



RGB International Bhd. (603831-K)

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
30 September 2016



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 - 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 SEPTEMBER 2016**

	Note	3 MONTHS ENDED		9 MONTHS ENDED	
		30 SEP 2016 RM'000	30 SEP 2015 RM'000	30 SEP 2016 RM'000	30 SEP 2015 RM'000
Revenue	10	94,547	79,666	208,634	168,275
Cost of sales		(71,921)	(60,101)	(151,563)	(116,838)
- Depreciation		(6,764)	(6,835)	(20,988)	(19,105)
- Others		(65,157)	(53,266)	(130,575)	(97,733)
Gross profit		22,626	19,565	57,071	51,437
Other income		756	1,045	2,617	3,272
Administrative expenses		(8,180)	(8,562)	(25,380)	(25,502)
- Depreciation		(480)	(500)	(1,449)	(1,499)
- Others		(7,700)	(8,062)	(23,931)	(24,003)
Selling and marketing expenses		(1,236)	(646)	(4,321)	(2,645)
Other expenses, net		(2,998)	(3,353)	(1,837)	(3,184)
Operating profit		10,968	8,049	28,150	23,378
Finance costs		(148)	(1,065)	(1,250)	(3,628)
Profit before tax		10,820	6,984	26,900	19,750
Income tax expense	21	(1,361)	(1,148)	(4,292)	(2,902)
Profit for the financial period		9,459	5,836	22,608	16,848
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		5,724	31,052	(7,420)	43,568
Total comprehensive income		15,183	36,888	15,188	60,416
Profit attributable to:					
Owners of the Parent		9,327	5,717	22,236	16,603
Non-controlling interests		132	119	372	245
		9,459	5,836	22,608	16,848
Total comprehensive income attributable to:					
Owners of the Parent		14,438	33,546	15,558	55,658
Non-controlling interests		745	3,342	(370)	4,758
		15,183	36,888	15,188	60,416
Earnings per share attributable to owners of the Parent:					
Basic, for profit for the financial period (sen)	28	0.71	0.44	1.69	1.34
Diluted, for profit for the financial period (sen)	28	0.70	0.44	1.67	1.32



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

	Note	AS AT 30 SEP 2016 RM'000	AS AT 31 DEC 2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	104,208	118,578
Investments in associates		166	171
Trade receivables		2,340	8,224
Other receivables		81	64
Development costs		255	2,768
Other intangible assets		1,036	1,074
Goodwill on combination		870	870
		<u>108,956</u>	<u>131,749</u>
Current assets			
Inventories		7,733	11,243
Trade receivables		62,444	49,819
Other receivables		25,766	19,749
Due from associates		4,044	4,181
Deposits with licensed banks		8,621	9,651
Cash and bank balances		66,915	75,528
		<u>175,523</u>	<u>170,171</u>
TOTAL ASSETS		<u>284,479</u>	<u>301,920</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital	8	131,955	130,762
Share premium		20,915	20,774
Foreign exchange translation reserve		16,899	23,577
Share option reserve		1,114	990
Retained Earnings/(Accumulated losses)		14,793	(850)
		<u>185,676</u>	<u>175,253</u>
Non-controlling interests		<u>20,757</u>	<u>21,127</u>
Total equity		<u>206,433</u>	<u>196,380</u>
Non-current liabilities			
Borrowings	23	3,863	17,052
Trade payables		876	3,821
Other payables		-	32
Deferred tax liabilities		159	159
		<u>4,898</u>	<u>21,064</u>
Current liabilities			
Borrowings	23	4,065	18,508
Trade payables		40,023	34,839
Other payables		28,957	30,850
Due to associates		89	92
Tax payable		14	187
		<u>73,148</u>	<u>84,476</u>
Total liabilities		<u>78,046</u>	<u>105,540</u>
TOTAL EQUITY AND LIABILITIES		<u>284,479</u>	<u>301,920</u>
Net assets per share (sen)		<u>14</u>	<u>13</u>



