



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

(Incorporated in Malaysia)

Interim Unaudited Financial Statements  
31 December 2016



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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE-MONTH FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Note	3 MONTHS ENDED		12 MONTHS ENDED	
		31 DEC	31 DEC	31 DEC	31 DEC
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>10</b>	44,870	64,731	253,504	233,006
<b>Cost of sales</b>		(28,212)	(49,114)	(179,775)	(165,952)
- Depreciation		(6,772)	(7,267)	(27,760)	(26,372)
- Others		(21,440)	(41,847)	(152,015)	(139,580)
<b>Gross profit</b>		16,658	15,617	73,729	67,054
Other income		882	824	3,499	4,096
Administrative expenses		(9,644)	(8,124)	(35,024)	(33,626)
- Depreciation		(501)	(489)	(1,950)	(1,988)
- Others		(9,143)	(7,635)	(33,074)	(31,638)
Selling and marketing expenses		(898)	(1,060)	(5,219)	(3,705)
Other expenses, net		(2,794)	(885)	(4,631)	(4,069)
<b>Operating profit</b>		4,204	6,372	32,354	29,750
Finance costs		(110)	(1,011)	(1,360)	(4,639)
<b>Profit before tax</b>		4,094	5,361	30,994	25,111
Income tax expense	<b>21</b>	(1,401)	(920)	(5,693)	(3,822)
<b>Profit for the financial year</b>		2,693	4,441	25,301	21,289
<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 year		15,845	(6,932)	8,425	36,636
<b>Total comprehensive income/(loss)</b>		18,538	(2,491)	33,726	57,925
<b>Profit attributable to:</b>					
Owners of the Parent		2,617	4,260	24,853	20,863
Non-controlling interests		76	181	448	426
		2,693	4,441	25,301	21,289
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Parent		16,754	(1,955)	32,312	53,703
Non-controlling interests		1,784	(536)	1,414	4,222
		18,538	(2,491)	33,726	57,925
<b>Earnings per share attributable to owners of the Parent:</b>					
<b>Basic, for profit for the financial year (sen)</b>	<b>28</b>	0.20	0.33	1.89	1.66
<b>Diluted, for profit for the financial year (sen)</b>	<b>28</b>	0.20	0.32	1.84	1.63



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

	Note	AS AT 31 DEC 2016 RM'000	AS AT 31 DEC 2015 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	107,862	118,578
Investments in associates		179	171
Trade receivables		1,517	8,224
Other receivables		60	64
Development costs		991	2,768
Other intangible assets		1,121	1,074
Goodwill on combination		870	870
		112,600	131,749
<b>Current assets</b>			
Inventories		5,123	11,243
Trade receivables		68,204	49,819
Other receivables		28,529	19,749
Due from associates		4,487	4,181
Deposits with licensed banks		8,886	9,651
Cash and bank balances		69,840	75,528
		185,069	170,171
<b>TOTAL ASSETS</b>		297,669	301,920
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Parent</b>			
Share capital	8	132,918	130,762
Share premium		21,124	20,774
Foreign exchange translation reserve		31,036	23,577
Share option reserve		964	990
Retained earnings/(Accumulated losses)		17,410	(850)
		203,452	175,253
<b>Non-controlling interests</b>		22,541	21,127
<b>Total equity</b>		225,993	196,380
<b>Non-current liabilities</b>			
Borrowings	23	3,705	17,052
Trade payables		509	3,821
Other payables		-	32
Deferred tax liabilities		150	159
		4,364	21,064
<b>Current liabilities</b>			
Borrowings	23	4,193	18,508
Trade payables		31,630	34,839
Other payables		31,103	30,850
Due to associates		96	92
Tax payable		290	187
		67,312	84,476
<b>Total liabilities</b>		71,676	105,540
<b>TOTAL EQUITY AND LIABILITIES</b>		297,669	301,920
Net assets per share (sen)		15	13



