank overdrafts	(1,528)	(2,624)
	41,302	40,145
Add: Cash and bank balances for disposal group classified as held for sale	-	2
Less: Fixed deposit pledged to licensed banks	(13,923)	(10,310)
Less: Bank balances pledged to licensed banks	(1,479)	(3,491)
	25,900	26,346



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 2013. The 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 2013.

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:

Amendments to MFRS 10 *Consolidated Financial Statements: Investment Entities*
Amendments to MFRS 12 *Disclosure of Interest in Other Entities: Investment Entities*
Amendments to MFRS 127 *Separate Financial Statements (2011): Investment Entities*
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*
IC Interpretation 21 *Levies*

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

2.2 Standards issued but not yet effective

Defined Benefit Plans: Employee Contributions (Amendments to MFRS 119)
Amendments to MFRSs *Annual Improvements 2010 – 2012 Cycle*
Amendments to MFRSs *Annual Improvements 2011 – 2013 Cycle*
Mandatory Effective Date of MFRS 9 and Transition Disclosures
MFRS 9 *Financial Instruments* (2009)
MFRS 9 *Financial Instruments* (2010)
MFRS 9 *Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)*

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 2013 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 that are unusual because of their nature, size and incidence.

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**

	Number of ordinary shares ('000) of RM0.10 each	
	2014	2013
As at 1 January	1,159,112	1,151,189
Issue of ordinary shares pursuant to ESOS	300	7,923
As at 30 June/31 December	<u>1,159,412</u>	<u>1,159,112</u>



9. Dividend Paid

A final single-tier dividend of 0.05 sen per ordinary share for the year ended 31 December 2013 (2012: Nil) was paid on 19 August 2014.

No dividend was paid during the financial period ended 30 June 2014.

10. Segmental Information

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

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUN 2014 RM'000	30 JUN 2013 RM'000	30 JUN 2014 RM'000	30 JUN 2013 RM'000
Segment Revenue				
Sales and Marketing	41,773	14,940	61,598	27,666
Technical Support and Management	18,587	18,403	35,000	36,972
Others (1)	239	315	379	517
	<u>60,599</u>	<u>33,658</u>	<u>96,977</u>	<u>65,155</u>
Eliminations	(48)	(48)	(96)	(96)
Revenue	<u>60,551</u>	<u>33,610</u>	<u>96,881</u>	<u>65,059</u>
EBITDA*				
Sales and Marketing	3,647	2,621	5,724	3,923
Technical Support and Management	12,527	13,225	22,441	25,877
Others	118	(381)	128	(472)
Unallocated	830	(3,768)	344	(4,318)
Total	<u>17,122</u>	<u>11,697</u>	<u>28,637</u>	<u>25,010</u>
Segment Results				
Sales and Marketing	3,358	2,591	5,135	3,149
Technical Support and Management	6,061	5,474	8,840	9,798
Others	(315)	(807)	(748)	(1,328)
	<u>9,104</u>	<u>7,258</u>	<u>13,227</u>	<u>11,619</u>
Unallocated income/(expenses)	865	(3,749)	386	(4,283)
- Foreign exchange gain/(loss)	794	(2,808)	1,093	(2,107)
- Interest income	92	43	158	83
- Sundry Income	83	142	207	270
- Legal and professional fee	(176)	(289)	(264)	(654)
- Gain on deconsolidation of a subsidiary	1,285	-	1,285	-
- Other expenses	(1,213)	(837)	(2,093)	(1,875)
	<u>9,969</u>	<u>3,509</u>	<u>13,613</u>	<u>7,336</u>
Operating profit	<u>9,969</u>	<u>3,509</u>	<u>13,613</u>	<u>7,336</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) On 8 July 2014 and 11 July 2014, the Company announced the proposed acquisition of 30% equity stake in Timor Holding, Lda. (“THL”) representing one (1) share quota fully subscribed and paid-up share capital of THL with nominal value of USD150,000 by RGB (Macau) Limited from Lim Tow Boon for a total cash consideration of USD214,286.

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) Movieland Entertainment Co., Ltd., a dormant company incorporated in Cambodia, was deregistered on 8 April 2014.

14. Changes in Contingent Liabilities and Contingent Assets

There were no material changes in contingent liabilities and assets since the previous quarter.

15. Capital Commitments

The amount of capital commitments approved but not provided for in the interim financial statements is as follows:

	AS AT 30 JUN 2014 RM’000
Gaming machines and equipment	<u>1,464</u>

16. Significant Related Party Transactions

There were no significant related party transactions during the current quarter.



