



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

(Incorporated in Malaysia)

Interim Unaudited Financial Statements  
30 June 2015



**CONTENTS**

	<b>PAGE</b>
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3 - 4
CONSOLIDATED STATEMENT OF CASH FLOWS	5 – 6
EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134	7 – 12
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B (RULE 9.22(2)) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)	13 – 21



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE THREE-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2015**

	Note	3 MONTHS ENDED		6 MONTHS ENDED	
		30 JUN 2015 RM'000	30 JUN 2014 RM'000	30 JUN 2015 RM'000	30 JUN 2014 RM'000
<b>Revenue</b>	<b>10</b>	49,880	60,551	88,609	96,881
<b>Cost of sales</b>		(32,229)	(46,069)	(56,737)	(72,700)
- Depreciation		(6,063)	(6,468)	(12,270)	(13,591)
- Others		(26,166)	(39,601)	(44,467)	(59,109)
<b>Gross profit</b>		17,651	14,482	31,872	24,181
Other income		1,138	575	2,227	1,200
Administrative expenses		(8,480)	(6,662)	(16,940)	(13,341)
- Depreciation		(444)	(496)	(999)	(1,009)
- Others		(8,036)	(6,166)	(15,941)	(12,332)
Selling and marketing expenses		(950)	(515)	(1,999)	(794)
Other (expenses)/gain, net		(716)	2,089	169	2,367
<b>Operating profit</b>		8,643	9,969	15,329	13,613
Finance costs		(1,217)	(1,797)	(2,563)	(3,663)
Share of results of associates		-	-	-	4
<b>Profit before tax</b>		7,426	8,172	12,766	9,954
Income tax expense	<b>21</b>	(783)	(656)	(1,754)	(794)
<b>Profit for the financial period</b>		6,643	7,516	11,012	9,160
<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		3,914	(3,224)	12,516	(4,587)
<b>Total comprehensive income</b>		10,557	4,292	23,528	4,573
<b>Profit attributable to:</b>					
Owners of the parent		6,559	7,533	10,886	9,252
Non-controlling interests		84	(17)	126	(92)
		6,643	7,516	11,012	9,160
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		10,070	4,538	22,112	5,013
Non-controlling interests		487	(246)	1,416	(440)
		10,557	4,292	23,528	4,573
<b>Earnings per share attributable to owners of the parent:</b>					
<b>Basic, for profit for the financial period (sen)</b>	<b>28</b>	0.53	0.65	0.90	0.80
<b>Diluted, for profit for the financial period (sen)</b>	<b>28</b>	0.52	0.65	0.89	0.79



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2015**

	Note	AS AT 30 JUN 2015 RM'000	AS AT 31 DEC 2014 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	107,150	108,075
Investments in associates		152	140
Trade receivables		1,862	3,374
Other receivables		143	146
Development costs		3,118	3,486
Other intangible assets		2,055	2,904
		<u>114,480</u>	<u>118,125</u>
<b>Current assets</b>			
Inventories		13,101	17,755
Trade Receivables		53,116	56,376
Other Receivables		20,771	10,437
Assets of disposal group classified as held for sale		-	1,284
Tax Recoverable		-	56
Due from associates		3,482	3,141
Deposits with licensed banks		24,361	15,847
Cash and bank balances		47,803	44,793
		<u>162,634</u>	<u>149,689</u>
<b>TOTAL ASSETS</b>		<u>277,114</u>	<u>267,814</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	8	130,241	117,760
Share premium		20,559	14,536
Foreign exchange translation reserve		1,963	(9,166)
Share option reserve		909	771
Accumulated losses		(8,222)	(19,193)
		<u>145,450</u>	<u>104,708</u>
Non-controlling interests		18,321	15,693
<b>Total equity</b>		<u>163,771</u>	<u>120,401</u>
<b>Non-current liabilities</b>			
Borrowings	23	29,058	38,985
Trade payables		1,309	1,857
Other payables		82	124
Deferred tax liabilities		172	172
		<u>30,621</u>	<u>41,138</u>
<b>Current liabilities</b>			
Borrowings	23	20,962	27,892
Trade payables		32,681	53,919
Other payables		28,983	23,367
Liabilities of disposal group classified as held for sale		-	88
Due to associates		81	75
Due to minority shareholder of a subsidiary		-	934
Tax payable		15	-
		<u>82,722</u>	<u>106,275</u>
<b>Total liabilities</b>		<u>113,343</u>	<u>147,413</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>277,114</u>	<u>267,814</u>
Net assets per share (sen)	11		9