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 AND 31 DECEMBER 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 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 year	-	-	-	-	20,863	20,863	426	21,289
Foreign currency translations	-	-	32,840	-	-	32,840	3,796	36,636
Total comprehensive income for the financial year	-	-	32,840	-	20,863	53,703	4,222	57,925
<b>Transaction with owners:</b>								
Issue of ordinary shares pursuant to:								
- ESOS	1,170	302	-	(259)	-	1,213	-	1,213
- Private Placement	11,832	5,936	-	-	-	17,768	-	17,768
Share option granted under ESOS	-	-	-	478	-	478	-	478
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	13,002	6,238	(97)	219	(2,520)	16,842	1,212	18,054
<b>At 31 December 2015</b>	<b>130,762</b>	<b>20,774</b>	<b>23,577</b>	<b>990</b>	<b>(850)</b>	<b>175,253</b>	<b>21,127</b>	<b>196,380</b>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 AND 31 DECEMBER 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)/ Retained 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 year	-	-	-	-	24,853	24,853	448	25,301
Foreign currency translations	-	-	7,459	-	-	7,459	966	8,425
Total comprehensive income for the financial year	-	-	7,459	-	24,853	32,312	1,414	33,726
<b>Transaction with owners:</b>								
Issue of ordinary shares pursuant to ESOS	2,156	350	-	(309)	-	2,197	-	2,197
Share option granted under ESOS	-	-	-	283	-	283	-	283
Dividends	-	-	-	-	(6,593)	(6,593)	-	(6,593)
Total transactions with owners	2,156	350	-	(26)	(6,593)	(4,113)	-	(4,113)
<b>At 31 December 2016</b>	<b>132,918</b>	<b>21,124</b>	<b>31,036</b>	<b>964</b>	<b>17,410</b>	<b>203,452</b>	<b>22,541</b>	<b>225,993</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	<b>12 MONTHS ENDED</b>	
	<b>31 DEC</b>	<b>31 DEC</b>
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	30,994	25,111
Adjustments for:		
Amortisation of development costs	1,045	1,344
Amortisation of other intangible assets	-	2,291
Bad debts written off	17	158
Depreciation	29,710	28,360
Impairment of property, plant and equipment	1,149	819
Impairment of property, plant and equipment written back	(14)	(5)
Intangible assets written off	1,558	-
Gain on disposal of property, plant and equipment	-	(7)
Gain on deconsolidation of a subsidiaries	-	(585)
Gain on remeasurement of financial liability	-	(185)
Property, plant and equipment written off	79	-
Provision for doubtful debts	36	153
Provision for doubtful debts (non trade)	1	109
Provision for slow moving stock	2,466	776
Reversal of provision for doubtful debts	(77)	(64)
Reversal of provision for doubtful debts (non trade)	(131)	(267)
Written down of inventories	-	1,837
Share options granted under ESOS	283	478
Interest expense	1,119	4,402
Interest income	(369)	(509)
Unrealised forex losses	1,012	2,896
Operating profit before changes in working capital	<u>68,878</u>	<u>67,112</u>
Changes in working capital:		
Receivables, amount due from jointly controlled entities, associates and inventories	(17,169)	(1,454)
Payables, amount due to associates and minority shareholders of a subsidiary	(6,295)	(10,351)
Cash from operations	<u>45,414</u>	<u>55,307</u>
Interest paid	(501)	(785)
Taxes paid	(5,599)	(3,592)
<b>Net cash from operating activities</b>	<u><u>39,314</u></u>	<u><u>50,930</u></u>



