



RGB International Bhd. (603831-K)

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
30 September 2014



CONTENTS

	PAGE
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3
CONSOLIDATED STATEMENT OF CASH FLOWS	4 – 5
EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134	6 – 10
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B (RULE 9.22(2)) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)	11 – 19



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

	Note	3 MONTHS ENDED		9 MONTHS ENDED	
		30 SEPT 2014 RM'000	30 SEPT 2013 RM'000	30 SEPT 2014 RM'000	30 SEPT 2013 RM'000
Revenue	10	61,512	40,816	158,393	105,875
Cost of sales		(44,630)	(30,064)	(117,330)	(73,457)
- Depreciation		(5,831)	(8,008)	(19,422)	(24,048)
- Others		(38,799)	(22,056)	(97,908)	(49,409)
Gross profit		16,882	10,752	41,063	32,418
Other income		871	193	2,071	1,190
Administrative expenses		(6,741)	(5,965)	(20,082)	(18,143)
- Depreciation		(487)	(493)	(1,496)	(1,482)
- Others		(6,254)	(5,472)	(18,586)	(16,661)
Selling and marketing expenses		(560)	(776)	(1,354)	(1,376)
Other (expenses)/gain, net		(1,734)	(728)	633	(3,277)
Operating profit		8,718	3,476	22,331	10,812
Finance costs		(1,684)	(2,222)	(5,347)	(6,202)
Share of results of associates		-	-	4	718
Profit before tax		7,034	1,254	16,988	5,328
Income tax expense	21	(768)	(427)	(1,562)	(439)
Profit for the financial period		6,266	827	15,426	4,889
Other comprehensive income/(loss), net of tax					
Item that may be subsequently reclassified to profit or loss:					
- Foreign currency translation, representing other comprehensive income/(loss) for the financial period		3,388	3,980	(1,199)	9,848
Total comprehensive income		9,654	4,807	14,227	14,737
Profit attributable to:					
Owners of the Company		6,280	946	15,532	5,217
Non-controlling interests		(14)	(119)	(106)	(328)
		6,266	827	15,426	4,889
Total comprehensive income attributable to:					
Owners of the Company		9,399	4,623	14,412	14,338
Non-controlling interests		255	184	(185)	399
		9,654	4,807	14,227	14,737
Earnings per share attributable to owners of the Company:					
Basic, for profit for the financial period (sen)	28	0.54	0.08	1.34	0.45
Diluted, for profit for the financial period (sen)	28	0.53	0.08	1.31	0.45



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014**

	Note	AS AT 30 SEPT 2014 RM'000	AS AT 31 DEC 2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	102,777	115,180
Investments in associates		130	128
Other receivables		149	181
Development costs		3,404	2,960
Other intangible assets		2,747	3,535
		<u>109,207</u>	<u>121,984</u>
Current assets			
Inventories		4,386	4,359
Trade Receivables		56,304	41,363
Other Receivables		10,964	8,203
Assets of disposal group classified as held for sale		1,205	1,241
Tax Recoverable		218	228
Due from associates		2,999	2,952
Deposits with licensed banks		15,926	10,134
Cash and bank balances		39,339	26,855
		<u>131,341</u>	<u>95,335</u>
TOTAL ASSETS		<u>240,548</u>	<u>217,319</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	8	117,166	115,911
Share premium		14,485	14,409
Foreign exchange translation reserve		(20,438)	(19,318)
Share option reserve		515	514
Accumulated losses		(21,602)	(36,554)
		<u>90,126</u>	<u>74,962</u>
Non-controlling interests		14,915	14,594
Total equity		<u>105,041</u>	<u>89,556</u>
Non-current liabilities			
Borrowings	23	41,695	48,168
Other payables		139	209
Deferred tax liabilities		190	190
		<u>42,024</u>	<u>48,567</u>
Current liabilities			
Borrowings	23	25,364	25,795
Trade payables		46,267	36,313
Other payables		20,348	16,039
Liabilities of disposal group classified as held for sale		82	82
Due to associates		70	70
Due to minority shareholder of a subsidiary		837	877
Tax payable		515	20
		<u>93,483</u>	<u>79,196</u>
Total liabilities		<u>135,507</u>	<u>127,763</u>
TOTAL EQUITY AND LIABILITIES		<u>240,548</u>	<u>217,319</u>
Net assets per share (sen)		<u>8</u>	<u>6</u>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013 AND 30 SEPTEMBER 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	-	-	-	-	5,217	5,217	(328)	4,889
Foreign currency translations	-	-	9,121	-	-	9,121	727	9,848
Total comprehensive income for the financial period	-	-	9,121	-	5,217	14,338	399	14,737
Transaction with owners:								
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
Total transactions with owners	367	16	-	88	-	471	2	473
At 30 September 2013	115,486	14,389	(21,066)	464	(34,968)	74,305	9,428	83,733
At 1 January 2014	115,911	14,409	(19,318)	514	(36,554)	74,962	14,594	89,556
Profit for the financial period	-	-	-	-	15,532	15,532	(106)	15,426
Foreign currency translations	-	-	(1,120)	-	-	(1,120)	(79)	(1,199)
Total comprehensive income for the financial period	-	-	(1,120)	-	15,532	14,412	(185)	14,227
Transaction with owners:								
Issue of ordinary shares pursuant to ESOS	1,255	1	-	-	-	1,256	-	1,256
Share option granted under ESOS	-	75	-	1	-	76	-	76
Deconsolidation of a subsidiary	-	-	-	-	-	-	506	506
Dividend	-	-	-	-	(580)	(580)	-	(580)
Total transactions with owners	1,255	76	-	1	(580)	752	506	1,258
At 30 September 2014	117,166	14,485	(20,438)	515	(21,602)	90,126	14,915	105,041