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014 AND 30 JUNE 2015**

	----- Attributable to owners of the parent -----							
	----- Non-Distributable -----							
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Translation Reserve RM'000	Share Option Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
<b>At 1 January 2014</b>	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
<b>Transaction with owners:</b>								
Issue of ordinary shares pursuant to ESOS	30	3	-	(3)	-	30	-	30
Share option granted under ESOS	-	-	-	54	-	54	-	54
Deconsolidation of a subsidiary	-	-	-	-	-	-	506	506
Total transactions with owners	30	3	-	51	-	84	506	590
<b>At 30 June 2014</b>	<b>115,941</b>	<b>14,412</b>	<b>(23,557)</b>	<b>565</b>	<b>(27,302)</b>	<b>80,059</b>	<b>14,660</b>	<b>94,719</b>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014 AND 30 JUNE 2015**

-----|----- Attributable to owners of the parent -----|  
 ----- Non-Distributable -----

	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Translation Reserve RM'000	Share Option Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
<b>At 1 January 2015</b>	117,760	14,536	(9,166)	771	(19,193)	104,708	15,693	120,401
Profit for the financial period	-	-	-	-	10,886	10,886	126	11,012
Foreign currency translations	-	-	11,226	-	-	11,226	1,290	12,516
Total comprehensive income for the financial period	-	-	11,226	-	10,886	22,112	1,416	23,528
<b>Transaction with owners:</b>								
Issue of ordinary shares pursuant to:								
- ESOS	649	87	-	(84)	-	652	-	652
- Private Placement	11,832	5,936	-	-	-	17,768	-	17,768
Share option granted under ESOS	-	-	-	222	-	222	-	222
Deconsolidation of a subsidiary	-	-	-	-	-	-	171	171
Subscription of ordinary shares by the non-controlling interests in a subsidiary	-	-	-	-	-	-	1,029	1,029
(Dilution)/Accretion from change in stake	-	-	(97)	-	85	(12)	12	-
Total transactions with owners	12,481	6,023	(97)	138	85	18,630	1,212	19,842
<b>At 30 June 2015</b>	<b>130,241</b>	<b>20,559</b>	<b>1,963</b>	<b>909</b>	<b>(8,222)</b>	<b>145,450</b>	<b>18,321</b>	<b>163,771</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

	<b>6 MONTHS ENDED</b>	
	<b>30 JUN 2015 RM'000</b>	<b>30 JUN 2014 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	12,766	9,954
Adjustments for:		
Amortisation of development costs	629	14
Amortisation of other intangible assets	1,067	506
Bad debts written off	40	29
Depreciation	13,269	14,600
Gain on disposal of property, plant & equipment	(2)	(10)
Gain on deconsolidation of a subsidiaries	(585)	(1,285)
Gain on remeasurement of financial liability	(968)	-
Property, plant and equipment written off	-	20
Provision for doubtful debts (non trade)	6	2
Reversal of provision for doubtful debts	(29)	(8)
Reversal of provision for doubtful debts (non trade)	(19)	-
Written down of inventories	1,446	11
Share options granted under ESOS	222	54
Share of results of associates	-	(4)
Interest expense	2,473	3,563
Interest income	(228)	(163)
Unrealised forex losses/(gain)	1,463	(1,425)
Operating profit before changes in working capital	31,550	25,858
Changes in working capital:		
Receivables, amount due from jointly controlled entities, associates and inventories	(1,729)	(21,340)
Payables, amount due to associates and minority shareholders of a subsidiary	(16,179)	15,604
Cash from operations	13,642	20,122
Interest paid	(511)	(608)
Taxes paid	(1,684)	(868)
<b>Net cash from operating activities</b>	<b>11,447</b>	<b>18,646</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