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

	----- Attributable to owners of the Parent -----							Total Equity RM'000
	----- Non-Distributable -----		Foreign Exchange Translation Reserve RM'000	Share Option Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling Interests RM'000	
	Share Capital RM'000	Share Premium RM'000						
At 1 January 2015	117,760	14,536	(9,166)	771	(19,193)	104,708	15,693	120,401
Profit for the financial period	-	-	-	-	16,603	16,603	245	16,848
Foreign currency translations	-	-	39,055	-	-	39,055	4,513	43,568
Total comprehensive income for the financial period	-	-	39,055	-	16,603	55,658	4,758	60,416
Transaction with owners:								
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	-	-	-	335	-	335	-	335
Deconsolidation of a subsidiary	-	-	-	-	-	-	171	171
Subscription of ordinary shares by the non-controlling interests in a subsidiary	-	-	-	-	-	-	1,029	1,029
Dividends	-	-	-	-	(2,605)	(2,605)	-	(2,605)
(Dilution)/Accretion from change in stake	-	-	(97)	-	85	(12)	12	-
Total transactions with owners	12,481	6,023	(97)	251	(2,520)	16,138	1,212	17,350
At 30 September 2015	130,241	20,559	29,792	1,022	(5,110)	176,504	21,663	198,167



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015 AND 30 SEPTEMBER 2016**

	----- 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)/ Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 January 2016	130,762	20,774	23,577	990	(850)	175,253	21,127	196,380
Profit for the financial period	-	-	-	-	22,236	22,236	372	22,608
Foreign currency translations	-	-	(6,678)	-	-	(6,678)	(742)	(7,420)
Total comprehensive income for the financial period	-	-	(6,678)	-	22,236	15,558	(370)	15,188
Transaction with owners:								
Issue of ordinary shares pursuant to ESOS	1,193	141	-	(122)	-	1,212	-	1,212
Share option granted under ESOS	-	-	-	246	-	246	-	246
Dividends	-	-	-	-	(6,593)	(6,593)	-	(6,593)
Total transactions with owners	1,193	141	-	124	(6,593)	(5,135)	-	(5,135)
At 30 September 2016	131,955	20,915	16,899	1,114	14,793	185,676	20,757	206,433



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

	9 MONTHS ENDED	
	30 SEP	30 SEP
	2016	2015
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	26,900	19,750
Adjustments for:		
Amortisation of development costs	940	981
Amortisation of other intangible assets	-	1,661
Bad debts written off	17	158
Depreciation	22,437	20,604
Impairment of property, plant and equipment	576	150
Impairment of property, plant & equipment written back	(14)	-
Intangible assets written off	1,558	-
Gain on disposal of property, plant & equipment	-	(5)
Gain on deconsolidation of a subsidiaries	-	(585)
Gain on remeasurement of financial liability	-	(968)
Provision for doubtful debts (non trade)	1	6
Provision for slow moving stock	1,292	-
Reversal of provision for doubtful debts	(3)	(34)
Reversal of provision for doubtful debts (non trade)	(1)	(21)
Written down of inventories	-	1,428
Share options granted under ESOS	246	335
Interest expense	1,069	3,479
Interest income	(305)	(421)
Unrealised forex (gain)/losses	(710)	4,174
Operating profit before changes in working capital	<u>54,003</u>	<u>50,692</u>
Changes in working capital:		
Receivables, amount due from jointly controlled entities, associates and inventories	(10,957)	(12,705)
Payables, amount due to associates and minority shareholders of a subsidiary	379	(11,220)
Cash from operations	<u>43,425</u>	<u>26,767</u>
Interest paid	(451)	(665)
Taxes paid	(4,465)	(2,293)
Net cash from operating activities	<u>38,509</u>	<u>23,809</u>



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

	9 MONTHS ENDED	
	30 SEP 2016 RM'000	30 SEP 2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,452)	(16,659)
Proceeds from disposal of property, plant and equipment	-	2,031
Changes in fixed deposits pledged to licensed banks	(34)	9,929
Changes in bank balances pledged to licensed banks	7,131	(14,268)
Expenditure on development costs	(121)	(36)
Interest received	305	421
Net cash used in investing activities	(5,171)	(18,582)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown/(repayment) of onshore foreign currency loan	2,348	(5,186)
Net repayment of term loan, commercial papers and medium term notes	(30,555)	(17,756)
Repayment of finance lease liability	-	(159)
Repayment of hire purchase payable	(43)	(40)
Proceeds from issuance of shares	1,212	18,420
Subscription of ordinary shares by the non-controlling interests in a subsidiary	-	1,029
Dividends paid	(6,593)	(2,605)
Net cash used in financing activities	(33,631)	(6,297)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(293)	(1,070)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(2,253)	14,613
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	69,141	41,032
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	66,595	54,575
* Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	66,915	70,618
Deposits with licensed banks	8,621	6,089
	<u>75,536</u>	<u>76,707</u>
Less: Fixed deposit pledged to licensed banks	(7,751)	(5,133)
Less: Bank balances pledged to licensed banks	(1,190)	(16,999)
	<u>66,595</u>	<u>54,575</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.

