

Unaudited Financial Statements and Related Announcement for the Second Quarter Ended 30 June 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		
	2Q2017	2Q2016	Change %	1H2017	1H2016	Change %
	RM'000	RM'000		RM'000	RM'000	
Continuing Operations						
Revenue	30,436	18,685	63%	70,808	76,181	-7%
Cost of sales	(20,451)	(12,393)	65%	(48,123)	(61,034)	-21%
Gross profit	9,985	6,292	59%	22,685	15,147	50%
Interest income	8	4	100%	24	7	243%
Other gains	449	242	86%	567	503	13%
Marketing and distribution costs	(775)	(81)	857%	(1,189)	(180)	561%
Administrative expenses	(6,884)	(6,742)	2%	(14,115)	(14,069)	0%
Other losses	(2)	(386)	-99%	(291)	(1)	29000%
Finance costs	(899)	(633)	42%	(1,781)	(1,263)	41%
Share of (loss) profit from equity-accounted associates	(7)	375	N.M.	150	941	-84%
Profit (Loss) before tax	1,875	(929)	N.M.	6,050	1,085	458%
Income tax expenses	(821)	(381)	115%	(2,331)	(798)	192%
Profit (Loss) from continuing operations, net of tax	1,054	(1,310)	N.M.	3,719	287	1196%
Discontinued Operations						
Loss from discontinued operations, net of tax	-	(19,149)	N.M.	-	(20,486)	N.M.
Profit (Loss) for the period, net of tax	1,054	(20,459)	N.M.	3,719	(20,199)	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	(474)	1,126	N.M.	21	(1,079)	N.M.
Other comprehensive (loss) income for the period, net of tax	(474)	1,126	N.M.	21	(1,079)	N.M.
Total comprehensive income (loss) for the period	580	(19,333)	N.M.	3,740	(21,278)	N.M.
Profit (Loss) attributable to owners of the parent, net of tax	1,373	(20,521)	N.M.	3,145	(20,470)	N.M.
(Loss) Profit attributable to non-controlling interest, net of tax	(319)	62	N.M.	574	271	112%
Profit (Loss) for the period, net of tax	1,054	(20,459)	N.M.	3,719	(20,199)	N.M.
Total comprehensive income (loss) attributable to owners of the parent	891	(19,395)	N.M.	3,166	(21,549)	N.M.
Total comprehensive (loss) income attributable to non-controlling interests	(311)	62	N.M.	574	271	112%
Total comprehensive income (loss) for the period	580	(19,333)	N.M.	3,740	(21,278)	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		
	2Q2017 RM'000	2Q2016 RM'000	Change %	1H2017 RM'000	1H2016 RM'000	Change %
Continuing Operations						
Depreciation of property, plant and equipment	(1,319)	(1,101)	19.8%	(2,346)	(1,946)	20.6%
Interest income	8	4	100.0%	24	7	242.9%
Interest expense	(899)	(633)	42.0%	(1,781)	(1,263)	41.0%
Allowance for impairment of trade receivables - reversal	-	119	N.M.	-	119	N.M.
Foreign exchange adjustment net gain (loss)	292	(386)	N.M.	1	184	-99.5%