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

17. Performance Review

	3 MONTHS ENDED			6 MONTHS ENDED		
	30 JUN 2014	30 JUN 2013	%	30 JUN 2014	30 JUN 2013	%
	RM'000	RM'000	+/(-) %	RM'000	RM'000	+/(-) %
Revenue						
Sales and Marketing	41,773	14,940	+180%	61,598	27,666	+123%
Technical Support and Management	18,587	18,403	+1%	35,000	36,972	-5%
Others (1)	191	267	-28%	283	421	-33%
Total	60,551	33,610	+80%	96,881	65,059	+49%
EBITDA*						
Sales and Marketing	3,647	2,621	+39%	5,724	3,923	+46%
Technical Support and Management	12,527	13,225	-5%	22,441	25,877	-13%
Others	118	(381)	+131%	128	(472)	+127%
Unallocated	830	(3,768)	+122%	344	(4,318)	+108%
Total	17,122	11,697	+46%	28,637	25,010	+15%
Profit/(Loss) before tax						
Sales and Marketing	3,267	2,494	+31%	4,944	3,726	+33%
Technical Support and Management	5,367	4,671	+15%	7,487	8,220	-9%
Others	(337)	(817)	-59%	(781)	(1,358)	-42%
	8,297	6,348	+31%	11,650	10,588	+10%
Unallocated Expenses	(125)	(4,848)	-97%	(1,696)	(6,514)	-74%
- Finance cost	(990)	(1,099)	-10%	(2,082)	(2,231)	-7%
- Foreign exchange gain/(loss)	794	(2,808)	+128%	1,093	(2,107)	+152%
- Interest income	92	43	+114%	158	83	+90%
- Sundry Income	83	142	-42%	207	270	-23%
- Legal and professional fee	(176)	(289)	-39%	(264)	(654)	-60%
- Gain on deconsolidation of a subsidiary	1,285	-	+100%	1,285	-	+100%
- Other expenses	(1,213)	(837)	+45%	(2,093)	(1,875)	+12%
Profit before tax	8,172	1,500	+445%	9,954	4,074	+144%

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 revenue and profit before tax for Sales and Marketing ("SSM") increased by 180% and 31% respectively for the quarter ended 30 June 2014 as compared to previous year's corresponding quarter. This is mainly due to different product mix and of higher value sold in the region.

The revenue and profit before tax for Technical Support and Management ("TSM") division increased slightly by 1% and 15% respectively for the quarter ended 30 June 2014 as compared to previous year's corresponding quarter due to improved performance in certain concessions.

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

(ii) Comparison with previous year's corresponding period

The revenue and profit before tax increased by 123% and 33% respectively for six months period ended 30 Jun 2014 as compared to preceding year for SSM division is mainly due to different product mix and of higher value sold in the region.

The revenue and profit before tax for TSM division decreased by 5% and 9% respectively for six months period ended 30 June 2014 as compared to preceding year. The lower revenue is due to lower performance in the 1st quarter of this year which was impacted by lower player traffic in Cambodia due to the political unrest in Thailand and cessation of unprofitable concessions in Macau. The lower profit before tax for TSM division is due to slight decrease in revenue from certain concessions and an increase in general operating expenses.

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



18. Comparison with previous quarter's results

	CURRENT QUARTER RM'000	PREVIOUS QUARTER RM'000	% + /(-)
Revenue			
Sales and Marketing	41,773	19,825	+111%
Technical Support and Management	18,587	16,413	+13%
Others (1)	191	92	+108%
Revenue	<u>60,551</u>	<u>36,330</u>	<u>+67%</u>
EBITDA*			
Sales and Marketing	3,647	2,077	+76%
Technical Support and Management	12,527	9,914	+26%
Others	118	10	+1080%
Unallocated	830	(486)	+271%
	<u>17,122</u>	<u>11,515</u>	<u>+49%</u>
Profit/(Loss) before tax			
Sales and Marketing	3,267	1,677	+95%
Technical Support and Management	5,367	2,120	+153%
Others	(337)	(444)	-24%
	<u>8,297</u>	<u>3,353</u>	<u>+147%</u>
Unallocated expenses	(125)	(1,571)	-92%
- Finance cost	(990)	(1,092)	-9%
- Foreign exchange gain	794	299	+166%
- Interest income	92	66	+39%
- Sundry income	83	124	-33%
- Legal and professional fee	(176)	(88)	+100%
- Gain on deconsolidation of a subsidiary	1,285	-	+100%
- Other expenses	(1,213)	(880)	+38%
Profit before tax	<u>8,172</u>	<u>1,782</u>	<u>+359%</u>

Note

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

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



18. Comparison with previous quarter's results (Continued)

The increase in revenue and profit before tax for SSM division in this quarter is due to increase in number of machines sold in this quarter.

The revenue for TSM division increased by 13% is due to improved performance of concessions in the region.

The loss before taxation for Others is mainly related to charge out of R&D expenditures

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. Substantial orders of machines have been received and target to deliver the machines by 2nd half of 2014.