**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	<b>12 MONTHS ENDED</b>	
	<b>31 DEC 2016 RM'000</b>	<b>31 DEC 2015 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(16,447)	(23,889)
Proceeds from disposal of property, plant and equipment	-	2,070
Changes in fixed deposits pledged to licensed banks	(245)	7,345
Changes in bank balances pledged to licensed banks	5,284	(5,590)
Expenditure on development costs	(965)	(36)
Interest received	369	509
<b>Net cash used in investing activities</b>	<b>(12,004)</b>	<b>(19,591)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown/(repayment) of onshore foreign currency loan	2,338	(10,587)
Net repayment of term loan, commercial papers and medium term notes	(30,560)	(22,135)
Repayment of finance lease liability	-	(159)
Repayment of hire purchase payable	(58)	(53)
Proceeds from issuance of shares	2,197	18,981
Subscription of ordinary shares by the non-controlling interests in a subsidiary	-	1,029
Dividends paid	(6,593)	(2,605)
<b>Net cash used in financing activities</b>	<b>(32,676)</b>	<b>(15,529)</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>(5,366)</b>	<b>15,810</b>
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>3,952</b>	<b>12,299</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>69,141</b>	<b>41,032</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>67,727</b>	<b>69,141</b>
 * Cash and cash equivalents at end of the financial year comprise the following:		
Cash and bank balances	69,840	75,528
Deposits with licensed banks	8,886	9,651
	78,726	85,179
Less: Fixed deposit pledged to licensed banks	(7,962)	(7,717)
Less: Bank balances pledged to licensed banks	(3,037)	(8,321)
	67,727	69,141





**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 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>
Amendments to MFRS 107 <i>Statement of Cash Flows - Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRSs <i>Annual Improvements 2014 - 2016 Cycle</i>	1 January 2017
Amendments to MFRS 2 <i>Share-based Payment - Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers - Clarifications to MFRS 15</i>	1 January 2018
Amendments to MFRS 140 <i>Investment Property - Transfers of Investment Property</i>	1 January 2018
Amendments to MFRSs <i>Annual Improvements 2014 - 2016 Cycle</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
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	21,563	11,698
- Share Placement	-	118,323
As at 31 December	<u>1,329,184</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		12 MONTHS ENDED	
	31 DEC 2016 RM'000	31 DEC 2015 RM'000	31 DEC 2016 RM'000	31 DEC 2015 RM'000
<b>Segment Revenue</b>				
Sales and Marketing	21,365	41,870	159,902	145,547
Technical Support and Management	23,407	22,760	93,211	86,868
Others (1)	161	164	643	843
	<u>44,933</u>	<u>64,794</u>	<u>253,756</u>	<u>233,258</u>
Eliminations	(63)	(63)	(252)	(252)
Revenue	<u>44,870</u>	<u>64,731</u>	<u>253,504</u>	<u>233,006</u>
<b>EBITDA*</b>				
Sales and Marketing	2,832	4,086	14,784	18,250
Technical Support and Management	12,920	13,980	57,053	53,174
Others	97	(678)	57	(122)
Unallocated	<u>(3,755)</u>	<u>(1,689)</u>	<u>(7,892)</u>	<u>(8,979)</u>
Total	<u>12,094</u>	<u>15,699</u>	<u>64,002</u>	<u>62,323</u>
<b>Segment Results</b>				
Sales and Marketing	2,791	3,702	13,784	16,847
Technical Support and Management	5,526	5,364	27,901	23,481
Others	<u>(374)</u>	<u>(1,057)</u>	<u>(1,522)</u>	<u>(1,704)</u>
	7,943	8,009	40,163	38,624
Unallocated expenses	<u>(3,739)</u>	<u>(1,637)</u>	<u>(7,809)</u>	<u>(8,874)</u>
- Realised foreign exchange loss	(420)	(718)	(847)	(1,137)
- Unrealised foreign exchange gain/(loss) (trade)	208	772	(448)	(64)
- Unrealised foreign exchange (loss)/gain (non-trade)	(1,930)	506	(564)	(2,832)
- Interest income	59	83	364	489
- Sundry income	151	156	790	730
- Legal and professional fee	(79)	(97)	(492)	(641)
- Gain on deconsolidation of a subsidiary	-	-	-	585
- Gain on remeasurement of financial liability	-	(783)	-	185
- Other expenses	<u>(1,728)</u>	<u>(1,556)</u>	<u>(6,612)</u>	<u>(6,189)</u>
<b>Operating profit</b>	<u>4,204</u>	<u>6,372</u>	<u>32,354</u>	<u>29,750</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) 499,200 ordinary shares at an issue price of RM0.10 per ordinary share;
  - (ii) 144,100 ordinary shares at an issue price of RM0.104 per ordinary share;
  - (iii) 267,700 ordinary shares at an issue price of RM0.105 per ordinary share;
  - (iv) 223,000 ordinary shares at an issue price of RM0.117 per ordinary share; and
  - (v) 94,700 ordinary shares at an issue price of RM0.222 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:

