

Unaudited Financial Statements and Related Announcement for the Third Quarter Ended 30 September 2017

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Comprehensive Income	Group			Group		
	3Q2017	3Q2016	Change	9M2017	9M2016	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Continuing Operations						
Revenue	35,239	37,247	-5%	106,047	113,428	-7%
Cost of sales	(25,559)	(28,919)	-12%	(73,682)	(89,953)	-18%
Gross profit	9,680	8,328	16%	32,365	23,475	38%
Interest income	11	6	83%	35	13	169%
Other gains	58	12	383%	625	514	22%
Marketing and distribution costs	(130)	(162)	-20%	(1,319)	(342)	286%
Administrative expenses	(7,338)	(7,350)	0%	(21,453)	(21,419)	0%
Other losses	(196)	-	N.M.	(487)	-	N.M.
Finance costs	(1,478)	(663)	123%	(3,259)	(1,926)	69%
Share of profit (loss) from equity-accounted associates	489	(64)	N.M.	639	877	-27%
Profit before tax	1,096	107	924%	7,146	1,192	499%
Income tax expenses	(825)	(514)	61%	(3,156)	(1,312)	141%
Profit (Loss) from continuing operations, net of tax	271	(407)	N.M.	3,990	(120)	N.M.
Discontinued Operations						
Loss from discontinued operations, net of tax	-	(375)	N.M.	-	(20,861)	N.M.
Profit (Loss) for the period, net of tax	271	(782)	N.M.	3,990	(20,981)	N.M.
Other comprehensive income (loss)						
Items that may be reclassified subsequently to profit or loss:						
Exchange difference on translating foreign operations, net of tax	190	511	-63%	211	(568)	N.M.
Other comprehensive income (loss) for the period, net of tax	190	511	-63%	211	(568)	N.M.
Total comprehensive income (loss) for the period	461	(271)	N.M.	4,201	(21,549)	N.M.
Profit (Loss) attributable to owners of the parent, net of tax	124	(1,044)	N.M.	3,269	(21,514)	N.M.
Profit attributable to non-controlling interest, net of tax	147	262	-44%	721	533	35%
Profit (Loss) for the period, net of tax	271	(782)	N.M.	3,990	(20,981)	N.M.
Total comprehensive income (loss) attributable to owners of the parent	317	(533)	N.M.	3,483	(22,082)	N.M.
Total comprehensive income attributable to non-controlling interests	144	262	-45%	718	533	35%
Total comprehensive income (loss) for the period	461	(271)	N.M.	4,201	(21,549)	N.M.

N.M. – Not meaningful

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1(a)(ii) Notes to statement of comprehensive income

Profit before tax is stated after (charging)/crediting:

	Group			Group		
	3Q2017 RM'000	3Q2016 RM'000	Change %	9M2017 RM'000	9M2016 RM'000	Change %
<u>Continuing Operations</u>						
Depreciation of property, plant and equipment	(1,421)	(1,140)	24.6%	(3,767)	(3,086)	22.1%
Interest income	11	6	83.3%	35	13	169.2%
Interest expense	(1,478)	(663)	122.9%	(3,259)	(1,926)	69.2%
(Allowance) Reversal for impairment of trade receivables	-	(12)	N.M.	-	107	N.M.
Foreign exchange adjustment net (loss) gain	(195)	(176)	10.8%	(194)	8	N.M.

N.M. - Not meaningful

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position	Group		Company	
	As at	As at	As at	As at
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	19,343	12,439	36	70
Available-for-sale financial assets	1,551	1,551	1,551	1,551
Investment in subsidiaries	-	-	393,597	393,597
Investment in associates	5,357	4,718	-	-
Deferred tax assets	1,070	1,070	-	-
Investment properties	5,666	5,666	-	-
Other assets	3,134	2,970	-	-
Total non-current assets	36,121	28,414	395,184	395,218
<u>Current assets</u>				
Development properties	111,883	107,589	-	-
Inventories	53,882	31,197	-	-
Trade and other receivables	134,134	66,612	31,676	29,437
Other assets	2,971	1,968	185	154
Cash and cash equivalents	10,042	15,170	3,823	1,830
Total current assets	312,912	222,536	35,684	31,421
Total assets	349,033	250,950	430,868	426,639
EQUITY AND LIABILITIES				
<u>Equity attributable to owners of the parent</u>				
Share capital	133,052	133,052	369,551	369,551
Accumulated losses	(84,564)	(87,833)	(22,554)	(17,986)
Share option reserve	3,578	3,193	3,578	3,193
Foreign currency translation reserve	3,071	2,857	70,540	70,268
Merger reserve	1,563	1,563	-	-
Equity, attributable to owners of the parent	56,700	52,832	421,115	425,026
Non-controlling interests	1,045	367	-	-
Total equity	57,745	53,199	421,115	425,026
<u>Non-current liabilities</u>				
Deferred tax liabilities	686	686	-	-
Other financial liabilities	58,309	34,507	-	-
Total non-current liabilities	58,995	35,193	-	-
<u>Current liabilities</u>				
Income tax payable	15,779	16,319	-	-
Trade and other payables	137,428	97,734	1,172	1,613
Other liabilities	2,236	2,661	-	-
Progress billings	47,738	21,575	-	-
Other financial liabilities	29,112	24,269	8,581	-
Total current liabilities	232,293	162,558	9,753	1,613
Total liabilities	291,288	197,751	9,753	1,613
Total equity and liabilities	349,033	250,950	430,868	426,639