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

	9 MONTHS ENDED	
	30 SEPT 2014 RM'000	30 SEPT 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	16,988	5,328
Adjustments for:		
Amortisation of development costs	21	21
Amortisation of other intangible assets	756	-
Bad debts written off	29	16
Bad debts recovered	-	(3)
Depreciation	20,918	25,530
Impairment of property, plant and equipment	182	-
Impairment of property, plant & equipment written back	-	(182)
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)	(206)
Property, plant and equipment written off	20	3
Provision for doubtful debts	2	-
Provision for doubtful debts (non trade)	2	4
Reversal of provision for doubtful debts	(9)	(32)
Reversal of provision for doubtful debts (non trade)	-	(61)
Written down of inventories	11	(7)
Share options granted under ESOS	76	104
Share of results of associates	(4)	(718)
Interest expense	5,203	6,080
Interest income	(251)	(208)
Operating profit before working capital changes	<u>42,649</u>	<u>36,107</u>
Net changes in receivables, amount due from jointly controlled entities, associates and inventories	(17,453)	10,473
Net changes in payables, amount due to associates and minority shareholders of a subsidiary	15,277	(16,614)
Interest paid	(901)	(1,269)
Taxes paid	(1,057)	(613)
Net cash generated from operating activities	<u>38,515</u>	<u>28,084</u>



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

	9 MONTHS ENDED	
	30 SEPT 2014 RM'000	30 SEPT 2013 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,753)	(12,048)
Proceeds from disposal of property, plant and equipment	26	219
Changes in fixed deposits pledged to licensed banks	(5,792)	(4,619)
Changes in bank balances pledged to licensed banks	31	(1,297)
Expenditure on development costs	(489)	-
Proceeds from disposal of associates	-	145
Distribution from a jointly controlled entity	-	185
Partial consideration from disposal of a subsidiary	-	2,409
Interest received	251	208
Net cash used in investing activities	(15,726)	(14,798)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of onshore foreign currency loan and bankers' acceptance	(1,277)	(4,647)
Net repayment of term loan and commercial papers	(7,992)	(13,162)
Repayment of finance lease liability	(305)	(87)
Proceeds from issuance of shares	1,256	367
Dividends paid	(580)	-
Net cash used in financing activities	(8,898)	(17,529)
NET CHANGES IN CASH AND CASH EQUIVALENTS	13,891	(4,243)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	255	4,443
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	37,997	22,088
* Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	39,339	26,683
Deposits with licensed banks	15,926	9,226
Less: Bank overdrafts	(1,246)	(3,300)
	54,019	32,609
Add: Cash and bank balances for disposal group classified as held for sale	-	2
Less: Fixed deposit pledged to licensed banks	(15,926)	(9,226)
Less: Bank balances pledged to licensed banks	(96)	(1,297)
	37,997	22,088



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 except for RGB (Macau) Limited ("RGBML"), a wholly owned subsidiary of RGB International Bhd, has entered into a Purchase and Sell and Assignment of Share Quota Contract on 8 July 2014 to acquire a 30% equity stake in THL representing one (1) share quota fully subscribed and paid-up share capital of THL with nominal value of USD150,000 from Lim Tow Boon for a total cash consideration of USD214,286.