Title	Effective Date
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**

	Number of ordinary shares ('000) of RM0.10 each	
	2016	2015
As at 1 January	1,307,621	1,177,600
Issue of ordinary shares pursuant to:		
- ESOS	11,931	11,698
- Share Placement	-	118,323
As at 30 September/31 December	<u>1,319,552</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		9 MONTHS ENDED	
	30 SEP 2016 RM'000	30 SEP 2015 RM'000	30 SEP 2016 RM'000	30 SEP 2015 RM'000
Segment Revenue				
Sales and Marketing	70,444	57,237	138,537	103,677
Technical Support and Management	23,942	22,277	69,804	64,108
Others (1)	224	245	482	679
	<u>94,610</u>	<u>79,759</u>	<u>208,823</u>	<u>168,464</u>
Eliminations	(63)	(93)	(189)	(189)
Revenue	<u>94,547</u>	<u>79,666</u>	<u>208,634</u>	<u>168,275</u>
EBITDA*				
Sales and Marketing	6,120	7,362	11,952	14,164
Technical Support and Management	15,102	13,643	44,133	39,194
Others	141	98	(40)	556
Unallocated	<u>(2,399)</u>	<u>(4,683)</u>	<u>(4,137)</u>	<u>(7,290)</u>
Total	<u>18,964</u>	<u>16,420</u>	<u>51,908</u>	<u>46,624</u>
Segment Results				
Sales and Marketing	5,872	7,000	10,993	13,145
Technical Support and Management	7,700	5,982	22,375	18,117
Others	<u>(227)</u>	<u>(277)</u>	<u>(1,148)</u>	<u>(647)</u>
	13,345	12,705	32,220	30,615
Unallocated expenses	<u>(2,377)</u>	<u>(4,656)</u>	<u>(4,070)</u>	<u>(7,237)</u>
- Realised foreign exchange loss	(273)	(495)	(427)	(419)
- Unrealised foreign exchange loss (trade)	(385)	(440)	(656)	(836)
- Unrealised foreign exchange (loss)/gain (non-trade)	(208)	(2,272)	1,366	(3,338)
- Interest income	54	188	305	406
- Sundry income	153	282	639	574
- Legal and professional fee	(185)	(347)	(413)	(544)
- Gain on deconsolidation of a subsidiary	-	-	-	585
- Gain on remeasurement of financial liability	-	-	-	968
- Other expenses	<u>(1,533)</u>	<u>(1,572)</u>	<u>(4,884)</u>	<u>(4,633)</u>
Operating profit	<u>10,968</u>	<u>8,049</u>	<u>28,150</u>	<u>23,378</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) 509,900 ordinary shares at an issue price of RM0.10 per ordinary share;
 - (ii) 49,200 ordinary shares at an issue price of RM0.104 per ordinary share;
 - (iii) 168,900 ordinary shares at an issue price of RM0.105 per ordinary share; and
 - (iv) 145,400 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 SEP 2016 RM'000
Gaming machines, furnitures, equipment and renovation	<u>8,170</u>



16. Significant Related Party Transactions

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

	01.07.2016 to 30.09.2016 RM'000	01.01.2016 to 30.09.2016 RM'000
TSM share of profit from:		
- Timor Holding, Lda.	868	2,312

