

## Unaudited Financial Statements and Related Announcement for the Third Quarter Ended 30 September 2016

### 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		
	3Q2016	3Q2015	Change %	9M2016	9M2015	Change %
	RM'000	RM'000		RM'000	RM'000	
<b>Continuing Operations</b>						
Revenue	37,247	11,181	233%	113,428	27,862	307%
Cost of sales	(28,919)	(9,919)	192%	(89,953)	(21,169)	325%
<b>Gross profit</b>	<b>8,328</b>	<b>1,262</b>	<b>560%</b>	<b>23,475</b>	<b>6,693</b>	<b>251%</b>
Interest income	6	49	-88%	13	64	-80%
Other gains	12	-	N.M.	514	417	23%
Administrative expenses	(7,512)	(7,329)	2%	(21,761)	(16,949)	28%
Other losses	-	(1)	N.M.	-	-	N.M.
Finance costs	(663)	(555)	19%	(1,926)	(1,463)	32%
Share of (loss) profit from equity-accounted associates	(64)	595	N.M.	877	733	20%
<b>Profit (Loss) before tax</b>	<b>107</b>	<b>(5,979)</b>	<b>N.M.</b>	<b>1,192</b>	<b>(10,505)</b>	<b>N.M.</b>
Income tax (expense) credit	(514)	143	N.M.	(1,312)	227	N.M.
<b>Loss from continuing operations, net of tax</b>	<b>(407)</b>	<b>(5,836)</b>	<b>-93%</b>	<b>(120)</b>	<b>(10,278)</b>	<b>-99%</b>
<b>Discontinued Operation (Precision Business)</b>						
Loss from discontinued operation, net of tax	(375)	(253)	48%	(20,861)	(374)	5478%
<b>Loss for the period, net of tax</b>	<b>(782)</b>	<b>(6,089)</b>	<b>-87%</b>	<b>(20,981)</b>	<b>(10,652)</b>	<b>97%</b>
<b>Other comprehensive income (loss)</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Exchange difference on translating foreign operations, net of tax	511	6,841	-93%	(568)	10,353	N.M.
<b>Other comprehensive income (loss) for the period, net of tax</b>	<b>511</b>	<b>6,841</b>	<b>-93%</b>	<b>(568)</b>	<b>10,353</b>	<b>N.M.</b>
<b>Total comprehensive (loss) income for the period</b>	<b>(271)</b>	<b>752</b>	<b>N.M.</b>	<b>(21,549)</b>	<b>(299)</b>	<b>7107%</b>
Loss attributable to equity holders of parent, net of tax	(1,044)	(6,125)	-83%	(21,514)	(10,704)	101%
Profit attributable to non-controlling interest, net of tax	262	36	628%	533	52	925%
<b>Loss, net of tax</b>	<b>(782)</b>	<b>(6,089)</b>	<b>-87%</b>	<b>(20,981)</b>	<b>(10,652)</b>	<b>97%</b>
Total comprehensive (loss) income attributable to equity holders of the parent	(533)	716	N.M.	(22,082)	(351)	6191%
Total comprehensive income attributable to non-controlling interests	262	36	628%	533	52	925%
<b>Total comprehensive (loss) income for the period</b>	<b>(271)</b>	<b>752</b>	<b>N.M.</b>	<b>(21,549)</b>	<b>(299)</b>	<b>7107%</b>

N.M. – Not meaningful

# REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the third quarter ended 30 September 2016

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

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

	Group			Group		
	3Q2016 RM'000	3Q2015 RM'000	Change %	9M2016 RM'000	9M2015 RM'000	Change %
<b><u>Continuing Operation</u></b>						
Depreciation of property, plant and equipment	(1,140)	(928)	22.8%	(3,086)	(2,084)	48.1%
Interest income	6	49	-87.8%	13	64	-79.7%
Interest expense	(663)	(555)	19.5%	(1,926)	(1,463)	31.6%
Share-based payments	(483)	(798)	-39.5%	(1,434)	(1,023)	40.2%
(Allowance) Reversal for impairment of trade receivables	(12)	(10)	20.0%	107	369	-71.0%
Foreign exchange adjustment net (loss) gain	(176)	(56)	214.3%	8	(57)	N.M.