	<b>AS AT 31 DEC 2016 RM'000</b>
Gaming machines, furnitures, equipment and renovation	<u>68,700</u>



**16. Significant Related Party Transactions**

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

	<b>01.10.2016 to 31.12.2016 RM'000</b>	<b>01.01.2016 to 31.12.2016 RM'000</b>
Sales of products to:		
- Channel Paradise Sdn Bhd	2,001	2,001
TSM share of profit from:		
- Timor Holding, Lda.	1,231	3,543

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			12 MONTHS ENDED		
	31 DEC	31 DEC	%	31 DEC	31 DEC	%
	2016	2015		2016	2015	
	RM'000	RM'000	+/(-)	RM'000	RM'000	+/(-)
<b>Revenue</b>						
Sales and Marketing	21,365	41,870	-49%	159,902	145,547	+10%
Technical Support and Management	23,407	22,760	+3%	93,211	86,868	+7%
Others (1)	98	101	-3%	391	591	-34%
<b>Total</b>	<b>44,870</b>	<b>64,731</b>	<b>-31%</b>	<b>253,504</b>	<b>233,006</b>	<b>+9%</b>
<b>EBITDA*</b>						
Sales and Marketing	2,832	4,086	-31%	14,784	18,250	-19%
Technical Support and Management	12,920	13,980	-8%	57,053	53,174	+7%
Others	97	(678)	+114%	57	(122)	+147%
Unallocated	(3,755)	(1,689)	+122%	(7,892)	(8,979)	-12%
<b>Total</b>	<b>12,094</b>	<b>15,699</b>	<b>-23%</b>	<b>64,002</b>	<b>62,323</b>	<b>+3%</b>
<b>Profit/(Loss) before tax</b>						
Sales and Marketing	2,789	3,695	-25%	13,753	16,690	-18%
Technical Support and Management	5,479	6,034	-9%	27,658	23,328	+19%
Others	(374)	(1,036)	-64%	(1,522)	(1,688)	-10%
	7,894	8,693	-9%	39,889	38,330	+4%
Unallocated expenses	(3,800)	(3,332)	+14%	(8,895)	(13,219)	-33%
- Finance cost	(61)	(1,695)	-96%	(1,086)	(4,345)	-75%
- Realised foreign exchange loss	(420)	(718)	-42%	(847)	(1,137)	-26%
- Unrealised foreign exchange gain/(loss) (trade)	208	772	-73%	(448)	(64)	+600%
- Unrealised foreign exchange (loss)/gain (non-trade)	(1,930)	506	-481%	(564)	(2,832)	-80%
- Interest income	59	83	-29%	364	489	-26%
- Sundry income	151	156	-3%	790	730	+8%
- Legal and professional fee	(79)	(97)	-19%	(492)	(641)	-23%
- Gain on deconsolidation of a subsidiary	-	-	+0%	-	585	-100%
- Gain on remeasurement of financial liability	-	(783)	-100%	-	185	-100%
- Other expenses	(1,728)	(1,556)	+11%	(6,612)	(6,189)	+7%
<b>Profit before tax</b>	<b>4,094</b>	<b>5,361</b>	<b>-24%</b>	<b>30,994</b>	<b>25,111</b>	<b>+23%</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 and profit before tax for Sales and Marketing ("SSM") division decreased by 49% and 25% respectively for the quarter ended 31 December 2016 as compared to previous year's corresponding quarter due to lower number of machines and casino equipment sold.

