



RGB International Bhd. (603831-K)

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
31 December 2014



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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014**

	Note	3 MONTHS ENDED		12 MONTHS ENDED	
		31 DEC	31 DEC	31 DEC	31 DEC
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Revenue	10	56,253	33,760	214,646	139,635
Cost of sales		(40,785)	(24,802)	(158,115)	(98,259)
- Depreciation		(5,779)	(8,420)	(25,201)	(32,468)
- Others		(35,006)	(16,382)	(132,914)	(65,791)
Gross profit		15,468	8,958	56,531	41,376
Other income		334	1,570	2,405	2,760
Administrative expenses		(7,393)	(5,525)	(27,475)	(23,668)
- Depreciation		(514)	(552)	(2,010)	(2,034)
- Others		(6,879)	(4,973)	(25,465)	(21,634)
Selling and marketing expenses		(1,302)	(1,343)	(2,656)	(2,719)
Other expenses, net		(2,743)	(441)	(2,110)	(3,718)
Operating profit		4,364	3,219	26,695	14,031
Finance costs		(1,655)	(2,017)	(7,002)	(8,219)
Share of results of associates		-	-	4	718
Profit before tax		2,709	1,202	19,697	6,530
Income tax expense	21	22	(125)	(1,540)	(564)
Profit for the financial period/year		<u>2,731</u>	<u>1,077</u>	<u>18,157</u>	<u>5,966</u>
Other comprehensive income, net of tax					
Item that may be subsequently reclassified to profit or loss:					
- Foreign currency translation, representing other comprehensive income for the financial period/year		12,314	1,546	11,115	11,394
Total comprehensive income		<u>15,045</u>	<u>2,623</u>	<u>29,272</u>	<u>17,360</u>
Profit attributable to:					
Owners of the parent		2,995	1,440	18,527	6,657
Non-controlling interests		(264)	(363)	(370)	(691)
		<u>2,731</u>	<u>1,077</u>	<u>18,157</u>	<u>5,966</u>
Total comprehensive income attributable to:					
Owners of the parent		14,267	2,694	28,679	17,032
Non-controlling interests		778	(71)	593	328
		<u>15,045</u>	<u>2,623</u>	<u>29,272</u>	<u>17,360</u>
Earnings per share attributable to owners of the parent:					
Basic, for profit for the financial period/year (sen)	28	<u>0.25</u>	<u>0.12</u>	<u>1.59</u>	<u>0.58</u>
Diluted, for profit for the financial period/year (sen)	28	<u>0.25</u>	<u>0.12</u>	<u>1.56</u>	<u>0.57</u>