N.M. - Not meaningful

# REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the third quarter ended 30 September 2016

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 30.09.2016	As at 31.12.2015	As at 30.09.2016	As at 31.12.2015
	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>				
<b><u>Non-current assets</u></b>				
Property, plant and equipment	13,341	22,700	80	109
Available-for-sale financial assets	1,523	1,523	1,523	1,523
Investment in subsidiaries	-	-	386,308	386,308
Investment in associates	5,973	8,565	-	-
Deferred tax assets	101	1,345	-	59
Other assets	7,021	6,282	-	-
<b>Total non-current assets</b>	<b>27,959</b>	<b>40,415</b>	<b>387,911</b>	<b>387,999</b>
<b><u>Current assets</u></b>				
Development properties	124,982	108,235	-	-
Inventories	28,373	36,729	-	-
Trade and other receivables	59,247	73,565	22,957	23,324
Other assets	1,910	5,308	209	127
Cash and cash equivalents	4,642	22,484	1,536	3,602
	219,154	246,321	24,702	27,053
Assets of disposal group classified as held for sale	52,247	-	-	-
<b>Total current assets</b>	<b>271,401</b>	<b>246,321</b>	<b>24,702</b>	<b>27,053</b>
<b>Total assets</b>	<b>299,360</b>	<b>286,736</b>	<b>412,613</b>	<b>415,052</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Equity attributable to owners of the parent</u></b>				
Share capital	133,052	133,052	369,551	369,551
Accumulated losses	(88,395)	(66,881)	(45,370)	(38,750)
Share option reserve	3,065	1,631	3,065	1,631
Foreign currency translation reserve	9,001	9,569	61,965	62,092
Merger reserve	3,178	3,178	-	-
<b>Equity, attributable to owners of the parent</b>	<b>59,901</b>	<b>80,549</b>	<b>389,211</b>	<b>394,524</b>
Non-controlling interests	898	365	-	-
<b>Total equity</b>	<b>60,799</b>	<b>80,914</b>	<b>389,211</b>	<b>394,524</b>
<b><u>Non-current liabilities</u></b>				
Deferred tax liabilities	-	1,253	-	-
Other financial liabilities	19,538	15,684	-	-
<b>Total non-current liabilities</b>	<b>19,538</b>	<b>16,937</b>	<b>-</b>	<b>-</b>
<b><u>Current liabilities</u></b>				
Income tax payable	14,066	15,256	-	5
Trade and other payables	88,454	61,132	23,402	20,523
Other liabilities	4,663	4,217	-	-
Progress billings	60,974	77,024	-	-
Other financial liabilities	15,105	31,256	-	-
	183,262	188,885	23,402	20,528
Liabilities of disposal group classified as held for sale	35,761	-	-	-
<b>Total current liabilities</b>	<b>219,023</b>	<b>188,885</b>	<b>23,402</b>	<b>20,528</b>
<b>Total liabilities</b>	<b>238,561</b>	<b>205,822</b>	<b>23,402</b>	<b>20,528</b>
<b>Total equity and liabilities</b>	<b>299,360</b>	<b>286,736</b>	<b>412,613</b>	<b>415,052</b>

## REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the third quarter ended 30 September 2016

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 30.09.2016	As at 31.12.2015
	RM'000	RM'000
<u>Amount repayable in one year or less, or on demand</u>		
- secured	15,105	31,256
	<b>15,105</b>	<b>31,256</b>
<u>Amount repayable after one year</u>		
- secured	19,538	15,684
	<b>19,538</b>	<b>15,684</b>

### Details of any collateral:

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

The bank overdrafts are covered by: -

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

The term loans are covered by the following:-

1. Upfront fixed deposit of RM260,000 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;
8. Legal assignment of life policy to be executed by the subsidiary in respect of certain directors; and/or
9. Corporate guarantees provided by the Company.

**REGAL International Group Ltd.**

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the third quarter ended 30 September 2016