	<b>6 MONTHS ENDED</b>	
	<b>30 JUN 2015 RM'000</b>	<b>30 JUN 2014 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(7,063)	(7,926)
Proceeds from disposal of property, plant and equipment	2,028	22
Changes in fixed deposits pledged to licensed banks	(8,453)	(3,789)
Changes in bank balances pledged to licensed banks	1,305	(1,352)
Expenditure on development costs	(36)	(231)
Interest received	228	163
<b>Net cash used in investing activities</b>	<b>(11,991)</b>	<b>(13,113)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of onshore foreign currency loan	(2,128)	144
Net repayment of term loan and commercial papers	(13,857)	(2,964)
Repayment of finance lease liability	(25)	(61)
Repayment of hire purchase payable	(26)	-
Proceeds from issuance of shares	18,420	30
Subscription of ordinary shares by the non-controlling interests in a subsidiary	1,029	-
<b>Net cash from/(used in) financing activities</b>	<b>3,413</b>	<b>(2,851)</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>2,869</b>	<b>2,682</b>
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>3,322</b>	<b>(633)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>41,032</b>	<b>23,851</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b>47,223</b>	<b>25,900</b>
 * Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	47,803	28,907
Deposits with licensed banks	24,361	13,923
Less: Bank overdrafts	-	(1,528)
	72,164	41,302
Less: Fixed deposit pledged to licensed banks	(23,515)	(13,923)
Less: Bank balances pledged to licensed banks	(1,426)	(1,479)
	47,223	25,900





**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 2014. 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 2014.

**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 119 *Defined Benefit Plans: Employee Contributions*

Amendments to MFRSs *Annual Improvements 2010 – 2012 Cycle*

Amendments to MFRSs *Annual Improvements 2011 – 2013 Cycle*

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



## 2. Changes in Accounting Policies (Continued)

### 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.

<b>Title</b>	<b>Effective Date</b>
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
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</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 Standards when they become effective in the respective financial periods. The Group does not expect any material impact to the financial statements upon adoption of the above Standards.

## 3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2014 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 the opening and expansion of Integrated Resorts and Gaming Establishment.



**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**

	<b>Number of ordinary shares ('000) of RM0.10 each</b>	
	<b>2015</b>	<b>2014</b>
As at 1 January	1,177,600	1,159,112
Issue of ordinary shares pursuant to:		
- ESOS	6,484	18,488
- Share Placement	118,323	-
As at 30 June/31 December	<u>1,302,407</u>	<u>1,177,600</u>

**9. Dividend Paid**

A final single-tier dividend of 0.2 sen per ordinary share for the year ended 31 December 2014 (2013: 0.05 sen) was paid on 15 July 2015.



**10. Segmental Information**

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

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUN 2015 RM'000	30 JUN 2014 RM'000	30 JUN 2015 RM'000	30 JUN 2014 RM'000
<b>Segment Revenue</b>				
Sales and Marketing	27,524	41,773	46,440	61,598
Technical Support and Management	22,231	18,587	41,831	35,000
Others (1)	173	239	434	379
	<u>49,928</u>	<u>60,599</u>	<u>88,705</u>	<u>96,977</u>
Eliminations	(48)	(48)	(96)	(96)
Revenue	<u>49,880</u>	<u>60,551</u>	<u>88,609</u>	<u>96,881</u>
<b>EBITDA*</b>				
Sales and Marketing	4,113	3,647	6,802	5,724
Technical Support and Management	13,659	12,527	25,551	22,441
Others	96	118	458	128
Unallocated	(1,922)	830	(2,607)	344
Total	<u>15,946</u>	<u>17,122</u>	<u>30,204</u>	<u>28,637</u>
<b>Segment Results</b>				
Sales and Marketing	3,783	3,358	6,145	5,135
Technical Support and Management	7,020	6,061	12,135	8,840
Others	(259)	(315)	(370)	(748)
	<u>10,544</u>	<u>9,104</u>	<u>17,910</u>	<u>13,227</u>
Unallocated (expenses)/income	(1,901)	865	(2,581)	386
- Foreign exchange (loss)/gain	(715)	794	(1,386)	1,093
- Interest income	152	92	218	158
- Sundry income	109	83	292	207
- Legal and professional fee	(81)	(176)	(197)	(264)
- Gain on deconsolidation of a subsidiary	-	1,285	585	1,285
- Gain on remeasurement of financial liability	-	-	968	-
- Other expenses	(1,366)	(1,213)	(3,061)	(2,093)
<b>Operating profit</b>	<u>8,643</u>	<u>9,969</u>	<u>15,329</u>	<u>13,613</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) On 3 July 2015, RGB (Macau) Limited (“RGBML”), a wholly owned subsidiary of RGB Ltd. which in turn is a wholly owned subsidiary of the Company, had acquired 100% equity stake in Media Horizon Holdings Limited (“MHHL”) represented by one (1) ordinary share with face value of HKD1 for a total cash consideration of HKD1 (equivalent to approximately RM0.49) from Cheong Wai Yan. Following the acquisition, MHHL becomes a wholly owned subsidiary of the Company.
- (b) As disclosed in Note 22.