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1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Borrowings and Debt Securities	Group	
	As at 30.09.2017	As at 31.12.2016
	RM'000	RM'000
Amount repayable in one year or less, or on demand		
- secured	29,112	24,269
	29,112	24,269
Amount repayable after one year		
- secured	58,309	34,507
	58,309	34,507

Details of any collateral:

The banking facilities of the Group comprised of bank overdraft, term loans, finance leases and trade lines.

The bank overdrafts are covered by: -

1. Joint and several guarantees of certain directors of the Company;
2. Assignment over the rights, title and interest to the properties held for sale;
3. Corporate guarantees provided by certain subsidiaries of the Company;
4. First party charge and first/second legal charges on some of the subsidiaries' projects land and properties held for sale; and
5. Legal charge or deed of assignment and power of attorney over properties held for sale.

The term loans are covered by the following:-

1. Upfront fixed deposit of RM270,000 and interest;
2. Joint and several guarantee by certain directors of the Company;
3. Yearly fixed deposits of RM30,000 to commence 6 months after initial release of facilities;
4. Joint and several guarantee by ex-director of one of the subsidiaries of the Company;
5. Corporate guarantees provided by certain subsidiaries of the Company;
6. First party charge and first/second legal charges on some of the subsidiaries' projects land and properties held for sale and leasehold properties;
7. Assignment over the rights, titles and interest to the properties held for sale; and
8. Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) under the Working Capital Guarantee Scheme (WCGS).

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- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows	Group		Group	
	3Q2017	3Q2016	9M2017	9M2016
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax from continuing operations	1,096	107	7,146	1,192
Loss before tax from discontinued operations	-	(546)	-	(21,487)
Profit (Loss) before tax, total	1,096	(439)	7,146	(20,295)
Adjustments for:				
Depreciation of property, plant and equipment	1,421	1,453	3,767	4,449
Interest expense	1,478	662	3,259	1,925
Interest income	(11)	(11)	(35)	(28)
Gain on disposal of plant and equipment	-	-	-	(58)
Loss recognised on remeasurement to fair value less costs to sell	-	(7)	-	18,052
Dividends from associates	-	-	-	3,469
Share-based payments	128	483	385	1,434
Share of (profit) loss from equity-accounted associates	(489)	64	(639)	(877)
Operating cash flows before changes in working capital	3,623	2,205	13,883	8,071
Development properties	(10,670)	4,548	(4,295)	(16,746)
Inventories	2,348	(6,706)	(22,685)	(10,025)
Trade and other receivables	(21,111)	17,856	(67,271)	(17,797)
Other assets, current	392	241	(1,002)	2,074
Trade and other payables	14,624	2,120	38,767	40,255
Progress billings	9,391	(18,687)	26,163	(16,049)
Other liabilities	(1,214)	(23)	(425)	447
Net cash flows (used in) from operations before tax	(2,617)	1,554	(16,865)	(9,770)
Income tax paid	(1,604)	(878)	(3,697)	(702)
Net cash flows (used in) from operating activities	(4,221)	676	(20,562)	(10,472)
Cash flows from investing activities				
Purchase of property, plant and equipment	(114)	(746)	(9,127)	(2,064)
Proceeds from sale of property, plant and equipment	-	51	-	612
Other assets, non-current	(79)	(386)	(164)	(740)
Interest received	11	11	35	28
Net cash flows used in investing activities	(182)	(1,070)	(9,256)	(2,164)
Cash flows from financing activities				
Other payables/receivables - directors	659	52	1,167	1,025
Other payables/receivables - shareholders	20	(14)	(37)	139
Other payables/receivables - associates	(597)	-	(217)	-
Proceeds from borrowings	10,483	590	37,398	8,079
Repayment of borrowings	(3,280)	(1,107)	(8,058)	(5,893)
Cash restricted in use	(9)	(34)	191	(147)
Dividend paid	-	-	(40)	-
Interest paid	(1,478)	(662)	(3,259)	(1,925)
Net cash flows from (used in) financing activities	5,798	(1,175)	27,145	1,278
Net increase (decrease) in cash and cash equivalents	1,395	(1,569)	(2,673)	(11,358)
Cash and cash equivalents, statement of cash flows, beginning balance	2,104	2,994	6,033	13,363
Effect of exchange rate changes on cash and cash equivalents	(147)	22	(8)	(558)
Cash and cash equivalents, statement of cash flows, ending balance	3,352	1,447	3,352	1,447
Cash and cash equivalents comprised of :				
Cash and bank balances	10,042	12,602	10,042	12,602
Bank overdraft	(5,434)	(8,738)	(5,434)	(8,738)
Cash restricted in use	(1,256)	(2,417)	(1,256)	(2,417)
	3,352	1,447	3,352	1,447