- 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	3Q2016 RM'000	3Q2015 RM'000	9M2016 RM'000	9M2015 RM'000
<b>Cash flows from operating activities</b>				
Profit (Loss) before tax from continuing operation	107	(5,979)	1,192	(10,506)
(Loss) Profit before tax from discontinued operation	(546)	(52)	(21,487)	691
Loss before tax, total	(439)	(6,031)	(20,295)	(9,815)
Adjustments for:				
Depreciation of property, plant and equipment	1,453	1,690	4,449	2,882
Waiver of quasi-equity loan to associates	-	-	-	3,497
Interest expense	662	540	1,925	1,549
Interest income	(11)	(16)	(28)	(56)
Gain on disposal of plant and equipment	-	(158)	(58)	(158)
Plant and equipment written off	-	31	-	31
Gain on disposal of investment in associates	-	-	-	(78)
Loss recognised on remeasurement to fair value less costs to sell	(7)	-	18,052	-
Dividends from associates	-	-	3,469	-
Share-based payments	483	798	1,434	1,023
Share of loss (profit) from equity-accounted associates	64	(596)	(877)	(797)
<b>Operating cash flows before changes in working capital</b>	<b>2,205</b>	<b>(3,742)</b>	<b>8,071</b>	<b>(1,922)</b>
Development properties	4,548	(17,169)	(16,746)	(50,512)
Inventories	(6,706)	(4,545)	(10,025)	(1,102)
Trade and other receivables	17,856	(708)	(17,797)	(11,541)
Other assets, current	241	232	2,074	(334)
Trade and other payables	2,120	534	40,255	13,433
Progress billings	(18,687)	26,834	(16,049)	36,812
Other liabilities	(23)	(127)	447	4,697
Net cash flows from (used in) operations before tax	1,554	1,309	(9,770)	(10,469)
Income tax paid	(878)	(571)	(702)	(1,684)
<b>Net cash flows from (used in) operating activities</b>	<b>676</b>	<b>738</b>	<b>(10,472)</b>	<b>(12,153)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(746)	(214)	(2,064)	(1,234)
Proceeds from sale of property, plant and equipment	51	403	612	403
Other assets, non-current	(386)	1,445	(740)	2,647
Available-for-sale financial asset	-	(1,562)	-	(1,562)
Interest received	11	16	28	56
<b>Net cash flows (used in) from investing activities</b>	<b>(1,070)</b>	<b>88</b>	<b>(2,164)</b>	<b>310</b>
<b>Cash flows from financing activities</b>				
Other payables/receivables - directors	52	265	1,025	364
Other payables/receivables - shareholders	(14)	-	139	-
Proceeds from borrowings	590	8,552	8,079	11,630
Repayment of borrowings	(1,107)	(4,590)	(5,893)	(11,437)
Cash restricted in use	(34)	(1,267)	(147)	(1,272)
Interest paid	(662)	(540)	(1,925)	(1,549)
<b>Net cash flows (used in) from financing activities</b>	<b>(1,175)</b>	<b>2,420</b>	<b>1,278</b>	<b>(2,264)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(1,569)</b>	<b>3,246</b>	<b>(11,358)</b>	<b>(14,107)</b>
Cash and cash equivalents, statement of cash flows, beginning balance	2,994	8,985	13,363	22,921
Effect of exchange rate changes on cash and cash equivalents	22	6,842	(558)	10,259
<b>Cash and cash equivalents, statement of cash flows, ending balance</b>	<b>1,447</b>	<b>19,073</b>	<b>1,447</b>	<b>19,073</b>
<b>Cash and cash equivalents comprised :</b>				
Cash and bank balances	4,642	27,455	4,642	27,455
Cash and bank balances of disposal group classified as held for sale	7,960	-	7,960	-
Bank overdraft	(8,738)	(6,817)	(8,738)	(6,817)
Cash restricted in use	(2,417)	(1,565)	(2,417)	(1,565)
	<b>1,447</b>	<b>19,073</b>	<b>1,447</b>	<b>19,073</b>

# REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the third quarter ended 30 September 2016

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
<b>Group</b>								
<b>Current period:</b>								
Opening balance at 1 July 2016	60,587	59,951	133,052	(87,351)	8,490	3,178	2,582	636
<b>Movement in equity:</b>								
Total comprehensive (loss) income for the period	(271)	(533)	-	(1,044)	511	-	-	262
Share-based payments	483	483	-	-	-	-	483	-
<b>Closing balance at 30 September 2016</b>	<b>60,799</b>	<b>59,901</b>	<b>133,052</b>	<b>(88,395)</b>	<b>9,001</b>	<b>3,178</b>	<b>3,065</b>	<b>898</b>
<b>Previous period:</b>								
Opening balance at 1 July 2015	142,925	142,775	133,052	943	5,377	3,178	225	150
<b>Movement in equity:</b>								
Total comprehensive income (loss) for the period	752	716	-	(6,125)	6,841	-	-	36
Share-based payments	798	798	-	-	-	-	798	-
<b>Closing balance at 30 September 2015</b>	<b>144,475</b>	<b>144,289</b>	<b>133,052</b>	<b>(5,182)</b>	<b>12,218</b>	<b>3,178</b>	<b>1,023</b>	<b>186</b>