**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 except for:

- (a) Macrocept Sdn. Bhd. (“MCSB”) and the acquirer had mutually agreed to terminate the Sale & Purchase Agreement dated 22 June 2011 for the disposal of the remaining 6.4% equity interest in Chateau De Bavet Club Co., Ltd. (“CDBC”) and to transfer to the acquirer 115,200 shares (3.2% equity interest in CDBC) for which the consideration for such shares had been fully received. The said 115,200 shares were transferred on 9 April 2015. As a result, MCSB holds 45.14% of CDBC as at 9 April 2015.

The Group considers that it controls CDBC even though it owns 45.14% of the voting rights as MCSB is the single largest shareholder of CDBC. Moreover, MCSB had entered into an agreement with another shareholder of CDBC who owns a 25.6% equity interest to act in concert with MCSB in the management of CDBC. MCSB also has three (3) representatives out of total of four (4) members in the Board of Directors of CDBC.

**14. Changes in Contingent Liabilities and Contingent Assets**

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



**15. Capital Commitments**

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

	<b>AS AT 30 JUN 2015 RM'000</b>
Gaming machines, furnitures, equipment, motor vehicle and renovation	<u>10,440</u>

**16. Significant Related Party Transactions**

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

	<b>01.04.2015 to 30.06.2015 RM'000</b>	<b>01.01.2015 to 30.06.2015 RM'000</b>
Sales of products to:		
- Channel Paradise Sdn Bhd	-	1,339
TSM share of profit from:		
- Timor Holding, Lda.	537	1,095

Related parties are corporations in which certain Directors of the Company have substantial interest in these corporations.

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.



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

**17. Performance Review**

	3 MONTHS ENDED			6 MONTHS ENDED		
	30 JUN 2015 RM'000	30 JUN 2014 RM'000	% +/(-)	30 JUN 2015 RM'000	30 JUN 2014 RM'000	% +/(-)
<b>Revenue</b>						
Sales and Marketing	27,524	41,773	-34%	46,440	61,598	-25%
Technical Support and Management	22,231	18,587	+20%	41,831	35,000	+20%
Others (1)	125	191	-35%	338	283	+19%
<b>Total</b>	<b>49,880</b>	<b>60,551</b>	<b>-18%</b>	<b>88,609</b>	<b>96,881</b>	<b>-9%</b>
<b>EBITDA*</b>						
Sales and Marketing	4,113	3,647	+13%	6,802	5,724	+19%
Technical Support and Management	13,659	12,527	+9%	25,551	22,441	+14%
Others	96	118	-19%	458	128	+258%
Unallocated	(1,922)	830	-332%	(2,607)	344	-858%
<b>Total</b>	<b>15,946</b>	<b>17,122</b>	<b>-7%</b>	<b>30,204</b>	<b>28,637</b>	<b>+5%</b>
<b>Profit/(Loss) before tax</b>						
Sales and Marketing	3,704	3,267	+13%	6,001	4,944	+21%
Technical Support and Management	6,747	5,367	+26%	11,572	7,487	+55%
Others	(236)	(337)	-30%	(364)	(781)	-53%
	10,215	8,297	+23%	17,209	11,650	+48%
Unallocated expenses	(2,789)	(125)	+2131%	(4,443)	(1,696)	+162%
- Finance cost	(888)	(990)	-10%	(1,862)	(2,082)	-11%
- Foreign exchange (loss)/gain	(715)	794	-190%	(1,386)	1,093	-227%
- Interest income	152	92	+65%	218	158	+38%
- Sundry income	109	83	+31%	292	207	+41%
- Legal and professional fee	(81)	(176)	-54%	(197)	(264)	-25%
- Gain on deconsolidation of a subsidiary	-	1,285	-100%	585	1,285	-54%
- Gain on remeasurement of financial liability	-	-	+0%	968	-	+100%
- Other expenses	(1,366)	(1,213)	+13%	(3,061)	(2,093)	+46%
<b>Profit before tax</b>	<b>7,426</b>	<b>8,172</b>	<b>-9%</b>	<b>12,766</b>	<b>9,954</b>	<b>+28%</b>

**Note**

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

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



**17. Performance Review (Continued)**

(i) Comparison with previous year's corresponding quarter

The revenue for Sales and Marketing ("SSM") decreased by 34% for the quarter ended 30 June 2015 as compared to previous year's corresponding quarter. The profit before tax increased by 13% due to favourable impact from foreign exchange rates and better mixture of quality products sold during the quarter.

