



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

(Incorporated in Malaysia)

Interim Unaudited Financial Statements  
30 June 2016



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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016**

	Note	3 MONTHS ENDED		6 MONTHS ENDED	
		30 JUN 2016 RM'000	30 JUN 2015 RM'000	30 JUN 2016 RM'000	30 JUN 2015 RM'000
<b>Revenue</b>	<b>10</b>	57,997	49,880	114,087	88,609
<b>Cost of sales</b>		(39,037)	(32,229)	(79,642)	(56,737)
- Depreciation		(7,012)	(6,063)	(14,224)	(12,270)
- Others		(32,025)	(26,166)	(65,418)	(44,467)
<b>Gross profit</b>		18,960	17,651	34,445	31,872
Other income		923	1,138	1,861	2,227
Administrative expenses		(8,842)	(8,479)	(17,200)	(16,938)
- Depreciation		(483)	(444)	(969)	(999)
- Others		(8,359)	(8,035)	(16,231)	(15,939)
Selling and marketing expenses		(2,165)	(951)	(3,085)	(2,001)
Other (expenses)/gain, net		(8)	(716)	1,161	169
<b>Operating profit</b>		8,868	8,643	17,182	15,329
Finance costs		(233)	(1,217)	(1,102)	(2,563)
<b>Profit before tax</b>		8,635	7,426	16,080	12,766
Income tax expense	<b>21</b>	(1,540)	(783)	(2,931)	(1,754)
<b>Profit for the financial period</b>		7,095	6,643	13,149	11,012
<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		3,750	3,914	(13,144)	12,516
<b>Total comprehensive income</b>		10,845	10,557	5	23,528
<b>Profit attributable to:</b>					
Owners of the Parent		6,979	6,559	12,909	10,886
Non-controlling interests		116	84	240	126
		7,095	6,643	13,149	11,012
<b>Total comprehensive income attributable to:</b>					
Owners of the Parent		10,291	10,070	1,120	22,112
Non-controlling interests		554	487	(1,115)	1,416
		10,845	10,557	5	23,528
<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	0.53	0.98	0.90
<b>Diluted, for profit for the financial period (sen)</b>	<b>28</b>	0.52	0.52	0.97	0.89



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2016**

	Note	AS AT 30 JUN 2016 RM'000	AS AT 31 DEC 2015 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	107,954	118,578
Investments in associates		160	171
Trade receivables		4,384	8,224
Other receivables		76	64
Development costs		1,921	2,768
Other intangible assets		1,005	1,074
Goodwill on combination		870	870
		116,370	131,749
<b>Current assets</b>			
Inventories		5,376	11,243
Trade receivables		48,717	49,819
Other receivables		25,055	19,749
Due from associates		3,919	4,181
Deposits with licensed banks		8,577	9,651
Cash and bank balances		70,319	75,528
		161,963	170,171
<b>TOTAL ASSETS</b>		278,333	301,920
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Parent</b>			
Share capital	8	131,933	130,762
Share premium		20,911	20,774
Foreign exchange translation reserve		11,788	23,577
Share option reserve		1,037	990
Retained Earnings/(Accumulated losses)		8,764	(850)
		174,433	175,253
<b>Non-controlling interests</b>		20,012	21,127
<b>Total equity</b>		194,445	196,380
<b>Non-current liabilities</b>			
Borrowings	23	5,778	17,052
Trade payables		1,702	3,821
Other payables		-	32
Deferred tax liabilities		159	159
		7,639	21,064
<b>Current liabilities</b>			
Borrowings	23	1,667	18,508
Trade payables		27,993	34,839
Other payables		46,340	30,850
Due to associates		86	92
Tax payable		163	187
		76,249	84,476
<b>Total liabilities</b>		83,888	105,540
<b>TOTAL EQUITY AND LIABILITIES</b>		278,333	301,920
Net assets per share (sen)		13	13



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 AND 30 JUNE 2016**

	----- Attributable to owners of the Parent -----					Total	Non-controlling Interests	Total Equity
	----- Non-Distributable -----							
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Share Option Reserve	Accumulated Losses	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	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 CHANGES IN EQUITY (CONTINUED)  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 AND 30 JUNE 2016**

