



*Dreamgate Corporation Bhd* (603831-K)

## **PRESS RELEASE**

17 August 2009

### **HIGHER REVENUE FROM PREVIOUS QUARTER**

Dreamgate Corporation Berhad ("Dreamgate") today posted a higher revenue of RM41.4 million for the second quarter ended 30 June 2009, a 16% increase from the previous quarter ended 31 March 2009. The higher revenue for 2Q09 compared to 1Q09 was mainly due to additional sales from new gaming establishments in Philippines.

However, its overall pre-tax loss of RM17.8 million for the second quarter ended 30 June 2009 is a 323% contraction from the corresponding quarter in 2008. Its revenue showed a decrease of 51% to RM41.1 million in the period under review compared to the corresponding period last year. The decreases were mainly due to the following factors:-

- (i) Economic slowdown and the change in purchasing patterns of casino operators from outright purchase to concession programs due to budget constraints. In this respect, the Dreamgate Group managed to place approximately 100 machines under the concession program in Macau and Philippines;
- (ii) Decrease in number of machines under concession. The new Technical Support and Management concessions in Philippines and Macau have yet to generate the targeted revenue to cover the depreciation cost of mobilized and new machines. Normally, an operating period of 9 months is required to achieve the targeted revenue for new concessions;
- (iii) Other factors include:-
  - (a) foreign exchange loss of RM6.7 million;
  - (b) impairment on assets and stocks written off;
  - (c) high depreciation cost on machines, provision of doubtful debts and cost of removal and relocation of machines under the mobilization plan (which is expected to be completed by end of 2009);
  - (d) fixed operating costs and impairment loss arising from closure of slot operations in clubs in Cambodia; and
  - (e) pre-operating costs of Chateau Hotel and Casino, Bavet, Cambodia.



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### **PROSPECTS**

The prospects of the Group remains promising premised by the following:-

- (i) The Group has to-date secured orders for 400 machines for delivery before year end;
- (ii) Since the beginning of the 3rd quarter, the Group has placed an additional 700 machines and is expected to place a further 1,000 machines by year end. The Group has implemented strategies and plans to improve daily income of machines;
- (iii) The Group's first casino, Chateau Hotel and Casino, Bavet in Cambodia was opened for business on 1st August 2009 under the first phase of operations. The casino is currently operating 41 gaming tables and 183 units of slot machines and is expected to contribute positive results.
- (iv) The Group is increasing its resources in promoting and developing our proprietary brand **RGB GAMES** and expects to release 4 new games by year-end, which consists of progressive link themed and standalone.

### **1H09 FINANCIAL SUMMARY (period ended 30 June 2009)**

	<b>2Q09 (RM mil)</b>	<b>1Q09 (RM mil)</b>	<b>1H09 (RM mil)</b>	<b>1H08 (RM mil)</b>
Revenue	41.1	35.6	77.0	128.3
Operating (Loss)/Profit	(15.7)	0.3	(15.5)	17.1
(Loss)/Profit Before Tax	(17.8)	(2.4)	(20.1)	13.5
Net (Loss)/Profit	(17.8)	(2.5)	(20.3)	13.5
EPS (sen)	(2.0)	(0.3)	(2.3)	1.6

The financial results for the first half of 2009 are available on Dreamgate's website ([www.dreamgatecorp.com](http://www.dreamgatecorp.com)).

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### **ABOUT DREAMGATE**

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**Dreamgate Corporation Bhd (603831-K)** was incorporated on 16 January 2003 and is an investment holding company listed on the Main Market of Bursa Malaysia. The Dreamgate Group of companies are involved in:-

- (a) Sales & marketing, manufacturing of electronic gaming machines and equipments;
- (b) Machines concession program & technical support management; and
- (c) Equity investment and management of boutique casinos and clubs with gaming licenses.

At present, Dreamgate has marked its presence in Malaysia and regionally and operates in Malaysia, Kingdom of Cambodia, Laos PDR, Vietnam, Singapore, Macau SAR, Philippines and Japan.

Our vision is to become the leading manufacturer and concession operator in the gaming industry as well as a leading provider of hospitality and leisure services.

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