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Note : The Foreign Exchange Reserve and Merger Reserve are not available for distribution as cash dividends.

Statements of Changes in Equity	(Accumulated losses)							
	Total equity	Attributable to parent	Share capital	Retained earnings	Foreign exchange reserve	Merger reserve	Share option reserve	Non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Current period:								
Opening balance at 1 July 2017	57,156	56,255	133,052	(84,688)	2,878	1,563	3,450	901
Movement in equity:								
Total comprehensive income for the period	461	317	-	124	193	-	-	144
Share-based payments	128	128	-	-	-	-	128	-
Closing balance at 30 September 2017	57,745	56,700	133,052	(84,564)	3,071	1,563	3,578	1,045
Previous period:								
Opening balance at 1 July 2016	60,587	59,951	133,052	(87,351)	8,490	3,178	2,582	636
Movement in equity:								
Total comprehensive (loss) income for the period	(271)	(533)	-	(1,044)	511	-	-	262
Share-based payments	483	483	-	-	-	-	483	-
Closing balance at 30 September 2016	60,799	59,901	133,052	(88,395)	9,001	3,178	3,065	898

	(Accumulated losses)				
	Total equity	Share capital	Retained earnings	Foreign exchange reserve	Share option reserve
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
Current period:					
Opening balance at 1 July 2017	421,820	369,551	(21,154)	69,973	3,450
Movement in equity:					
Total comprehensive income (loss) for the period	(833)	-	(1,400)	567	-
Share-based payments	128	-	-	-	128
Closing balance at 30 September 2017	421,115	369,551	(22,554)	70,540	3,578
Previous period:					
Opening balance at 1 July 2016	390,983	369,551	(43,098)	61,948	2,582
Movement in equity:					
Total comprehensive (loss) income for the period	(2,255)	-	(2,272)	17	-
Share-based payments	483	-	-	-	483
Closing balance at 30 September 2016	389,211	369,551	(45,370)	61,965	3,065

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There have been no changes in the Company's share capital and treasury shares since the end of the previous period reported on.

As at 30 September 2017 and 30 September 2016, the Company did not hold any treasury shares.

During the financial period, there have been no bonus or other issues of shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30.09.2017	As at 30.09.2016
Total number of issued shares excluding treasury shares	<u>200,114,059</u>	<u>200,114,059</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There have been no treasury shares during the financial period.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There have been no subsidiary holdings during the financial period.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to its audited financial statements as at 31 December 2016, except for the adoption of Financial Reporting Standards ("FRSs") which are relevant to the Group's operations and took effect from 1 January 2017.

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- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to item 4 above. The adoption of the new and revised FRSs had no material effect on the Group's accounting policies and had no significant impact on the Group's financial statements.

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

- (a) Based on the weighted average number of ordinary shares on issue;

Earnings Per Share	Group		Group	
	3Q2017	3Q2016	9M2017	9M2016
Profit (Loss) attributable to the owners of the parent during the financial period:				
From continuing operations (RM'000)	271	(669)	3,990	(653)
From discontinued operations (RM'000)	-	(375)	-	(20,861)
Weighted average number of ordinary shares on issue	200,114,059	200,114,059	200,114,059	200,114,059
Basic earnings per share for profit attributable to equity holders of the parent during the financial period:				
From continuing operations (sens)	0.14	(0.33)	1.99	(0.33)
From discontinued operations (sens)	-	(0.19)	-	(10.42)

- (b) On a fully diluted basis (detailing any adjustments made to the earnings).

Diluted earnings per share is not presented as there is no potential dilutive ordinary share existing during the relevant financial periods presented.

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -

- (a) current financial period reported on; and
(b) immediately preceding financial year.