	----- Attributable to owners of the Parent -----					Total	Non-controlling Interests	Total Equity
	----- Non-Distributable -----							
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Share Option Reserve	(Accumulated Losses)/ Earnings	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>At 1 January 2016</b>	130,762	20,774	23,577	990	(850)	175,253	21,127	196,380
Profit for the financial period	-	-	-	-	12,909	12,909	240	13,149
Foreign currency translations	-	-	(11,789)	-	-	(11,789)	(1,355)	(13,144)
Total comprehensive income for the financial period	-	-	(11,789)	-	12,909	1,120	(1,115)	5
<b>Transaction with owners:</b>								
Issue of ordinary shares pursuant to ESOS	1,171	137	-	(118)	-	1,190	-	1,190
Share option granted under ESOS	-	-	-	165	-	165	-	165
Dividends	-	-	-	-	(3,295)	(3,295)	-	(3,295)
Total transactions with owners	1,171	137	-	47	(3,295)	(1,940)	-	(1,940)
<b>At 30 June 2016</b>	<b>131,933</b>	<b>20,911</b>	<b>11,788</b>	<b>1,037</b>	<b>8,764</b>	<b>174,433</b>	<b>20,012</b>	<b>194,445</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**

	<b>6 MONTHS ENDED</b>	
	<b>30 JUN 2016 RM'000</b>	<b>30 JUN 2015 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	16,080	12,766
Adjustments for:		
Amortisation of development costs	699	629
Amortisation of other intangible assets	-	1,067
Bad debts written off	17	40
Depreciation	15,193	13,269
Impairment of property, plant and equipment	2	-
Impairment of property, plant & equipment written back	(14)	-
Gain on disposal of property, plant & equipment	-	(2)
Gain on deconsolidation of a subsidiaries	-	(585)
Gain on remeasurement of financial liability	-	(968)
Provision for doubtful debts (non trade)	-	6
Provision for slow moving stock	385	-
Reversal of provision for doubtful debts	(2)	(29)
Reversal of provision for doubtful debts (non trade)	(1)	(19)
Written down of inventories	-	1,446
Share options granted under ESOS	165	222
Interest expense	984	2,473
Interest income	(251)	(228)
Unrealised forex (gain)/losses	(1,303)	1,463
Operating profit before changes in working capital	<u>31,954</u>	<u>31,550</u>
Changes in working capital:		
Receivables, amount due from jointly controlled entities, associates and inventories	5,060	(1,729)
Payables, amount due to associates and minority shareholders of a subsidiary	<u>6,456</u>	<u>(16,179)</u>
Cash from operations	43,470	13,642
Interest paid	(366)	(511)
Taxes paid	(2,955)	(1,684)
<b>Net cash from operating activities</b>	<u>40,149</u>	<u>11,447</u>



**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**

	<b>6 MONTHS ENDED</b>	
	<b>30 JUN 2016 RM'000</b>	<b>30 JUN 2015 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(11,230)	(7,063)
Proceeds from disposal of property, plant and equipment	-	2,028
Changes in fixed deposits pledged to licensed banks	10	(8,453)
Changes in bank balances pledged to licensed banks	3,563	1,305
Expenditure on development costs	-	(36)
Interest received	251	228
<b>Net cash used in investing activities</b>	<b>(7,406)</b>	<b>(11,991)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of onshore foreign currency loan	-	(2,128)
Net repayment of term loan, commercial papers and medium term notes	(28,704)	(13,857)
Repayment of finance lease liability	-	(25)
Repayment of hire purchase payable	(29)	(26)
Proceeds from issuance of shares	1,190	18,420
Subscription of ordinary shares by the non-controlling interests in a subsidiary	-	1,029
Dividends paid	(3,295)	-
<b>Net cash (used in)/from financing activities</b>	<b>(30,838)</b>	<b>3,413</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>1,905</b>	<b>2,869</b>
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(4,615)</b>	<b>3,322</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>69,141</b>	<b>41,032</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b>66,431</b>	<b>47,223</b>
* Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	70,319	47,803
Deposits with licensed banks	8,577	24,361
	<u>78,896</u>	<u>72,164</u>
Less: Fixed deposit pledged to licensed banks	(7,707)	(23,515)
Less: Bank balances pledged to licensed banks	(4,758)	(1,426)
	<u>66,431</u>	<u>47,223</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 Securities.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015. 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 2015.

**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:

MFRS 14 *Regulatory Deferral Accounts*

Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*

Amendments to MFRS 101 *Disclosure Initiative*

Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*

Amendments to MFRS 127 *Equity Method in Separate Financial Statements*

Amendments to MFRSs *Annual Improvements to 2012-2014 Cycle*

The adoption of the above pronouncements did not have any material 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 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial periods.