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
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	20,165	12,439	47	70
Available-for-sale financial assets	1,550	1,551	1,550	1,551
Investment in subsidiaries	-	-	393,294	393,597
Investment in associates	4,868	4,718	-	-
Deferred tax assets	1,070	1,070	-	-
Investment properties	5,666	5,666	-	-
Other assets	3,055	2,970	-	-
Total non-current assets	36,374	28,414	394,891	395,218
<u>Current assets</u>				
Development properties	101,214	107,589	-	-
Inventories	56,230	31,197	-	-
Trade and other receivables	112,751	66,612	29,031	29,437
Other assets	3,362	1,968	121	154
Cash and cash equivalents	8,821	15,170	271	1,830
Total current assets	282,378	222,536	29,423	31,421
Total assets	318,752	250,950	424,314	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	(84,688)	(87,833)	(21,154)	(17,986)
Share option reserve	3,450	3,193	3,450	3,193
Foreign currency translation reserve	2,878	2,857	69,973	70,268
Merger reserve	1,563	1,563	-	-
Equity, attributable to owners of the parent	56,255	52,832	421,820	425,026
Non-controlling interests	901	367	-	-
Total equity	57,156	53,199	421,820	425,026
<u>Non-current liabilities</u>				
Deferred tax liabilities	686	686	-	-
Other financial liabilities	58,452	34,507	-	-
Total non-current liabilities	59,138	35,193	-	-
<u>Current liabilities</u>				
Income tax payable	16,557	16,319	-	-
Trade and other payables	122,705	97,734	2,494	1,613
Other liabilities	3,451	2,661	-	-
Progress billings	38,347	21,575	-	-
Other financial liabilities	21,398	24,269	-	-
Total current liabilities	202,458	162,558	2,494	1,613
Total liabilities	261,596	197,751	2,494	1,613
Total equity and liabilities	318,752	250,950	424,314	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 30.06.2017	As at 31.12.2016
	RM'000	RM'000
Amount repayable in one year or less, or on demand		
- secured	21,398	24,269
	21,398	24,269
Amount repayable after one year		
- secured	58,452	34,507
	58,452	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 property;
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	2Q2017	2Q2016	1H2017	1H2016
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit (Loss) before tax from continuing operations	1,875	(929)	6,050	1,085
Loss before tax from discontinued operations	-	(19,259)	-	(20,941)
Profit (Loss) before tax, total	1,875	(20,188)	6,050	(19,856)
Adjustments for:				
Depreciation of property, plant and equipment	1,319	1,624	2,346	2,996
Interest expense	899	633	1,781	1,263
Interest income	(8)	(8)	(24)	(17)
Gain on disposal of plant and equipment	-	(36)	-	(58)
Loss recognised on remeasurement to fair value less costs to sell	-	18,059	-	18,059
Dividends from associates	-	-	-	3,469
Share-based payments	128	477	257	951
Share of loss (profit) from equity-accounted associates	7	(375)	(150)	(941)
Operating cash flows before changes in working capital	4,220	186	10,260	5,866
Development properties	(16,195)	(28,617)	6,375	(21,294)
Inventories	(5,535)	1,251	(25,033)	(3,319)
Trade and other receivables	(23,338)	(11,307)	(55,173)	(35,653)
Other assets, current	1,017	(38)	(1,394)	1,833
Trade and other payables	15,174	19,209	24,143	38,135
Progress billings	22,898	16,531	16,772	2,638
Other liabilities	(67)	389	789	470
Net cash flows used in operations before tax	(1,826)	(2,396)	(23,261)	(11,324)
Income tax (paid) refund	(365)	790	(2,093)	176
Net cash flows used in operating activities	(2,191)	(1,606)	(25,354)	(11,148)
Cash flows from investing activities				
Purchase of property, plant and equipment	211	(655)	-	(1,318)
Proceeds from sale of property, plant and equipment	-	345	-	561
Other assets, non-current	(95)	(159)	(85)	(354)
Interest received	8	8	24	17
Net cash flows from (used in) investing activities	124	(461)	(61)	(1,094)
Cash flows from financing activities				
Other payables/receivables - directors	339	113	508	973
Other payables/receivables - shareholders	(123)	125	(57)	153
Other payables/receivables - associates	(444)	-	380	-
Proceeds from borrowings	11,682	2,237	26,915	7,489
Repayment of borrowings	(2,846)	(4,786)	(4,778)	(4,786)
Cash restricted in use	-	(61)	200	(113)
Dividend paid	-	-	(40)	-
Interest paid	(899)	(633)	(1,781)	(1,263)
Net cash flows from (used in) financing activities	7,709	(3,005)	21,347	2,453
Net increase (decrease) in cash and cash equivalents	5,642	(5,072)	(4,068)	(9,789)
Cash and cash equivalents, statement of cash flows, beginning balance	(3,785)	8,040	6,033	13,363
Effect of exchange rate changes on cash and cash equivalents	247	26	139	(580)
Cash and cash equivalents, statement of cash flows, ending balance	2,104	2,994	2,104	2,994
Cash and cash equivalents comprised of :				
Cash and bank balances	8,821	12,583	8,821	12,583
Bank overdraft	(5,470)	(7,207)	(5,470)	(7,207)
Cash restricted in use	(1,247)	(2,382)	(1,247)	(2,382)
	2,104	2,994	2,104	2,994

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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							
	Total equity	Attributable to parent	Share capital	losses) 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 April 2017	56,448	55,236	133,052	(86,061)	3,360	1,563	3,322	1,212
Movement in equity:								
Total comprehensive income (loss) for the period	580	891	-	1,373	(482)	-	-	(311)
Share-based payments	128	128	-	-	-	-	128	-
Closing balance at 30 June 2017	57,156	56,255	133,052	(84,688)	2,878	1,563	3,450	901
Previous period:								
Opening balance at 1 April 2016	79,444	78,869	133,052	(66,830)	7,364	3,178	2,105	575
Movement in equity:								
Total comprehensive (loss) income for the period	(19,333)	(19,395)	-	(20,521)	1,126	-	-	62
Share-based payments	477	477	-	-	-	-	477	-
Closing balance at 30 June 2016	60,588	59,951	133,052	(87,351)	8,490	3,178	2,582	637