Technical Support and Management ("TSM") division achieved revenue of RM22.2 million for the quarter ended 30 June 2015, higher by 20% as compared to previous year's corresponding quarter. Correspondingly, the profit before tax increased by 26%. This was mainly due to better performance of TSM operations in certain regions, favourable impact from foreign exchange rates and lower cost of operation.

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

(ii) Comparison with previous year's corresponding period

The profit before tax increased by 21% for SSM division for the first half of 2015 and it was mainly due to favourable impact from foreign exchange rate and quality mix of product sold.

The revenue and profit before tax for TSM division increased by 20% and 55% respectively for six months period ended 30 June 2015 as compared to preceding year primarily due to better performance of TSM operations across the region, opening of new outlets, lower cost of operation and favourable impact from foreign exchange rates.

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





**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	27,524	18,916	+46%
Technical Support and Management	22,231	19,600	+13%
Others (1)	125	213	-41%
<b>Revenue</b>	<b>49,880</b>	<b>38,729</b>	<b>+29%</b>
<b>EBITDA*</b>			
Sales and Marketing	4,113	2,689	+53%
Technical Support and Management	13,659	11,892	+15%
Others	96	362	-73%
Unallocated	(1,922)	(685)	+181%
	<b>15,946</b>	<b>14,258</b>	<b>+12%</b>
<b>Profit/(Loss) before tax</b>			
Sales and Marketing	3,704	2,297	+61%
Technical Support and Management	6,747	4,825	+40%
Others	(236)	(128)	+84%
	<b>10,215</b>	<b>6,994</b>	<b>+46%</b>
Unallocated expenses	(2,789)	(1,654)	+69%
- Finance cost	(888)	(974)	-9%
- Foreign exchange loss	(715)	(671)	+7%
- Interest income	152	66	+130%
- Sundry income	109	183	-40%
- Legal and professional fee	(81)	(116)	-30%
- Gain on deconsolidation of a subsidiary	-	585	-100%
- Gain on remeasurement of financial liability	-	968	-100%
- Other expenses	(1,366)	(1,695)	-19%
<b>Profit before tax</b>	<b>7,426</b>	<b>5,340</b>	<b>+39%</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)**

SSM division recorded higher revenue and profit before tax in this quarter mainly due to increase in business activities in this quarter.

The revenue and profit before tax for TSM division grew 13% and 40% respectively as compared to last quarter mainly due to better performance of TSM operations across the region.

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

**19. Commentary on Prospects**

The Group will continue to capitalize on the strong 2014 performance in SSM and TSM for year 2015.

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

**20. Profit Forecast**

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

**21. Income Tax Expense**

	<b>3 MONTHS ENDED</b>		<b>3 MONTHS ENDED</b>	
	<b>30 JUN</b>	<b>30 JUN</b>	<b>30 JUN</b>	<b>30 JUN</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income Tax				
- Current period	855	654	1,854	792
- (Over)/Underprovision in prior year	(72)	2	(100)	2
	<u>783</u>	<u>656</u>	<u>1,754</u>	<u>794</u>

Domestic income tax is calculated at the Malaysian statutory rate of 25% (2014: 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 28 August 2015:

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

The acquisition was terminated on 24 July 2015 when RGBML and Lim Tow Boon (“the Vendor”) mutually agreed to rescind the Purchase and Sell and Assignment of Share Quota Contract dated 8 July 2014 as the relevant gaming license has yet to be issued by the Timor-Leste authority till to-date.