The said acquisition is expected to be completed by first quarter of 2015. Upon completion of the said acquisition, the Company will recognise THL as a sub-subsiidiary owing to the Company has de-facto control over THL by virtue of it having the power to govern THL's board and management.

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	12,548	7,923
As at 30 September/31 December	<u>1,171,660</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. Subsequently, the Company has also paid the first interim single-tier dividend of 0.05 sen per ordinary share for the financial year ending 31 December 2014 (2013: Nil) on 9 October 2014.



10. Segmental Information

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

	3 MONTHS ENDED		9 MONTHS ENDED	
	30 SEPT 2014 RM'000	30 SEPT 2013 RM'000	30 SEPT 2014 RM'000	30 SEPT 2013 RM'000
Segment Revenue				
Sales and Marketing	42,868	23,136	104,466	50,802
Technical Support and Management	18,507	17,504	53,507	54,476
Others (1)	185	224	564	741
	<u>61,560</u>	<u>40,864</u>	<u>158,537</u>	<u>106,019</u>
Eliminations	(48)	(48)	(144)	(144)
Revenue	<u>61,512</u>	<u>40,816</u>	<u>158,393</u>	<u>105,875</u>
EBITDA*				
Sales and Marketing	5,249	1,898	10,973	5,821
Technical Support and Management	12,315	11,853	34,756	37,730
Others	65	(358)	193	(830)
Unallocated	(2,199)	(1,627)	(1,855)	(5,945)
Total	<u>15,430</u>	<u>11,766</u>	<u>44,067</u>	<u>36,776</u>
Segment Results				
Sales and Marketing	4,957	1,868	10,092	5,017
Technical Support and Management	6,295	3,837	15,135	13,635
Others	(349)	(614)	(1,097)	(1,942)
	<u>10,903</u>	<u>5,091</u>	<u>24,130</u>	<u>16,710</u>
Unallocated expenses	(2,185)	(1,615)	(1,799)	(5,898)
- Foreign exchange loss	(1,553)	(1,116)	(460)	(3,223)
- Interest income	83	85	241	168
- Sundry Income	364	76	571	346
- Legal and professional fee	(206)	(84)	(470)	(738)
- Gain on deconsolidation of a subsidiary	-	206	1,285	206
- Other expenses	(873)	(782)	(2,966)	(2,657)
Operating profit	<u>8,718</u>	<u>3,476</u>	<u>22,331</u>	<u>10,812</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.

12. Subsequent Events

There were no material events subsequent to the end of the current quarter except for:

- (a) The Company has allotted the following ordinary shares of RM0.10 each for cash pursuant to the Company's ESOS:
 - (i) 4,735,000 ordinary shares at an issue price of RM0.10 per ordinary share;
 - (ii) 127,300 ordinary shares at an issue price of RM0.105 per ordinary share; and
 - (iii) 23,300 ordinary shares at an issue price of RM0.117 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 during the current quarter.

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 SEPT 2014 RM'000
Gaming machines, furnitures, equipment, motor vehicle and renovation	<u>14,620</u>

16. Significant Related Party Transactions

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



B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B (RULE 9.22(2)) OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