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			9 MONTHS ENDED		
	30 SEP	30 SEP	%	30 SEP	30 SEP	%
	2016	2015		2016	2015	
	RM'000	RM'000	+/(-) %	RM'000	RM'000	+/(-) %
Revenue						
Sales and Marketing	70,444	57,237	+23%	138,537	103,677	+34%
Technical Support and Management	23,942	22,277	+7%	69,804	64,108	+9%
Others (1)	161	152	+6%	293	490	-40%
Total	94,547	79,666	+19%	208,634	168,275	+24%
EBITDA*						
Sales and Marketing	6,120	7,362	-17%	11,952	14,164	-16%
Technical Support and Management	15,102	13,643	+11%	44,133	39,194	+13%
Others	141	98	+44%	(40)	556	-107%
Unallocated	(2,399)	(4,683)	-49%	(4,137)	(7,290)	-43%
Total	18,964	16,420	+15%	51,908	46,624	+11%
Profit/(Loss) before tax						
Sales and Marketing	5,849	6,994	-16%	10,964	12,995	-16%
Technical Support and Management	7,638	5,722	+33%	22,179	17,294	+28%
Others	(227)	(288)	-21%	(1,148)	(652)	+76%
	13,260	12,428	+7%	31,995	29,637	+8%
Unallocated expenses	(2,440)	(5,444)	-55%	(5,095)	(9,887)	-48%
- Finance cost	(63)	(788)	-92%	(1,025)	(2,650)	-61%
- Realised foreign exchange loss	(273)	(495)	-45%	(427)	(419)	+2%
- Unrealised foreign exchange loss (trade)	(385)	(440)	-13%	(656)	(836)	-22%
- Unrealised foreign exchange (loss)/gain (non-trade)	(208)	(2,272)	-91%	1,366	(3,338)	+141%
- Interest income	54	188	-71%	305	406	-25%
- Sundry income	153	282	-46%	639	574	+11%
- Legal and professional fee	(185)	(347)	-47%	(413)	(544)	-24%
- Gain on deconsolidation of a subsidiary	-	-	+0%	-	585	-100%
- Gain on remeasurement of financial liability	-	-	+0%	-	968	-100%
- Other expenses	(1,533)	(1,572)	-2%	(4,884)	(4,633)	+5%
Profit before tax	10,820	6,984	+55%	26,900	19,750	+36%

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 RM70.4 million for the quarter ended 30 September 2016, higher by 23% as compared to previous year's corresponding quarter due to higher number of machines and casino equipment sold. However, the profit before tax decreased by 16% as compared to previous year's corresponding quarter due to sales of different product mix and write down of development costs of RM1.6 million during the quarter.

The revenue and profit before tax for Technical Support and Management ("TSM") division increased by 7% and 33% respectively for the quarter ended 30 September 2016 as compared to previous year's corresponding quarter mainly due to 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 34% for nine months period ended 30 September 2016 as compared to preceding year mainly due to increase in number of machines and casino equipment sold. However, the profit before tax decreased by 16%. This was due to sales of different product mix and write down of development costs of RM1.6 million.

The revenue and profit before tax for TSM division increased by 9% and 28% respectively for nine months period ended 30 September 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

	CURRENT QUARTER RM'000	PREVIOUS QUARTER RM'000	% +/(-)
Revenue			
Sales and Marketing	70,444	33,919	+108%
Technical Support and Management	23,942	23,971	-0%
Others (1)	161	107	+50%
Revenue	<u>94,547</u>	<u>57,997</u>	<u>+63%</u>
EBITDA*			
Sales and Marketing	6,120	3,128	+96%
Technical Support and Management	15,102	15,150	-0%
Others	141	(89)	+258%
Unallocated	(2,399)	(1,560)	+54%
	<u>18,964</u>	<u>16,629</u>	<u>+14%</u>
Profit/(Loss) before tax			
Sales and Marketing	5,849	2,777	+111%
Technical Support and Management	7,638	8,012	-5%
Others	(227)	(453)	-50%
	<u>13,260</u>	<u>10,336</u>	<u>+28%</u>
Unallocated expenses	(2,440)	(1,701)	+43%
- Finance cost	(63)	(166)	-62%
- Realised foreign exchange loss	(273)	(498)	-45%
- Unrealised foreign exchange loss (trade)	(385)	(486)	-21%
- Unrealised foreign exchange (loss)/gain (non-trade)	(208)	964	-122%
- Interest income	54	50	+8%
- Sundry income	153	324	-53%
- Legal and professional fee	(185)	(119)	+55%
- Other expenses	(1,533)	(1,770)	-13%
Profit before tax	<u>10,820</u>	<u>8,635</u>	<u>+25%</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 higher revenue and profit before tax in this quarter mainly due to higher number of machines and casino equipment sold despite a write down of development costs of RM1.6 million during this quarter.

The profit before tax for TSM division decreased as compared to previous quarter mainly due to higher expenditure incurred for this quarter.