## 23. Borrowings

	AS AT 30 JUN 2015 RM'000	AS AT 31 DEC 2014 RM'000
<b>Short Term Borrowings:</b>		
<u>Secured</u>		
Bank overdrafts	-	1,815
Onshore foreign currency loan	8,459	10,587
Commercial papers	12,203	13,198
Hire purchase payable	54	60
Finance lease liability	134	159
Term loans	112	2,073
	<u>20,962</u>	<u>27,892</u>
<b>Long Term Borrowings:</b>		
<u>Secured</u>		
Commercial papers	18,734	25,222
Hire purchase payable	210	230
Term loans	114	3,533
	<u>19,058</u>	<u>28,985</u>
<u>Unsecured</u>		
Medium term notes	10,000	10,000
	<u>29,058</u>	<u>38,985</u>
Total borrowings	<u>50,020</u>	<u>66,877</u>
<b>Borrowings denominated in foreign currency as at 30 June 2015:</b>		
	USD'000	RM'000
Borrowings	<u>2,273</u>	<u>8,593</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.

## 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		6 MONTHS ENDED	
	30 JUN 2015 RM’000	30 JUN 2014 RM’000	30 JUN 2015 RM’000	30 JUN 2014 RM’000
Interest income	(157)	(94)	(228)	(163)
Interest expenses	1,163	1,731	2,473	3,563
Amortisation of development costs	314	7	629	14
Amortisation of other intangible assets	536	248	1,067	506
Bad debts written off	40	17	40	29
Depreciation	6,507	6,964	13,269	14,600
Gain on disposal of property, plant & equipment	-	(10)	(2)	(10)
Gain on deconsolidation of a subsidiary	-	(1,285)	(585)	(1,285)
Gain on remeasurement of financial liability	-	-	(968)	-
Property, plant and equipment written off	-	-	-	20
Provision for doubtful debts (non trade)	4	2	6	2
Reversal of provision for doubtful debts	(28)	(8)	(29)	(8)
Reversal of provision for doubtful debts (non trade)	(19)	-	(19)	-
Written down of inventories	1,301	-	1,446	11



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

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

	<b>ACCUMULATED QUARTER ENDED</b>	
	<b>30 JUN 2015 RM'000</b>	<b>31 DEC 2014 RM'000</b>
The accumulated losses of the Company and subsidiaries:		
- Realised	(94,347)	(141,186)
- Unrealised	1,172	2,567
Total share of accumulated losses from jointly controlled entities:		
- Realised	(58)	(58)
- Unrealised	-	-
Total share of accumulated losses from associates:		
- Realised	253	253
- Unrealised	(265)	(265)
	<u>(93,245)</u>	<u>(138,689)</u>
Add: Consolidation adjustments	85,023	119,496
Total Group accumulated losses	<u>(8,222)</u>	<u>(19,193)</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 parent by the weighted average number of ordinary shares outstanding during the financial period.

	<b>3 MONTHS ENDED</b>		<b>6 MONTHS ENDED</b>	
	<b>30 JUN 2015</b>	<b>30 JUN 2014</b>	<b>30 JUN 2015</b>	<b>30 JUN 2014</b>
Profit attributable to owners of the parent (RM'000)	<u>6,559</u>	<u>7,533</u>	<u>10,886</u>	<u>9,252</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,239,516</u>	<u>1,159,412</u>	<u>1,210,338</u>	<u>1,159,387</u>
<b>Basic earnings per share (sen)</b>	<u>0.53</u>	<u>0.65</u>	<u>0.90</u>	<u>0.80</u>

**(b) Diluted**

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

	<b>3 MONTHS ENDED</b>		<b>6 MONTHS ENDED</b>	
	<b>30 JUN 2015</b>	<b>30 JUN 2014</b>	<b>30 JUN 2015</b>	<b>30 JUN 2014</b>
Profit attributable to owners of the parent (RM'000)	<u>6,559</u>	<u>7,533</u>	<u>10,886</u>	<u>9,252</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,239,516</u>	<u>1,159,412</u>	<u>1,210,338</u>	<u>1,159,387</u>
Effect of dilution of share options ('000)	<u>18,844</u>	<u>5,894</u>	<u>19,182</u>	<u>6,739</u>
Adjusted weighted average number of ordinary shares ('000)	<u>1,258,359</u>	<u>1,165,305</u>	<u>1,229,521</u>	<u>1,166,126</u>
<b>Diluted earnings per share (sen)</b>	<u>0.52</u>	<u>0.65</u>	<u>0.89</u>	<u>0.79</u>



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

**29. Authorisation for Issue**

On 28 August 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  
28 August 2015