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note	AS AT 31 DEC 2014 RM'000	AS AT 31 DEC 2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	108,075	115,180
Investments in associates		140	128
Other receivables		146	181
Development costs		3,486	2,960
Other intangible assets		2,904	3,535
		<u>114,751</u>	<u>121,984</u>
Current assets			
Inventories		17,755	4,359
Trade Receivables		59,750	41,363
Other Receivables		10,437	8,203
Assets of disposal group classified as held for sale		1,284	1,241
Tax Recoverable		56	228
Due from associates		3,141	2,952
Deposits with licensed banks		15,847	10,134
Cash and bank balances		44,793	26,855
		<u>153,063</u>	<u>95,335</u>
TOTAL ASSETS		<u>267,814</u>	<u>217,319</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	8	117,760	115,911
Share premium		14,536	14,409
Foreign exchange translation reserve		(9,166)	(19,318)
Share option reserve		771	514
Accumulated losses		(19,193)	(36,554)
		<u>104,708</u>	<u>74,962</u>
Non-controlling interests		15,693	14,594
Total equity		<u>120,401</u>	<u>89,556</u>
Non-current liabilities			
Borrowings	23	38,985	48,168
Other payables		124	209
Deferred tax liabilities		172	190
		<u>39,281</u>	<u>48,567</u>
Current liabilities			
Borrowings	23	27,892	25,794
Trade payables		55,776	36,313
Other payables		23,367	16,039
Liabilities of disposal group classified as held for sale		88	82
Due to associates		75	71
Due to minority shareholder of a subsidiary		934	877
Tax payable		-	20
		<u>108,132</u>	<u>79,196</u>
Total liabilities		<u>147,413</u>	<u>127,763</u>
TOTAL EQUITY AND LIABILITIES		<u>267,814</u>	<u>217,319</u>
Net assets per share (sen)		<u>9</u>	<u>6</u>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 AND 31 DECEMBER 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	-	-	-	-	6,657	6,657	(691)	5,966
Foreign currency translations	-	-	10,375	-	-	10,375	1,019	11,394
Total comprehensive income for the financial period	-	-	10,375	-	6,657	17,032	328	17,360
Transaction with owners:								
Issue of ordinary shares pursuant to ESOS	792	36	-	(36)	-	792	-	792
Share option granted under ESOS	-	-	-	174	-	174	-	174
Dilution from change in stake	-	-	494	-	(3,026)	(2,532)	2,532	-
Deconsolidation of a subsidiary	-	-	-	-	-	-	2	2
Subscription of ordinary shares by the non-controlling interests in a	-	-	-	-	-	-	2,705	2,705
Total transactions with owners	792	36	494	138	(3,026)	(1,566)	5,239	3,673
At 31 December 2013	115,911	14,409	(19,318)	514	(36,554)	74,962	14,594	89,556
At 1 January 2014	115,911	14,409	(19,318)	514	(36,554)	74,962	14,594	89,556
Profit for the financial period	-	-	-	-	18,527	18,527	(370)	18,157
Foreign currency translations	-	-	10,152	-	-	10,152	963	11,115
Total comprehensive income for the financial period	-	-	10,152	-	18,527	28,679	593	29,272
Transaction with owners:								
Issue of ordinary shares pursuant to ESOS	1,849	127	-	(125)	-	1,851	-	1,851
Share option granted under ESOS	-	-	-	382	-	382	-	382
Deconsolidation of a subsidiary	-	-	-	-	-	-	506	506
Dividend	-	-	-	-	(1,166)	(1,166)	-	(1,166)
Total transactions with owners	1,849	127	-	257	(1,166)	1,067	506	1,573
At 31 December 2014	117,760	14,536	(9,166)	771	(19,193)	104,708	15,693	120,401



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	12 MONTHS ENDED	
	31 DEC	31 DEC
	2014	2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	19,697	6,530
Adjustments for:		
Amortisation of development costs	145	27
Amortisation of other intangible assets	1,020	462
Bad debts written off	29	73
Bad debts recovered	-	(1)
Depreciation	27,211	34,502
Impairment of property, plant and equipment	187	74
Impairment of property, plant & equipment written back	-	(629)
Gain on disposal of property, plant & equipment	(30)	(221)
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	70	289
Provision for doubtful debts	402	62
Provision for doubtful debts (non trade)	116	193
Reversal of provision for doubtful debts	(88)	(643)
Reversal of provision for doubtful debts (non trade)	(2)	(24)
Written down of inventories	208	124
Share options granted under ESOS	382	174
Share of results of associates	(4)	(718)
Interest expense	6,821	8,065
Interest income	(366)	(307)
Operating profit before working capital changes	<u>54,513</u>	<u>48,483</u>
Net changes in receivables, amount due from jointly controlled entities, associates and inventories	(34,513)	20,780
Net changes in payables, amount due to associates and minority shareholders of a subsidiary	27,898	(18,946)
Interest paid	(1,250)	(1,618)
Taxes paid	(1,407)	(609)
Net cash generated from operating activities	<u>45,241</u>	<u>48,090</u>



**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	12 MONTHS ENDED	
	31 DEC	31 DEC
	2014	2013
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(14,573)	(23,625)
Proceeds from disposal of property, plant and equipment	47	221
Changes in fixed deposits pledged to licensed banks	(4,928)	(5,526)
Changes in bank balances pledged to licensed banks	(2,604)	(127)
Expenditure on development costs	(476)	(2,523)
Acquisition of intangible assets	(245)	(3,436)
Proceeds from disposal of associates	-	145
Distribution from a jointly controlled entity	-	185
Partial consideration from disposal of a subsidiary	-	1,053
Interest received	366	307
Net cash used in investing activities	(22,413)	(33,326)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown/(repayment) of onshore foreign currency loan	477	(4,200)
Net repayment of term loan and commercial papers	(12,046)	(17,257)
Repayment of finance lease liability	(315)	(92)
Repayment of hire purchase payable	(31)	-
Proceeds from issuance of shares	1,851	792
Subscription of ordinary shares by the non-controlling interests in a subsidiary	-	2,705
Dividends paid	(1,166)	-
Net cash used in financing activities	(11,230)	(18,052)
NET CHANGES IN CASH AND CASH EQUIVALENTS	11,598	(3,288)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	5,583	5,251
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	23,851	21,888
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	41,032	23,851
* Cash and cash equivalents at end of the financial year comprise the following:		
Cash and bank balances	44,793	26,855
Deposits with licensed banks	15,847	10,134
Less: Bank overdrafts	(1,815)	(2,877)
	<u>58,825</u>	<u>34,112</u>
Less: Fixed deposit pledged to licensed banks	(15,062)	(10,134)
Less: Bank balances pledged to licensed banks	(2,731)	(127)
	<u>41,032</u>	<u>23,851</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 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. Changes in Accounting Policies