	(Accumulated losses)				
	Total equity	Share capital	Retained earnings	Foreign exchange reserve	Share option reserve
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Company</b>					
<b>Current period:</b>					
Opening balance at 1 July 2016	390,983	369,551	(43,098)	61,948	2,582
<b>Movement in equity:</b>					
Total comprehensive (loss) income for the period	(2,255)	-	(2,272)	17	-
Share-based payments	483	-	-	-	483
<b>Closing balance at 30 September 2016</b>	<b>389,211</b>	<b>369,551</b>	<b>(45,370)</b>	<b>61,965</b>	<b>3,065</b>
<b>Previous period:</b>					
Opening balance at 1 July 2015	370,170	369,551	(29,893)	30,287	225
<b>Movement in equity:</b>					
Total comprehensive income (loss) for the period	40,269	-	(2,534)	42,803	-
Share-based payments	798	-	-	-	798
<b>Closing balance at 30 September 2015</b>	<b>411,237</b>	<b>369,551</b>	<b>(32,427)</b>	<b>73,090</b>	<b>1,023</b>

## REGAL International Group Ltd.

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- Unaudited Financial Statements and Related Announcement for the third quarter ended 30 September 2016

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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.

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 2016 and 30 September 2015, the Company did not hold any treasury 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 Sep 2016	As at 30 Sep 2015
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.

None.

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 2015, except for the adoption of Financial Reporting Standards ("FRSs") which are relevant to the Group's operations and took effect from 1 January 2016.

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.

## REGAL International Group Ltd.

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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	
	3Q2016	3Q2015	9M2016	9M2015
Loss attributable to the equity holders of the parent during the financial period:				
From continuing operation (RM'000)	(669)	(5,872)	(653)	(10,330)
From discontinued operation (RM'000)	(375)	(253)	(20,861)	(374)
Weighted average number of ordinary shares on issue	200,114,059	200,114,059	200,114,059	200,114,059
Basic loss per share for loss attributable to equity holders of the parent during the financial period:				
From continuing operation (sens)	(0.33)	(2.93)	(0.33)	(5.16)
From discontinued operation (sens)	(0.19)	(0.13)	(10.42)	(0.19)

(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 30.09.2016	As at 31.12.2015	As at 30.09.2016	As at 31.12.2015
Net asset value (RM'000)	60,799	80,549	389,211	394,524
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)	30.38	40.25	194.49	197.15



- 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 2 June 2016, the Company announced the decision of its board of directors to dispose of one of its wholly-owned subsidiaries, Hisaka International Holdings Pte Ltd ("HIHPL"). HIHPL is the holding company of the Group's precision business division. The proposed disposal of the precision business, which has been underperforming, is consistent with the Group's strategy to re-align its corporate strategy and focus on its core property development business.

The proposed disposal was not completed as at 3Q2016 as the necessary approval from the SGX-ST is still pending. The results of the precision business division were presented separately on the income statement as "Loss from discontinued operation, net of tax".

The property business division was presented under the "Continuing Operation".

#### **(a) Revenue and Profitability from Continuing Operation**

The Group's Continuing Operation includes its property development business and the holding company.

Revenue from the property development business increased by RM26.0 million or 233% from RM11.2 million in 3Q2015 to RM37.2 million in 3Q2016, attributed by the increase in the development projects completed and the number of units sold in 3Q2016 compared to 3Q2015. Comparatively, the sale of construction materials and construction projects had also risen in 3Q2016 compared to 3Q2015.

The property development business recorded gross profit margin of 22% in 3Q2016 compared to 11% in 3Q2015. The higher gross profit margin was due to the increase in completion of higher profit yielding development projects and units sold in 3Q2016, coupled with the adoption of value engineering approach to lower costs.

Both administrative expenses and finance costs in the Continuing Operation between 3Q2016 and 3Q2015 had remained consistent comparatively.

The share of results from equity-accounted associates was mainly contributed by the Group's associate, Tiya Development Sdn Bhd, for both 3Q2016 and 3Q2015. There was a share of loss this quarter because the available property units were largely sold off in the previous quarters. The new projects undertaken by the associate are still at the very preliminary stage of development.

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

#### **(b) Loss from Discontinued Operation**

Discontinued Operation refers to the Group's precision business. There was a slight increase in loss from this business from RM0.3 million in 3Q2015 to RM0.4 million in 3Q2016. The precision business has remained a loss-making segment resulting from weakening of the manufacturing semiconductor industry.

Following the classification of the precision business to discontinued operation, an impairment loss of RM18.1 million was accordingly recognised to reduce the carrying amount of the assets in the disposal group to the fair value less costs to sell in 2Q2016.

**(c) Group Result in 3Q2016**

Whilst there was a profit generated by the property development business of approximately RM1.9 million coupled with an exchange gain from the translation of foreign operations of RM0.5 million, these gains were offset by the loss from the discontinued operation of RM0.4 million and the administrative expenses of the holding company of approximately RM2.3 million.