17. Performance Review

	3 MONTHS ENDED			9 MONTHS ENDED		
	30 SEPT 2014	30 SEPT 2013	%	30 SEPT 2014	30 SEPT 2013	%
	RM'000	RM'000	+/(-)	RM'000	RM'000	+/(-)
Revenue						
Sales and Marketing	42,868	23,136	+85%	104,466	50,802	+106%
Technical Support and Management	18,507	17,504	+6%	53,507	54,476	-2%
Others (1)	137	176	-22%	420	597	-30%
Total	61,512	40,816	+51%	158,393	105,875	+50%
EBITDA*						
Sales and Marketing	5,249	1,898	+177%	10,973	5,821	+89%
Technical Support and Management	12,315	11,853	+4%	34,756	37,730	-8%
Others	65	(358)	+118%	193	(830)	+123%
Unallocated	(2,199)	(1,627)	+35%	(1,855)	(5,945)	-69%
Total	15,430	11,766	+31%	44,067	36,776	+20%
Profit/(Loss) before tax						
Sales and Marketing	4,892	1,727	+183%	9,836	5,453	+80%
Technical Support and Management	5,829	3,216	+81%	13,316	11,436	+16%
Others	(365)	(631)	-42%	(1,146)	(1,989)	-42%
	10,356	4,312	+140%	22,006	14,900	+48%
Unallocated Expenses	(3,322)	(3,058)	+9%	(5,018)	(9,572)	-48%
- Finance cost	(1,137)	(1,443)	-21%	(3,219)	(3,674)	-12%
- Foreign exchange loss	(1,553)	(1,116)	+39%	(460)	(3,223)	-86%
- Interest income	83	85	-2%	241	168	+43%
- Sundry Income	364	76	+379%	571	346	+65%
- Legal and professional fee	(206)	(84)	+145%	(470)	(738)	-36%
- Gain on deconsolidation of a subsidiary	-	206	-100%	1,285	206	+524%
- Other expenses	(873)	(782)	+12%	(2,966)	(2,657)	+12%
Profit before tax	7,034	1,254	+461%	16,988	5,328	+219%

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 85% and 183% respectively for the quarter ended 30 September 2014 as compared to previous year's corresponding quarter. This is mainly due to increase in number of machines sold to new and existing casinos in the region.

The revenue for Technical Support and Management ("TSM") division increased by 6% for the quarter ended 30 September 2014 as compared to previous year's corresponding quarter. The profit before tax increased by 81% is mainly due to better performance of TSM operations across the region and an overall reduction in operating expenditures including depreciation.

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 106% and 80% respectively for nine months period ended 30 September 2014 as compared to preceding year for SSM division is mainly due to increase in number of machines sold to new and existing casinos in the region.

The revenue for TSM division decreased by 2% for nine months period ended 30 September 2014 as compared to preceding year due to lower performance in the first quarter of this year in Cambodia (political unrest in neighboring country) and the cessation of unprofitable concessions in Macau. However, the profit before tax increased by 16% as compared to preceding year as a result of reduction in operating expenditure particularly from the cessation of concessions in Macau and a lower depreciation on gaming machines.

The loss before tax 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	42,868	41,773	+3%
Technical Support and Management	18,507	18,587	-0%
Others (1)	137	191	-28%
Revenue	<u>61,512</u>	<u>60,551</u>	<u>+2%</u>
EBITDA*			
Sales and Marketing	5,249	3,647	+44%
Technical Support and Management	12,315	12,527	-2%
Others	65	118	-45%
Unallocated	(2,199)	830	-365%
	<u>15,430</u>	<u>17,122</u>	<u>-10%</u>
Profit/(Loss) before tax			
Sales and Marketing	4,892	3,267	+50%
Technical Support and Management	5,829	5,367	+9%
Others	(365)	(337)	+8%
	<u>10,356</u>	<u>8,297</u>	<u>+25%</u>
Unallocated expenses	(3,322)	(125)	+2558%
- Finance cost	(1,137)	(990)	+15%
- Foreign exchange (loss)/gain	(1,553)	794	-296%
- Interest income	83	92	-10%
- Sundry income	364	83	+339%
- Legal and professional fee	(206)	(176)	+17%
- Gain on deconsolidation of a subsidiary	-	1,285	-100%
- Other expenses	(873)	(1,213)	-28%
Profit before tax	<u>7,034</u>	<u>8,172</u>	<u>-14%</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 profit before tax for TSM division increased by 9% as compared to last quarter is due to reduction in operating expenditure and lower depreciation on gaming machines.

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

The profit before tax for the Group decreased by 14% as compared to last quarter due to a foreign exchange loss of RM1.6 million (foreign exchange gain of RM 0.79 million in previous quarter), as a result of strengthening of US Dollar against the currencies in regions where we operate.

19. Commentary on Prospects

SSM Division expects to sell more than 1,200 machines in year 2014.

The Group has recently entered into a fixed fee machine leasing agreement with a licensed operator in the region and the machines are targeted to be delivered by first quarter of 2015.

The release of new cabinet and platform of RGBGames has been rescheduled to year 2015.

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		9 MONTHS ENDED	
	30 SEPT 2014	30 SEPT 2013	30 SEPT 2014	30 SEPT 2013
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current period	<u>768</u>	<u>427</u>	<u>1,562</u>	<u>439</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

Save as disclosed below, there were no corporate proposals announced but not completed as at 30 September 2014:

- (a) Acquisition of 30% equity stake in Timor Holding, Lda. by RGB (Macau) Limited (“RGBML”)

RGBML is in the process of finalising the said acquisition and expects to complete it by first quarter of 2015.