2.2 Standards issued but not yet effective

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been early adopted by the Group.

Title	Effective Date
Amendments to MFRS 119 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2010 – 2012 Cycle</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2011 – 2013 Cycle</i>	1 July 2014
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to 2012-2014 Cycle</i>	1 January 2016
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2017
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material impact 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	18,488	7,923
As at 31 December	<u>1,177,600</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.

The Company has subsequently 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		12 MONTHS ENDED	
	31 DEC 2014 RM'000	31 DEC 2013 RM'000	31 DEC 2014 RM'000	31 DEC 2013 RM'000
Segment Revenue				
Sales and Marketing	38,690	17,682	143,156	68,484
Technical Support and Management	17,421	15,945	70,928	70,421
Others (1)	190	181	754	922
	<u>56,301</u>	<u>33,808</u>	<u>214,838</u>	<u>139,827</u>
Eliminations	(48)	(48)	(192)	(192)
Revenue	<u>56,253</u>	<u>33,760</u>	<u>214,646</u>	<u>139,635</u>
EBITDA*				
Sales and Marketing	5,123	2,971	16,096	8,792
Technical Support and Management	10,085	11,711	44,841	49,441
Others	(312)	(1,059)	(119)	(1,889)
Unallocated	(3,882)	(1,371)	(5,737)	(7,316)
Total	<u>11,014</u>	<u>12,252</u>	<u>55,081</u>	<u>49,028</u>
Segment Results				
Sales and Marketing	4,727	2,442	14,819	7,459
Technical Support and Management	4,279	3,653	19,414	17,288
Others	(768)	(1,503)	(1,865)	(3,445)
	<u>8,238</u>	<u>4,592</u>	<u>32,368</u>	<u>21,302</u>
Unallocated expenses	(3,874)	(1,373)	(5,673)	(7,271)
- Foreign exchange loss	(2,709)	(530)	(3,169)	(3,753)
- Interest income	108	96	349	264
- Sundry Income	149	111	720	457
- Legal and professional fee	(117)	(76)	(587)	(814)
- Gain on deconsolidation of a subsidiary	-	-	1,285	206
- Other expenses	(1,305)	(974)	(4,271)	(3,631)
Operating profit	<u>4,364</u>	<u>3,219</u>	<u>26,695</u>	<u>14,031</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) RGB OMMCO Ltd., a 65% sub-subsidiary of the Company, was struck off from the register with effect from 3 January 2015 pursuant to Section 151(4) of the Labuan Companies Act 1990.
- (b) The Company has allotted the followings ordinary shares of RM0.10 each for cash pursuant to the Company's ESOS:
 - (i) 2,649,100 ordinary shares at an issue price of RM0.10 per ordinary shares;
 - (ii) 100,600 ordinary shares at an issue price of RM0.105 per ordinary shares; and
 - (iii) 32,300 ordinary shares at an issue price of RM0.117 per ordinary shares.
- (c) Dreamgate (Singapore) Pte Ltd, a wholly owned subsidiary of the Company in Singapore, has changed its name to RGB (Singapore) Pte Ltd on 9 February 2015.
- (d) The interest rate for Unrated Commercial Papers had been reduced from 10% to 7% with effective from 12 February 2015.