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

The auditors’ report on the financial statements for the financial year ended 31 December 2015 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.

**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>2016</b>	<b>2015</b>
As at 1 January	1,307,621	1,177,600
Issue of ordinary shares pursuant to:		
- ESOS	11,710	11,698
- Share Placement	-	118,323
As at 30 June/31 December	<u>1,319,331</u>	<u>1,307,621</u>

**9. Dividend Paid**

An interim single-tier dividend of 0.25 sen per ordinary share for the year ended 31 December 2015 was paid on 15 April 2016.

The Company has subsequently paid a final single-tier dividend of 0.25 sen per ordinary share for the year ended 31 December 2015 on 15 July 2016.



**10. Segmental Information**

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

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUN 2016 RM'000	30 JUN 2015 RM'000	30 JUN 2016 RM'000	30 JUN 2015 RM'000
<b>Segment Revenue</b>				
Sales and Marketing	33,919	27,524	68,093	46,440
Technical Support and Management	23,971	22,231	45,862	41,831
Others (1)	170	173	258	434
	<u>58,060</u>	<u>49,928</u>	<u>114,213</u>	<u>88,705</u>
Eliminations	(63)	(48)	(126)	(96)
Revenue	<u>57,997</u>	<u>49,880</u>	<u>114,087</u>	<u>88,609</u>
<b>EBITDA*</b>				
Sales and Marketing	3,128	4,113	5,832	6,802
Technical Support and Management	15,150	13,659	29,031	25,551
Others	(89)	96	(181)	458
Unallocated	(1,560)	(1,922)	(1,738)	(2,607)
Total	<u>16,629</u>	<u>15,946</u>	<u>32,944</u>	<u>30,204</u>
<b>Segment Results</b>				
Sales and Marketing	2,780	3,783	5,121	6,145
Technical Support and Management	8,076	7,020	14,675	12,135
Others	(453)	(259)	(921)	(370)
	<u>10,403</u>	<u>10,544</u>	<u>18,875</u>	<u>17,910</u>
Unallocated expenses	(1,535)	(1,901)	(1,693)	(2,581)
- Realised foreign exchange (loss)/gain	(498)	(46)	(154)	76
- Unrealised foreign exchange loss (trade)	(486)	(222)	(271)	(396)
- Unrealised foreign exchange gain/(loss) (non-trade)	964	(447)	1,574	(1,066)
- Interest income	50	152	251	218
- Sundry income	324	109	486	292
- Legal and professional fee	(119)	(81)	(228)	(197)
- Gain on deconsolidation of a subsidiary	-	-	-	585
- Gain on remeasurement of financial liability	-	-	-	968
- Other expenses	(1,770)	(1,366)	(3,351)	(3,061)
<b>Operating profit</b>	<u>8,868</u>	<u>8,643</u>	<u>17,182</u>	<u>15,329</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 221,500 ordinary shares of RM0.10 each for cash pursuant to the Company's ESOS at an issue price of RM0.10 per ordinary shares.

**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:

	<b>AS AT</b>
	<b>30 JUN 2016</b>
	<b>RM'000</b>
Gaming machines, furnitures, equipment and renovation	<u>9,430</u>



**16. Significant Related Party Transactions**

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

	<b>01.04.2016 to 30.06.2016 RM'000</b>	<b>01.01.2016 to 30.06.2016 RM'000</b>
TSM share of profit from:		
- Timor Holding, Lda.	584	1,444