The Technical Support and Management ("TSM") division achieved revenue of RM23.4 million for the quarter ended 31 December 2016, higher by 3% as compared to previous year's corresponding quarter. However, the profit before tax is lower by 9% mainly due to the provision of slow moving stock in this division for this quarter.

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

(ii) Comparison with previous year

The revenue for SSM division increased by 10% for the financial year ended 31 December 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 18%. This was due to sales of different product mix and pared down of research and development expenditure of RM1.6 million.

The revenue and profit before tax for TSM division increased by 7% and 19% respectively for the financial year ended 31 December 2016 as compared to preceding year primarily due to better performance of TSM machines across the region, placing of additional machines in new locations 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	21,365	70,444	-70%
Technical Support and Management	23,407	23,942	-2%
Others (1)	98	161	-39%
Revenue	<u>44,870</u>	<u>94,547</u>	<u>-53%</u>
<b>EBITDA*</b>			
Sales and Marketing	2,832	6,120	-54%
Technical Support and Management	12,920	15,102	-14%
Others	97	141	-31%
Unallocated	(3,755)	(2,399)	+57%
Total	<u>12,094</u>	<u>18,964</u>	<u>-36%</u>
<b>Profit/(Loss) before tax</b>			
Sales and Marketing	2,789	5,849	-52%
Technical Support and Management	5,479	7,638	-28%
Others	(374)	(227)	+65%
	<u>7,894</u>	<u>13,260</u>	<u>-40%</u>
Unallocated expenses	(3,800)	(2,440)	+56%
- Finance cost	(61)	(63)	-3%
- Realised foreign exchange loss	(420)	(273)	+54%
- Unrealised foreign exchange gain/(loss) (trade)	208	(385)	+154%
- Unrealised foreign exchange loss (non-trade)	(1,930)	(208)	+828%
- Interest income	59	54	+9%
- Sundry income	151	153	-1%
- Legal and professional fee	(79)	(185)	-57%
- Other expenses	(1,728)	(1,533)	+13%
<b>Profit before tax</b>	<u>4,094</u>	<u>10,820</u>	<u>-62%</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 and profit before tax in this quarter mainly due to lower number of machines and casino equipment sold during this quarter.

The profit before tax for TSM division decreased as compared to previous quarter mainly due to incentives extended to management staff in this division in this quarter.

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

**19. Commentary on Prospects**

While the Group still capitalises on the strong performance of certain products under our portfolio in SSM division as well as carrying out further improvement in the performance of concession machines in TSM division for year 2017, the Group is now actively promoting the provision of engineering services to the licensed operators and exploring into new markets outside Asia. As such, 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		12 MONTHS ENDED	
	31 DEC	31 DEC	31 DEC	31 DEC
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current period	1,410	932	5,344	4,028
- Under/(Over)provision in prior year	-	-	358	(194)
Deferred Tax				
- Current period	(7)	(12)	(7)	(12)
- Overprovision in prior year	(2)	-	(2)	-
	<u>1,401</u>	<u>920</u>	<u>5,693</u>	<u>3,822</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 21 February 2017.

**23. Borrowings**

	<b>AS AT 31 DEC 2016 RM'000</b>	<b>AS AT 31 DEC 2015 RM'000</b>
<b>Short Term Borrowings:</b>		
<u>Secured</u>		
Onshore foreign currency loan	2,338	-
Commercial papers	-	16,732
Hire purchase payable	61	58
Term loans	1,794	1,718
	<u>4,193</u>	<u>18,508</u>
<b>Long Term Borrowings:</b>		
<u>Secured</u>		
Hire purchase payable	118	179
Term loans	3,587	6,873
	<u>3,705</u>	<u>7,052</u>
<u>Unsecured</u>		
Medium term notes	-	10,000
	<u>3,705</u>	<u>17,052</u>
Total borrowings	<u>7,898</u>	<u>35,560</u>
<b>Borrowings denominated in foreign currency as at 31 December 2016:</b>		
	<b>USD'000</b>	<b>RM'000</b>
Borrowings	<u>1,753</u>	<u>7,719</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. The hearing on 16 February 2017 has been completed and the next hearing has been rescheduled to 9 March 2017.