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 31 DEC 2014 RM'000
Gaming machines, furnitures, equipment, motor vehicle and renovation	<u>15,670</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			12 MONTHS ENDED		
	31 DEC 2014	31 DEC 2013	%	31 DEC 2014	31 DEC 2013	%
	RM'000	RM'000	+/(-)	RM'000	RM'000	+/(-)
Revenue						
Sales and Marketing	38,690	17,682	+119%	143,156	68,484	+109%
Technical Support and Management	17,421	15,945	+9%	70,928	70,421	+1%
Others (1)	142	133	+7%	562	730	-23%
Total	56,253	33,760	+67%	214,646	139,635	+54%
EBITDA*						
Sales and Marketing	5,123	2,971	+72%	16,096	8,792	+83%
Technical Support and Management	10,085	11,711	-14%	44,841	49,441	-9%
Others	(312)	(1,059)	-71%	(119)	(1,889)	-94%
Unallocated	(3,882)	(1,371)	+183%	(5,737)	(7,316)	-22%
Total	11,014	12,252	-10%	55,081	49,028	+12%
Profit/(Loss) before tax						
Sales and Marketing	4,631	2,342	+98%	14,467	7,795	+86%
Technical Support and Management	4,069	2,603	+56%	17,385	14,039	+24%
Others	(808)	(1,551)	-48%	(1,954)	(3,540)	-45%
	7,892	3,394	+133%	29,898	18,294	+63%
Unallocated Expenses	(5,183)	(2,192)	+136%	(10,201)	(11,764)	-13%
- Finance cost	(1,309)	(819)	+60%	(4,528)	(4,493)	+1%
- Foreign exchange loss	(2,709)	(530)	+411%	(3,169)	(3,753)	-16%
- Interest income	108	96	+13%	349	264	+32%
- Sundry Income	149	111	+34%	720	457	+58%
- Legal and professional fee	(117)	(76)	+54%	(587)	(814)	-28%
- Gain on deconsolidation of a subsidiary	-	-	+0%	1,285	206	+524%
- Other expenses	(1,305)	(974)	+34%	(4,271)	(3,631)	+18%
Profit before tax	2,709	1,202	+125%	19,697	6,530	+202%

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 119% and 98% respectively for the quarter ended 31 December 2014 as compared to previous year's corresponding quarter. This is mainly due to increase in number of machines sold in this quarter.

The revenue for Technical Support and Management ("TSM") division increased by 9% for the quarter ended 31 December 2014 as compared to previous year's corresponding quarter. The profit before tax increased by 56% 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

The revenue and profit before tax for SSM division increased by 109% and 86% respectively for the financial year ended 31 December 2014 as compared to preceding year for is mainly due to increase in number of machines sold in this year.

The revenue for TSM division increased by 1% for the financial year ended 31 December 2014 as compared to preceding year due to improved performance of this division. Meanwhile, the profit before tax increased by 24% as compared to preceding year as a result of improved performance of concession machines, reduction in operating expenditure 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	38,690	42,868	-10%
Technical Support and Management	17,421	18,507	-6%
Others (1)	142	137	+4%
Revenue	56,253	61,512	-9%
EBITDA*			
Sales and Marketing	5,123	5,249	-2%
Technical Support and Management	10,085	12,315	-18%
Others	(312)	65	-580%
Unallocated	(3,882)	(2,199)	+77%
	11,014	15,430	-29%
Profit/(Loss) before tax			
Sales and Marketing	4,631	4,892	-5%
Technical Support and Management	4,069	5,829	-30%
Others	(808)	(365)	+121%
	7,892	10,356	-24%
Unallocated expenses	(5,183)	(3,322)	+56%
- Finance cost	(1,309)	(1,137)	+15%
- Foreign exchange loss	(2,709)	(1,553)	+74%
- Interest income	108	83	+30%
- Sundry income	149	364	-59%
- Legal and professional fee	(117)	(206)	-43%
- Other expenses	(1,305)	(873)	+49%
Profit before tax	2,709	7,034	-61%

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

The revenue and profit before tax for TSM division decreased by 6% and 30% respectively as compared to last quarter is due to less patronage during festive season in December and additional pre-operating expenditure for a new outlet which commenced operation in January 2015.

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 61% as compared to last quarter due to a foreign exchange loss of RM2.7 million (foreign exchange loss of RM1.6 million in previous quarter), as a result of strengthening of US Dollar against certain currencies where we operate.

19. Commentary on Prospects

The Group will continue to capitalize the strong 2014 performance in year 2015.

In view of the foregoing and barring unforeseen circumstances, the Group expects to achieve better performance in year 2015.