TSM Division expects to add one concession in 2nd half of 2014.

The release of new cabinet and platform of RGBGames has been rescheduled to year 2015. However, new games for existing cabinet and platform of RGBGames have been released in the market.

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

20. Profit Forecast

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

21. Income Tax Expense

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUN 2014	30 JUN 2013	30 JUN 2014	30 JUN 2013
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current period	<u>656</u>	<u>7</u>	<u>794</u>	<u>12</u>

Domestic income tax is calculated at the Malaysian statutory rate of 25% (2013: 25%) of the estimated assessable profit for the financial period. The effective tax rate of the Group for the financial 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

There were no corporate proposals announced but not completed as at 30 June 2014.

23. Borrowings

	AS AT 30 JUN 2014 RM'000	AS AT 31 DEC 2013 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Bank overdrafts	1,528	2,878
Bankers' acceptances	2,500	-
Onshore foreign currency loan	7,754	10,110
Commercial papers	12,056	12,323
Finance lease liability	412	372
Term loans	2,810	112
	<u>27,060</u>	<u>25,795</u>
Long Term Borrowings:		
<u>Secured</u>		
Commercial papers	31,864	37,748
Finance lease liability	-	102
Term loans	3,763	318
	<u>35,627</u>	<u>38,168</u>
<u>Unsecured</u>		
Medium term notes	10,000	10,000
	<u>45,627</u>	<u>48,168</u>
Total borrowings	<u>72,687</u>	<u>73,963</u>
Borrowings denominated in foreign currency as at 30 June 2014:		
	USD'000	RM'000
Borrowings	<u>4,470</u>	<u>14,364</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 an interim single-tier dividend of 0.05 sen per ordinary share for the financial year ended 31 December 2014. The dates of entitlement and payment shall be determined by the Board of Director.

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		6 MONTHS ENDED	
	30 JUN 2014	30 JUN 2013	30 JUN 2014	30 JUN 2013
	RM'000	RM'000	RM'000	RM'000
Interest income	(94)	(61)	(163)	(113)
Interest expenses	1,731	1,965	3,563	3,893
Amortisation of development costs	7	7	14	14
Amortisation of other intangible assets	248	-	506	-
Bad debts written off	17	-	29	-
Bad debts recovered	-	(3)	-	(3)
Depreciation	6,964	8,226	14,600	17,029
Gain on disposal of property, plant & equipment	(10)	(25)	(10)	(219)
Loss on disposal of an associate	-	-	-	600
Loss on winding up of a jointly controlled entity	-	-	-	57
Gain on deconsolidation of a subsidiary	(1,285)	-	(1,285)	-
Property, plant and equipment written off	-	-	20	3
Provision for doubtful debts (non trade)	2	2	2	2
Reversal of provision for doubtful debts	(8)	(30)	(8)	(31)
Reversal of provision for doubtful debts (non trade)	-	-	-	(61)
Written down of inventories	-	-	11	-



27. Disclosure of Realised and Unrealised Profits/Losses

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

	ACCUMULATED QUARTER ENDED	
	30 JUN 2014 RM'000	31 DEC 2013 RM'000
The accumulated losses of the Company and subsidiaries:		
- Realised	(118,739)	(127,913)
- Unrealised	6,684	5,259
Total share of accumulated losses from jointly controlled entities:		
- Realised	(58)	(58)
Total share of accumulated losses from associates:		
- Realised	253	250
- Unrealised	(265)	(265)
	<hr/>	<hr/>
	(112,125)	(122,727)
Add: Consolidation adjustments	84,823	86,173
Total Group accumulated losses	<hr/>	<hr/>
	(27,302)	(36,554)



28. Earnings Per Share

(a) Basic

Basic earnings per ordinary share is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUN	30 JUN	30 JUN	30 JUN
	2014	2013	2014	2013
Profit attributable to owners of the Company (RM'000)	7,533	1,678	9,252	4,271
Weighted average number of ordinary shares in issue ('000)	1,159,412	1,151,916	1,159,387	1,151,555
Basic earnings per share (sen)	0.65	0.15	0.80	0.37

(b) Diluted

Diluted earnings per ordinary share is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares.

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUN	30 JUN	30 JUN	30 JUN
	2014	2013	2014	2013
Profit attributable to owners of the Company (RM'000)	7,533	1,678	9,252	4,271
Weighted average number of ordinary shares in issue ('000)	1,159,412	1,151,916	1,159,387	1,151,555
Effect of dilution of share options	5,894	9,829	6,739	6,262
Adjusted weighted average number of ordinary shares ('000)	1,165,305	1,161,745	1,166,126	1,157,817
Diluted earnings per share (sen)	0.65	0.14	0.79	0.37



RGB International Bhd. (603831-K)

29. Authorisation for Issue

On 25 August 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
Managing Director
25 August 2014