**Statements of Financial Position**

**Group**

The assets and liabilities of the precision business have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale" respectively.

Non-current assets of the Group decreased by RM12.4 million from RM40.4 million as at FY2015 to RM28 million as at 3Q2016 largely due to a reclassification of the precision business' assets to the disposal group under current assets. Other factors include the decrease in investment in associate, Tiya Development Sdn Bhd, resulting from a dividend distribution made by the associate in 1Q2016. The decrease was offset by an increase in property, plant and equipment from the property development business of RM2.3 million and an increase in advance to landowners of RM0.7 million.

The current assets of the Group had increased by RM25.1 million from RM246.3 million as at FY2015 to RM271.4 million as at 3Q2016, partly due to the reclassification of the non-current assets of the precision business under assets held for sale amounting to approximately RM11.7 million. Furthermore, the development properties of the property development business had shown an increase of RM16.8 million in 3Q2016 as compared to FY2015 owing to an increase in the property development activities. These were the major reasons for the overall increase in current assets of the Group.

Non-current liabilities rose by RM2.6 million from RM16.9 million as at FY2015 to RM19.5 million as at 3Q2016. The increase was mainly due to the higher bank borrowings by the property development business for its property development activities.

Current liabilities of the Group increased by RM30.1 million from RM188.9 million as at FY2015 to RM219.0 million as at 3Q2016. One of the significant reasons was the net increase in trade and other payables and progress billings of RM22.4 million largely due to the increase in the property development and construction activities. There was also an increase in the precision business' current liabilities of approximately RM8.5 million in 3Q2016 as a result of its increased borrowings and trade and other payables.

Overall, the Group's net tangible assets stood at RM60.8 million as at 30 September 2016 compared to RM80.9 million as at FY2015.

**Company**

The movements in trade and other receivables and trade and other payables were mainly due to movements in inter-companies' balances.

**Statement of Cash flows**

Net cash and cash equivalents held by the Group as at 3Q2016 was RM1.4 million after netting of bank overdraft and cash restricted in use aggregating RM11.1 million. 3Q2016 saw a positive cash flow generating from the operating activities, this was offset by the net cash out flow from both investing and financing activities due to more purchases of property, plant and equipment to cope with the increase in development and constructing activities, as well as repayments of 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.

In the next 12 months, the Group maintains a cautious outlook for both its property development and precision businesses. A summary of our outlook and strategies are as follows:

#### **Disposal of the Precision Business**

The Group is working actively towards the completion of the proposed divestment of its precision business division held by its wholly-owned subsidiary, Hisaka International Holdings. On 2 June 2016, the Group had announced its plan to dispose of the precision business for a cash consideration of S\$7 million plus net proceeds from the sale of its industrial property building. Pending the SGX-ST approval, the disposal of the precision business will enable the Group to align its corporate strategy towards an exclusive focus on its property development business.

#### **Property Division**

Looking ahead, the property market for Sarawak is holding up steadily despite challenging economic environment. Genuine homebuyers will continue to create market demand while the slight slowdown in property sales due previously to financial institutions tightening their loan approvals could well be relieved with the increase in public servants' housing loan limit as per Malaysia's 2017 Budget.

The Group also wishes to highlight several key corporate developments recently announced over the past 3 months that might impact the Group over the next 12 months:

- A Heads of Agreement with China – Malaysia Qinzhou Industrial Park Administrative Committee in conjunction with the development of the Halal Industry Zone within the China-Malaysia Qinzhou Industrial Park;
- The incorporation of a new logistics subsidiary, Regal Global Logistics Pte. Ltd ("RGL"), on 10 October 2016 as part of the Group's plans to venture into the logistics sector, followed by the signing of a Management Rights Agreement with FTL Group Pte. Ltd. to collaborate on the management and running of its business for 6 months, prior to RGL acquiring 51% shareholding of FTL Group;
- The MOU signed in August with SINAD Sports Pte Ltd to establish a real estate-focused asset management company materialized with the incorporations of 2 new 75%-owned subsidiaries on 28 October 2016 – Regal Asset Management Pte. Ltd. and Regal Global Capital Pte. Ltd., setting the Group's initial pace into the asset management business;
- The incorporation of a 70%-owned subsidiary, Regalia Properties Pte. Ltd., on 4 November 2016 to market international investment properties and ultimately contribute to the transformation of the Group into a full-fledged real estate service and solution provider.

- 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

## REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the third quarter ended 30 September 2016

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(c) **Date Payable**

Not applicable.

(d) **Books Closure Date**

Not applicable.

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). (Not required for announcement on full year results)**

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 2016 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 November 2016