23. Borrowings

	AS AT 30 SEPT 2014 RM'000	AS AT 31 DEC 2013 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Bank overdrafts	1,246	2,878
Bankers' acceptances	1,200	-
Onshore foreign currency loan	7,633	10,110
Commercial papers	12,486	12,323
Finance lease liability	169	372
Term loans	2,630	112
	<u>25,364</u>	<u>25,795</u>
Long Term Borrowings:		
<u>Secured</u>		
Commercial papers	28,354	37,748
Finance lease liability	-	102
Term loans	3,341	318
	<u>31,695</u>	<u>38,168</u>
<u>Unsecured</u>		
Medium term notes	10,000	10,000
	<u>41,695</u>	<u>48,168</u>
Total borrowings	<u>67,059</u>	<u>73,963</u>
Borrowings denominated in foreign currency as at 30 September 2014:		
	USD'000	RM'000
Borrowings	<u>4,105</u>	<u>13,427</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.

With regard to the announcements made on 8 February 2013 and 15 February 2013 pertaining to the alleged design infringement on jackpot signages filed by a third party in Macau Court of which RGB (Macau) Limited (“RGBML”) has no direct business dealings, a writ of summons was served on RGBML, as one of the defendants on 17 October 2012. RGBML’s solicitors have now filed the Statement of Defence on 20 October 2014 in view of the fact that the other defendants have also been recently served with the writ of summons.

25. Dividends

As disclosed in Note 9.

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		9 MONTHS ENDED	
	30 SEPT 2014	30 SEPT 2013	30 SEPT 2014	30 SEPT 2013
	RM’000	RM’000	RM’000	RM’000
Interest income	(88)	(95)	(251)	(208)
Interest expenses	1,640	2,187	5,203	6,080
Amortisation of development costs	7	7	21	21
Amortisation of other intangible assets	250	-	756	-
Bad debts written off	-	16	29	16
Bad debts recovered	-	-	-	(3)
Depreciation	6,318	8,501	20,918	25,530
Impairment of property, plant and equipment	182	-	182	-
Impairment of property, plant & equipment written back	-	(182)	-	(182)
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 subsidiary	-	(206)	(1,285)	(206)
Property, plant and equipment written off	-	-	20	3
Provision for doubtful debts	2	-	2	-
Provision for doubtful debts (non trade)	-	2	2	4
Reversal of provision for doubtful debts	(1)	(1)	(9)	(32)
Reversal of provision for doubtful debts (non trade)	-	-	-	(61)
Written down of inventories	-	(7)	11	(7)



27. Disclosure of Realised and Unrealised Profits/Losses

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

	ACCUMULATED QUARTER ENDED	
	30 SEPT 2014 RM'000	31 DEC 2013 RM'000
The accumulated losses of the Company and subsidiaries:		
- Realised	(112,027)	(127,913)
- Unrealised	5,173	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/>
	(106,924)	(122,727)
Add: Consolidation adjustments	85,322	86,173
Total Group accumulated losses	<hr/> <u>(21,602)</u>	<hr/> <u>(36,554)</u>



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		9 MONTHS ENDED	
	30 SEPT	30 SEPT	30 SEPT	30 SEPT
	2014	2013	2014	2013
Profit attributable to owners of the Company (RM'000)	6,280	946	15,532	5,217
Weighted average number of ordinary shares in issue ('000)	1,162,660	1,154,816	1,160,490	1,152,654
Basic earnings per share (sen)	0.54	0.08	1.34	0.45

(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		9 MONTHS ENDED	
	30 SEPT	30 SEPT	30 SEPT	30 SEPT
	2014	2013	2014	2013
Profit attributable to owners of the Company (RM'000)	6,280	946	15,532	5,217
Weighted average number of ordinary shares in issue ('000)	1,162,660	1,154,816	1,160,490	1,152,654
Effect of dilution of share options ('000)	20,969	11,191	22,261	8,344
Adjusted weighted average number of ordinary shares ('000)	1,183,629	1,166,007	1,182,751	1,160,998
Diluted earnings per share (sen)	0.53	0.08	1.31	0.45



RGB International Bhd. (603831-K)

29. Authorisation for Issue

On 27 November 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
27 November 2014