Net Asset Value	Group		Company	
	As at 30.09.2017	As at 31.12.2016	As at 30.09.2017	As at 31.12.2016
Net asset value (RM'000)	56,700	52,832	421,117	425,026
Number of issued shares excluding treasury shares	200,114,059	200,114,059	200,114,059	200,114,059
Net asset value per ordinary share (sens)	28.33	26.40	210.44	212.39

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- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

On 16 December 2016, the Group completed the proposed disposal of Hisaka International Holdings Pte Ltd ("HIHPL"), its underperforming precision business subsidiary, to re-align its corporate strategy and focus on its core property development business. Hence, the Group's "Continuing Operations" refers mainly to its original property business division and the holding company.

Revenue from the property development business decreased by RM2.0 million or 5.4% from RM37.2 million in 3Q2016 to RM35.2 million in 3Q2017. This was mainly due to lesser development projects completed and sale of construction materials in 3Q2017.

The property business recorded gross profit margins of 27.5% in 3Q2017 compared to 22.4% in 3Q2016. The higher gross profit margin was due to the higher profit-yielding development projects sold in 3Q2017.

The increase in other losses was mainly due to foreign currencies exchange differences.

The marketing and distribution costs and administrative expenses in 3Q2017 and 3Q2016 were relatively consistent.

Finance costs increased from RM0.7 million in 3Q2016 to RM1.5 million in 3Q2017 due to increase in the borrowings.

The share of profit or loss from equity-accounted associates was mainly from the recognition of results in the Group's associate, Tiya Development Sdn Bhd. The increase in share of profit from the associate was mainly due to more units sold in 3Q2017 compared to 3Q2016.

Income tax expenses increased mainly due to more taxable profits from the property development business.

Statements of Financial Position

Group

Non-current assets of the Group increased by RM7.7 million from RM28.4 million as at FY2016 to RM36.1 million as at 3Q2017 mainly due to increase in property, plant and equipment mainly arising from the completion of the transfer of leasehold property in 2Q2017.

The current assets of the Group had increased by RM90.4 million from RM222.5 million as at FY2016 to RM312.9 million as at 3Q2017. The increase was due to an increase in inventories by RM22.7 million owing to the development project completed and increase in trade and other receivables by RM67.5 million owing to the increase in the receivables from construction contracts and development projects.

Non-current liabilities of the Group increased by RM23.8 million from RM35.2 million as at FY2016 to RM59.0 million as at 3Q2017 due to the increase in other financial liabilities resulting from the issuance of redeemable preference shares.

Current liabilities of the Group increased by RM69.7 million from RM162.6 million as at FY2016 to RM232.3 million as at 3Q2017. The increase was mainly due to an increase in trade and other payables by RM39.7 million owing to the construction costs of both development projects and construction projects and increase in progress billings by RM26.1 million on development projects.

Overall, the Group's net tangible asset stood at RM57.8 million as at 3Q2017 compared to RM53.2 million as at FY2016.

Company

The increase in other financial liabilities was due to the increase in borrowings.

Statement of Cash flows

The Group used cash of RM4.2 million in operating activities in 3Q2017 as there was an increase in property development activities compared to 3Q2016.

Net cash of RM5.8 million was generated from financing activities in 3Q2017 mainly due to increase in borrowings.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable. No forecast or prospect statement have been previously disclosed.

10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group has achieved its third consecutive profitable quarter and the Group will continue to embrace and execute the following property development strategies:

- Increase market share and customer base;
- Innovate property contents and values to create and stimulate new demands;
- Initiate strategic alliances with other complementary trade and industries for enhanced value-creation.

In addition, the Group believes that there will be spin-off benefits from many Sarawak government initiatives in attracting foreign investments.

Finally, with the completion of the acquisition of Wisma Majuniaga Sdn Bhd, 24,803,192 new shares were issued on 25 October 2017 and the total number of issued and paid-up shares in the capital of the Company has increased to 224,917,251. With this new strategic expansion in place, the Group endeavours to embark on new development projects in the foreseeable future.

11 **Dividend**

(a) **Current Financial Period Reported On**
Any dividend recommended for the current financial period reported on?

Nil

(b) **Corresponding Period of the Immediately Preceding Financial Year**
Any dividend recommended for the corresponding period of the immediately preceding financial year?

Nil

(c) **Date Payable**

Not applicable.

(d) **Books Closure Date**

Not applicable.

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12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Negative confirmation pursuant to Rule 705(5).

The board of directors of the Company confirms to the best of its knowledge that nothing has come to its attention which may render the third quarter results ended 30 September 2017 to be false or misleading in any material aspect.

15 Undertaking Confirmation Statement from all its directors and executive officers under Rule 720(1)

The Company has procured undertakings from all its directors and executive officer (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Su Chung Jye
Chairman and Chief Executive Officer

Wong Pak Kiong
Executive Director

14 November 2017