	(Accumulated				
	Total equity	Share capital	losses) 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 April 2017	432,473	369,551	(19,610)	79,210	3,322
Movement in equity:					
Total comprehensive loss for the period	(10,781)	-	(1,544)	(9,237)	-
Share-based payments	128	-	-	-	128
Closing balance at 30 June 2017	421,820	369,551	(21,154)	69,973	3,450
Previous period:					
Opening balance at 1 April 2016	392,503	369,551	(40,994)	61,841	2,105
Movement in equity:					
Total comprehensive (loss) income for the period	(1,997)	-	(2,104)	107	-
Share-based payments	477	-	-	-	477
Closing balance at 30 June 2016	390,983	369,551	(43,098)	61,948	2,582

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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 June 2017 and 30 June 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 30.06.2017	As at 30.06.2016
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	
	2Q2017	2Q2016	1H2017	1H2016
Profit (Loss) attributable to the owners of the parent during the financial period:				
From continuing operations (RM'000)	1,373	(1,372)	3,145	16
From discontinued operations (RM'000)	-	(19,149)	-	(20,486)
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)	0.69	(0.69)	1.57	0.01
From discontinued operations (sens)	-	(9.57)	-	(10.24)

- (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 30.06.2017	As at 31.12.2016	As at 30.06.2017	As at 31.12.2016
Net asset value (RM'000)	56,255	52,832	421,820	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)	28.11	26.40	210.79	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 increased by RM11.7 million or 63% from RM18.7 million in 2Q2016 to RM30.4 million in 2Q2017. This was mainly due to the completion of a development project and the progressive revenue recognised for development projects.

The gross profit margin of 2Q2017 and 2Q2016 were relatively consistent.

The fluctuation in other gains and other losses were mainly due to foreign currencies exchange differences.

The increase in marketing and distribution costs was attributable to more headcounts were hired and the increased marketing and promotional activities to drive sales.

Administrative expenses in 2Q2017 and 2Q2016 were relatively consistent.

Finance costs increased from RM0.6 million in 2Q2016 to RM0.9 million in 2Q2017 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, for both 2Q2017 and 2Q2016. The decrease in share of profit from the associate was mainly due to no sale of completed units in 2Q2017 compared to 2Q2016.

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 RM8.0 million from RM28.4 million as at FY2016 to RM36.4 million as at 2Q2017 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 RM59.9 million from RM222.5 million as at FY2016 to RM282.4 million as at 2Q2017. The increase was due to an increase in inventories by RM25.0 million and increase in trade and other receivables by RM46.2 million owing to the increase in completed projects and receivables from construction contracts respectively. The increase was partially offset by a decrease in development properties of RM6.4 million and cash and cash equivalents of RM6.4 million.

Non-current liabilities of the Group increased by RM23.9 million from RM35.2 million as at FY2016 to RM59.1 million as at 2Q2017 due to the increase in other financial liabilities resulting from the issuance of redeemable preference shares.

Current liabilities of the Group increased by RM39.9 million from RM162.6 million as at FY2016 to RM202.5 million as at 2Q2017. The increase was mainly due to an increase in trade and other payables by RM 25.0 million owing to the construction costs of development projects and progress billings by RM 16.7 million on development projects.

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

Company

There were no significant fluctuations in the net tangible assets of the Company.

Statement of Cash flows

The Group used cash of RM2.2 million in operating activities in 2Q2017 as there are increased property development activities as compared to 2Q2016.

Net cash of RM7.7 million was generated from financing activities in 2Q2017 mainly due to proceeds from the redeemable preference shares.

- 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.

As the Group moves on to its second quarter of profitability in 2017, it will continue to adopt 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.

Despite the on-going challenging economic environment, the Group will continue to step up marketing efforts, adopt pricing strategies and make efforts to diversify its products range.

Corporate actions such as the proposed acquisition of Wisma Majuniaga Sdn Bhd via issuance of new shares in July 2017 denotes the Group's attempt to expand its business latitude via strategic alliances, projecting a better investment yield for its shareholders.

- 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 second quarter results ended 30 June 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

11 August 2017