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 2016	30 JUN 2015	%	30 JUN 2016	30 JUN 2015	%
	RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
<b>Revenue</b>						
Sales and Marketing	33,919	27,524	+23%	68,093	46,440	+47%
Technical Support and Management	23,971	22,231	+8%	45,862	41,831	+10%
Others (1)	107	125	-14%	132	338	-61%
<b>Total</b>	<b>57,997</b>	<b>49,880</b>	<b>+16%</b>	<b>114,087</b>	<b>88,609</b>	<b>+29%</b>
<b>EBITDA*</b>						
Sales and Marketing	3,128	4,113	-24%	5,832	6,802	-14%
Technical Support and Management	15,150	13,659	+11%	29,031	25,551	+14%
Others	(89)	96	-193%	(181)	458	-140%
Unallocated	(1,560)	(1,922)	-19%	(1,738)	(2,607)	-33%
<b>Total</b>	<b>16,629</b>	<b>15,946</b>	<b>+4%</b>	<b>32,944</b>	<b>30,204</b>	<b>+9%</b>
<b>Profit/(Loss) before tax</b>						
Sales and Marketing	2,777	3,704	-25%	5,115	6,001	-15%
Technical Support and Management	8,012	6,747	+19%	14,541	11,572	+26%
Others	(453)	(236)	+92%	(921)	(364)	+153%
	10,336	10,215	+1%	18,735	17,209	+9%
Unallocated expenses	(1,701)	(2,789)	-39%	(2,655)	(4,443)	-40%
- Finance cost	(166)	(888)	-81%	(962)	(1,862)	-48%
- Realised foreign exchange (loss)/gain	(498)	(46)	+983%	(154)	76	-303%
- Unrealised foreign exchange loss (trade)	(486)	(222)	+119%	(271)	(396)	-32%
- Unrealised foreign exchange gain/(loss) (non-trade)	964	(447)	+316%	1,574	(1,066)	+248%
- Interest income	50	152	-67%	251	218	+15%
- Sundry income	324	109	+197%	486	292	+66%
- Legal and professional fee	(119)	(81)	+47%	(228)	(197)	+16%
- Gain on deconsolidation of a subsidiary	-	-	+0%	-	585	-100%
- Gain on remeasurement of financial liability	-	-	+0%	-	968	-100%
- Other expenses	(1,770)	(1,366)	+30%	(3,351)	(3,061)	+9%
<b>Profit before tax</b>	<b>8,635</b>	<b>7,426</b>	<b>+16%</b>	<b>16,080</b>	<b>12,766</b>	<b>+26%</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

Sales and Marketing ("SSM") division achieved revenue of RM33.9 million for the quarter ended 30 June 2016, higher by 23% as compared to previous year's corresponding quarter. However, the profit before tax decreased by 25% as compared to previous year's corresponding quarter. This was due to variation in product mix.

The revenue and profit before tax for Technical Support and Management ("TSM") division increased by 8% and 19% respectively for the quarter ended 30 June 2016 as compared to previous year's corresponding quarter mainly due to favourable impact from foreign exchange rate, better performance of TSM operations across the region and contribution from new outlets.

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 revenue for SSM division increased by 47% for the first half of 2016 as compared to preceding year mainly due to increase in number of machines sold. However, the profit before tax decreased by 15%. This was due to variation in product mix.

The revenue and profit before tax for TSM division increased by 10% and 26% respectively for the first half of 2016 as compared to preceding year primarily due to better performance of TSM operations across the region, opening of new outlets 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	33,919	34,174	-1%
Technical Support and Management	23,971	21,891	+10%
Others (1)	107	25	+328%
Revenue	<u>57,997</u>	<u>56,090</u>	<u>+3%</u>
<b>EBITDA*</b>			
Sales and Marketing	3,128	2,704	+16%
Technical Support and Management	15,150	13,881	+9%
Others	(89)	(92)	-3%
Unallocated	(1,560)	(178)	+776%
	<u>16,629</u>	<u>16,315</u>	<u>+2%</u>
<b>Profit/(Loss) before tax</b>			
Sales and Marketing	2,777	2,338	+19%
Technical Support and Management	8,012	6,529	+23%
Others	(453)	(468)	-3%
	<u>10,336</u>	<u>8,399</u>	<u>+23%</u>
Unallocated expenses	(1,701)	(954)	+78%
- Finance cost	(166)	(796)	-79%
- Realised foreign exchange (loss)/gain	(498)	344	-245%
- Unrealised foreign exchange (loss)/gain (trade)	(486)	215	-326%
- Unrealised foreign exchange gain (non-trade)	964	610	+58%
- Interest income	50	201	-75%
- Sundry income	324	162	+100%
- Legal and professional fee	(119)	(109)	+9%
- Other expenses	(1,770)	(1,581)	+12%
<b>Profit before tax</b>	<u>8,635</u>	<u>7,445</u>	<u>+16%</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)**

SSM division recorded lower revenue in this quarter. However, the profit before tax increased by 19% due to variation in product mix.

The revenue and profit before tax for TSM division has improved as compared to previous quarter mainly due to better performance of TSM operations across the region.

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

**19. Commentary on Prospects**

The Group will continue to capitalise on the strong performance of certain products under our portfolio in SSM division as well as carry out further improvement in the performance of concession machines in TSM division for year 2016.