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

	3 MONTHS ENDED		9 MONTHS ENDED	
	30 SEP	30 SEP	30 SEP	30 SEP
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current period	1,003	1,242	3,934	3,096
- Under/(Over)provision in prior year	358	(94)	358	(194)
	<u>1,361</u>	<u>1,148</u>	<u>4,292</u>	<u>2,902</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 28 November 2016.



23. Borrowings

	AS AT 30 SEP 2016 RM'000	AS AT 31 DEC 2015 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Onshore foreign currency loan	2,348	-
Commercial papers	-	16,732
Hire purchase payable	60	58
Term loans	1,657	1,718
	<u>4,065</u>	<u>18,508</u>
Long Term Borrowings:		
<u>Secured</u>		
Hire purchase payable	134	179
Term loans	3,729	6,873
	<u>3,863</u>	<u>7,052</u>
<u>Unsecured</u>		
Medium term notes	-	10,000
	<u>3,863</u>	<u>17,052</u>
Total borrowings	<u>7,928</u>	<u>35,560</u>
Borrowings denominated in foreign currency as at 30 September 2016:		
	USD'000	RM'000
Borrowings	<u>1,884</u>	<u>7,734</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.

Subsequent to the Statement of Defence filed by RGBML’s solicitors on 24 October 2014, RGBML had, on 21 October 2016, received a notification from Judiciary Council of Macau informing that the hearings are fixed on 16 February 2017, 23 February 2017 and 2 March 2017.



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 SEP	30 SEP	30 SEP	30 SEP
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest income	(54)	(193)	(305)	(421)
Interest expenses	85	1,006	1,069	3,479
Amortisation of development costs	241	352	940	981
Amortisation of other intangible assets	-	594	-	1,661
Bad debts written off	-	118	17	158
Depreciation	7,244	7,335	22,437	20,604
Impairment of property, plant and equipment	574	150	576	150
Impairment of property, plant & equipment written back	-	-	(14)	-
Intangible assets written off	1,558	-	1,558	-
Gain on disposal of property, plant & equipment	-	(3)	-	(5)
Gain on deconsolidation of a subsidiary	-	-	-	(585)
Gain on remeasurement of financial liability	-	-	-	(968)
Provision for doubtful debts (non trade)	1	-	1	6
Provision for slow moving stock	907	-	1,292	-
Reversal of provision for doubtful debts	(1)	(5)	(3)	(34)
Reversal of provision for doubtful debts (non trade)	-	(2)	(1)	(21)
Written down of inventories	-	(18)	-	1,428



27. Disclosure of Realised and Unrealised Profits/Losses

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

	ACCUMULATED QUARTER ENDED	
	30 SEP 2016 RM'000	31 DEC 2015 RM'000
The accumulated losses of the Company and subsidiaries:		
- Realised	(61,899)	(75,356)
- Unrealised	89	(620)
Total share of retained earnings from associates:		
- Realised	82	82
	<hr/>	<hr/>
	(61,728)	(75,894)
Add: Consolidation adjustments	76,521	75,044
Total Group retained earnings/(accumulated losses)	<hr/>	<hr/>
	14,793	(850)



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.

	3 MONTHS ENDED		9 MONTHS ENDED	
	30 SEP 2016	30 SEP 2015	30 SEP 2016	30 SEP 2015
Profit attributable to owners of the Parent (RM'000)	9,327	5,717	22,236	16,603
Weighted average number of ordinary shares in issue ('000)	1,319,490	1,302,407	1,316,837	1,241,365
Basic earnings per share (sen)	0.71	0.44	1.69	1.34

(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.

	3 MONTHS ENDED		9 MONTHS ENDED	
	30 SEP 2016	30 SEP 2015	30 SEP 2016	30 SEP 2015
Profit attributable to owners of the Parent (RM'000)	9,327	5,717	22,236	16,603
Weighted average number of ordinary shares in issue ('000)	1,319,490	1,302,407	1,316,837	1,241,365
Effect of dilution of share options	13,481	9,127	16,506	17,150
Adjusted weighted average number of ordinary shares ('000)	1,332,971	1,311,534	1,333,343	1,258,515
Diluted earnings per share (sen)	0.70	0.44	1.67	1.32



RGB International Bhd. (603831-K)

29. Authorisation for Issue

On 29 November 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
29 November 2016