**25. Dividends**

The Board of Directors has approved an interim single-tier dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 December 2016. The entitlement date is fixed on 31 March 2017 and payment will be made on 14 April 2017.



**26. Notes to the Statements of Profit or Loss and Other Comprehensive Income**

The profit before taxation is after accounting for the following:

	<b>3 MONTHS ENDED</b>		<b>12 MONTHS ENDED</b>	
	<b>31 DEC</b>	<b>31 DEC</b>	<b>31 DEC</b>	<b>31 DEC</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>
Interest income	(64)	(88)	(369)	(509)
Interest expenses	50	923	1,119	4,402
Amortisation of development costs	105	363	1,045	1,344
Amortisation of other intangible assets	-	630	-	2,291
Bad debts written off	-	-	17	158
Depreciation	7,273	7,756	29,710	28,360
Impairment of property, plant and equipment	573	669	1,149	819
Impairment of property, plant and equipment written back	-	(5)	(14)	(5)
Intangible assets written off	-	-	1,558	-
Gain on disposal of property, plant and equipment	-	(2)	-	(7)
Gain on deconsolidation of a subsidiary	-	-	-	(585)
Loss/(Gain) on remeasurement of financial liability	-	783	-	(185)
Property, plant and equipment written off	79	-	79	-
Provision for doubtful debts	36	153	36	153
Provision for doubtful debts (non trade)	-	103	1	109
Provision for slow moving stock	1,174	776	2,466	776
Reversal of provision for doubtful debts	(74)	(30)	(77)	(64)
Reversal of provision for doubtful debts (non trade)	(130)	(246)	(131)	(267)
Written down of inventories	-	409	-	1,837



**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>31 DEC 2016 RM'000</b>	<b>31 DEC 2015 RM'000</b>
The accumulated losses of the Company and subsidiaries:		
- Realised	(56,770)	(75,356)
- Unrealised	(1,641)	(620)
Total share of retained earnings from associates:		
- Realised	82	82
	<hr/>	<hr/>
	(58,329)	(75,894)
Add: Consolidation adjustments	75,739	75,044
	<hr/>	<hr/>
Total Group retained earnings/(accumulated losses)	17,410	(850)



**28. Earnings Per Share**

**(a) Basic**

Basic earnings per ordinary share is calculated by dividing the profit for the financial year attributable to owners of the Parent by the weighted average number of ordinary shares outstanding during the financial year.

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
Profit attributable to owners of the Parent (RM'000)	2,617	4,260	24,853	20,863
Weighted average number of ordinary shares in issue ('000)	1,322,861	1,305,023	1,318,352	1,257,411
<b>Basic earnings per share (sen)</b>	<b>0.20</b>	<b>0.33</b>	<b>1.89</b>	<b>1.66</b>

**(b) Diluted**

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

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
Profit attributable to owners of the Parent (RM'000)	2,617	4,260	24,853	20,863
Weighted average number of ordinary shares in issue ('000)	1,322,861	1,305,023	1,318,352	1,257,411
Effect of dilution of share options	17,104	20,416	32,785	22,348
Adjusted weighted average number of ordinary shares ('000)	1,339,965	1,325,439	1,351,137	1,279,759
<b>Diluted earnings per share (sen)</b>	<b>0.20</b>	<b>0.32</b>	<b>1.84</b>	<b>1.63</b>



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

**29. Authorisation for Issue**

On 22 February 2017, 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  
22 February 2017