In view of the foregoing and barring unforeseen circumstances, the Group expects to achieve a 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>6 MONTHS ENDED</b>	
	<b>30 JUN</b>	<b>30 JUN</b>	<b>30 JUN</b>	<b>30 JUN</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income Tax				
- Current period	1,540	855	2,931	1,854
- Overprovision in prior year	-	(72)	-	(100)
	<u>1,540</u>	<u>783</u>	<u>2,931</u>	<u>1,754</u>

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2015: 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 25 August 2016.



**23. Borrowings**

	AS AT 30 JUN 2016 RM'000	AS AT 31 DEC 2015 RM'000
<b>Short Term Borrowings:</b>		
<u>Secured</u>		
Commercial papers	-	16,732
Hire purchase payable	59	58
Term loans	1,608	1,718
	<u>1,667</u>	<u>18,508</u>
<b>Long Term Borrowings:</b>		
<u>Secured</u>		
Hire purchase payable	149	179
Term loans	5,629	6,873
	<u>5,778</u>	<u>7,052</u>
<u>Unsecured</u>		
Medium term notes	-	10,000
	<u>5,778</u>	<u>17,052</u>
Total borrowings	<u>7,445</u>	<u>35,560</u>
<b>Borrowings denominated in foreign currency as at 30 June 2016:</b>		
	USD'000	RM'000
Borrowings	<u>1,800</u>	<u>7,237</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 2016 RM'000	30 JUN 2015 RM'000	30 JUN 2016 RM'000	30 JUN 2015 RM'000
Interest income	(50)	(157)	(251)	(228)
Interest expenses	169	1,163	984	2,473
Amortisation of development costs	343	314	699	629
Amortisation of other intangible assets	-	536	-	1,067
Bad debts written off	-	40	17	40
Depreciation	7,495	6,507	15,193	13,269
Impairment of property, plant and equipment	2	-	2	-
Impairment of property, plant & equipment written back	(14)	-	(14)	-
Gain on disposal of property, plant & equipment	-	-	-	(2)
Gain on deconsolidation of a subsidiary	-	-	-	(585)
Gain on remeasurement of financial liability	-	-	-	(968)
Provision for doubtful debts (non trade)	-	4	-	6
Provision for slow moving stock	385	-	385	-
Reversal of provision for doubtful debts	(2)	(28)	(2)	(29)
Reversal of provision for doubtful debts (non trade)	-	(19)	(1)	(19)
Written down of inventories	-	1,301	-	1,446



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

The Group's realised and unrealised retained earnings/(accumulated losses) disclosures are as follows:

	<b>ACCUMULATED QUARTER ENDED</b>	
	<b>30 JUN 2016 RM'000</b>	<b>31 DEC 2015 RM'000</b>
The accumulated losses of the Company and subsidiaries:		
- Realised	(66,913)	(75,356)
- Unrealised	682	(620)
Total share of retained earnings from associates:		
- Realised	82	82
	<hr/>	<hr/>
	(66,149)	(75,894)
Add: Consolidation adjustments	74,913	75,044
	<hr/>	<hr/>
Total Group retained earnings/(accumulated losses)	<u>8,764</u>	<u>(850)</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 2016</b>	<b>30 JUN 2015</b>	<b>30 JUN 2016</b>	<b>30 JUN 2015</b>
Profit attributable to owners of the Parent (RM'000)	6,979	6,559	12,909	10,886
Weighted average number of ordinary shares in issue ('000)	1,318,306	1,239,516	1,315,496	1,210,338
<b>Basic earnings per share (sen)</b>	<b>0.53</b>	<b>0.53</b>	<b>0.98</b>	<b>0.90</b>

**(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 2016</b>	<b>30 JUN 2015</b>	<b>30 JUN 2016</b>	<b>30 JUN 2015</b>
Profit attributable to owners of the Parent (RM'000)	6,979	6,559	12,909	10,886
Weighted average number of ordinary shares in issue ('000)	1,318,306	1,239,516	1,315,496	1,210,338
Effect of dilution of share options	12,218	18,844	16,183	19,088
Adjusted weighted average number of ordinary shares ('000)	1,330,524	1,258,359	1,331,679	1,229,427
<b>Diluted earnings per share (sen)</b>	<b>0.52</b>	<b>0.52</b>	<b>0.97</b>	<b>0.89</b>



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

**29. Authorisation for Issue**

On 26 August 2016, 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  
Managing Director  
26 August 2016