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 2014 RM'000	31 DEC 2013 RM'000	31 DEC 2014 RM'000	31 DEC 2013 RM'000
Income Tax				
- Current period/ year	496	100	1,449	373
- (Over)/Underprovision in prior year	(500)	30	109	196
Deferred Tax				
- Current period/ year	(40)	2	(40)	2
- Under/(Over)provision in prior year	22	(7)	22	(7)
	<u>(22)</u>	<u>125</u>	<u>1,540</u>	<u>564</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 31 December 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 31 DEC 2014 RM'000	AS AT 31 DEC 2013 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Bank overdrafts	1,815	2,877
Onshore foreign currency loan	10,587	10,110
Commercial papers	13,198	12,323
Hire purchase payable	60	-
Finance lease liability	159	372
Term loans	2,073	112
	<u>27,892</u>	<u>25,794</u>
Long Term Borrowings:		
<u>Secured</u>		
Commercial papers	25,222	37,748
Hire purchase payable	230	-
Finance lease liability	-	102
Term loans	3,533	318
	<u>28,985</u>	<u>38,168</u>
<u>Unsecured</u>		
Medium term notes	10,000	10,000
	<u>38,985</u>	<u>48,168</u>
Total borrowings	<u>66,877</u>	<u>73,962</u>
Borrowings denominated in foreign currency as at 31 December 2014:		
	USD'000	RM'000
Borrowings	<u>4,579</u>	<u>16,033</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 (“the said announcements”).

With regard to the said announcements 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. There is no further development of the suit subsequent to the Statement of Defence filed by RGBML’s solicitors on 24 October 2014, in view of the fact that the other defendants have also been served with the writ of summons.



25. Dividends

The Board of Directors has proposed a final single-tier dividend of 0.2 sen per ordinary share for the financial year ended 31 December 2014.

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 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
	RM'000	RM'000	RM'000	RM'000
Interest income	(115)	(99)	(366)	(307)
Interest expenses	1,618	1,985	6,821	8,065
Amortisation of development costs	124	6	145	27
Amortisation of other intangible assets	264	462	1,020	462
Bad debts written off	-	57	29	73
Bad debts recovered	-	2	-	(1)
Depreciation	6,293	8,972	27,211	34,502
Impairment of property, plant and equipment	5	74	187	74
Impairment of property, plant & equipment written back	-	(447)	-	(629)
Gain on disposal of property, plant & equipment	(20)	(2)	(30)	(221)
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)	(206)
Property, plant and equipment written off	50	286	70	289
Provision for doubtful debts	400	62	402	62
Provision for doubtful debts (non trade)	114	189	116	193
Reversal of provision for doubtful debts	(79)	(611)	(88)	(643)
Reversal of provision for doubtful debts (non trade)	(2)	37	(2)	(24)
Written down of inventories	197	131	208	124



27. Disclosure of Realised and Unrealised Profits/Losses

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

	ACCUMULATED QUARTER ENDED	
	31 DEC 2014 RM'000	31 DEC 2013 RM'000
The accumulated losses of the Company and subsidiaries:		
- Realised	(141,186)	(127,913)
- Unrealised	2,567	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)
	<u>(138,689)</u>	<u>(122,727)</u>
Add: Consolidation adjustments	<u>119,496</u>	<u>86,173</u>
Total Group accumulated losses	<u>(19,193)</u>	<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/ year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period/ year.

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
Profit attributable to owners of the parent (RM'000)	2,995	1,440	18,527	6,657
Weighted average number of ordinary shares in issue ('000)	1,176,512	1,155,267	1,164,528	1,153,312
Basic earnings per share (sen)	0.25	0.12	1.59	0.58

(b) Diluted

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

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
Profit attributable to owners of the parent (RM'000)	2,995	1,440	18,527	6,657
Weighted average number of ordinary shares in issue ('000)	1,176,512	1,155,267	1,164,528	1,153,312
Effect of dilution of share options ('000)	15,804	13,861	22,281	8,570
Adjusted weighted average number of ordinary shares ('000)	1,192,316	1,169,127	1,186,809	1,161,883
Diluted earnings per share (sen)	0.25	0.12	1.56	0.57



RGB International Bhd. (603831-K)

29. Authorisation for Issue

On 26 February 2015, 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
26 February 2015