

## Unaudited Financial Statements and Related Announcement for the Full Year Ended 31 December 2018

### 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		Change %
	2018 RM'000	2017 RM'000 Restated*	
<b>Revenue</b>	47,066	144,288	-67%
Cost of sales	(54,673)	(109,883)	-50%
<b>Gross profit</b>	(7,607)	34,405	N.M.
Interest income	20	61	-67%
Other gains	1,550	1,746	-11%
Marketing and distribution costs	(793)	(1,925)	-59%
Administrative expenses	(24,436)	(34,154)	-28%
Other losses	(2,790)	(793)	252%
Finance costs	(3,886)	(3,378)	15%
Share of (loss) profit from equity-accounted associates	(702)	454	N.M.
<b>Loss before tax</b>	(38,644)	(3,584)	978%
Income tax benefits (expenses)	1,247	(6,611)	N.M.
<b>Loss, net of tax</b>	<b>(37,397)</b>	<b>(10,195)</b>	267%
<b>Other comprehensive (loss) income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange difference on translating foreign operations, net of tax	(76)	46	N.M.
<b>Other comprehensive (loss) income for the year, net of tax</b>	<b>(76)</b>	<b>46</b>	N.M.
<b>Total comprehensive loss for the year</b>	<b>(37,473)</b>	<b>(10,149)</b>	269%
Loss attributable to owners of the parent, net of tax	(36,189)	(10,947)	231%
(Loss) Profit attributable to non-controlling interests, net of tax	(1,208)	752	N.M.
<b>Loss, net of tax</b>	<b>(37,397)</b>	<b>(10,195)</b>	267%
Total comprehensive loss attributable to owners of the parent	(36,265)	(10,902)	233%
Total comprehensive (loss) income attributable to non-controlling interests	(1,208)	753	N.M.
<b>Total comprehensive loss for the year</b>	<b>(37,473)</b>	<b>(10,149)</b>	269%

N.M. – Not meaningful

\*Impact on adoption of SFRS (I). Please refer to item 5.

# REGAL International Group Ltd.

(Company Registration No. 200508585R)

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

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

	Group		
	2018 RM'000	2017 RM'000	Change %
Interest income	20	Restated* 61	-67.2%
Interest expense	(3,886)	(3,378)	15.0%
Depreciation of property, plant and equipment	(2,869)	(4,495)	-36.2%
Allowance for impairment of trade and other receivables	(251)	(2,542)	-90.1%
Reversal for impairment of trade and other receivables	28	622	-95.5%
Allowance for impairment of property, plant and equipment	(1,624)	-	N.M.
Foreign exchange adjustment net loss	(69)	(41)	68.3%
(Under)Overprovision of tax in respect of prior years	(1,927)	735	N.M.

N.M. - Not meaningful

*\*Impact on adoption of SFRS (I). Please refer to item 5.*

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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	As at	As at
	31.12.2018	31.12.2017	01.01.2017	31.12.2018	31.12.2017	01.01.2017
	RM'000	RM'000 Restated*	RM'000 Restated*	RM'000	RM'000 Restated*	RM'000 Restated*
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	14,663	18,598	12,439	-	24	70
Development rights	11,276	11,276	-	-	-	-
Other financial assets	1,551	1,551	1,551	1,551	1,551	1,551
Investment in subsidiaries	-	-	-	133,597	393,597	393,597
Investment in associate	4,470	5,172	4,718	-	-	-
Investment properties	18,799	17,813	5,666	-	-	-
Deferred tax assets	699	141	1,070	-	-	-
Other assets	879	2,410	2,970	-	-	-
<b>Total non-current assets</b>	<b>52,337</b>	<b>56,961</b>	<b>28,414</b>	<b>135,148</b>	<b>395,172</b>	<b>395,218</b>
<b>Current assets</b>						
Contract assets	108,531	90,243	101,471	-	-	-
Inventories	54,905	63,963	31,438	-	-	-
Trade and other receivables	53,996	77,492	58,013	30,644	43,816	29,437
Other assets	4,036	3,789	1,968	62	136	154
Cash and cash equivalents	6,061	9,380	15,170	569	2,923	1,830
<b>Total current assets</b>	<b>227,529</b>	<b>244,867</b>	<b>208,060</b>	<b>31,275</b>	<b>46,875</b>	<b>31,421</b>
<b>Total assets</b>	<b>279,866</b>	<b>301,828</b>	<b>236,474</b>	<b>166,423</b>	<b>442,047</b>	<b>426,639</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity attributable to owners of the parent</b>						
Share capital	144,552	144,552	133,052	381,051	381,051	369,551
(Accumulated losses) Retained earnings	(136,708)	(100,721)	(89,879)	(230,391)	47,113	52,282
Share option reserve	3,398	3,600	3,193	3,398	3,600	3,193
Foreign currency translation reserve	(31)	45	-	-	-	-
Merger reserve	1,563	1,563	1,563	-	-	-
<b>Equity, attributable to owners of the parent</b>	<b>12,774</b>	<b>49,039</b>	<b>47,929</b>	<b>154,058</b>	<b>431,764</b>	<b>425,026</b>
Non-controlling interests	(127)	1,080	367	-	-	-
<b>Total equity</b>	<b>12,647</b>	<b>50,119</b>	<b>48,296</b>	<b>154,058</b>	<b>431,764</b>	<b>425,026</b>
<b>Non-current liabilities</b>						
Deferred tax liabilities	26	267	686	-	-	-
Other liabilities	55	-	-	-	-	-
Other financial liabilities	40,330	50,618	34,507	-	-	-
<b>Total non-current liabilities</b>	<b>40,411</b>	<b>50,885</b>	<b>35,193</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>						
Contract liabilities	45,671	18,492	12,002	-	-	-
Income tax payable	20,067	19,462	16,319	-	-	-
Trade and other payables	107,728	124,924	97,734	3,990	1,954	1,613
Other liabilities	17,883	5,466	2,661	-	-	-
Other financial liabilities	35,459	32,480	24,269	8,375	8,329	-
<b>Total current liabilities</b>	<b>226,808</b>	<b>200,824</b>	<b>152,985</b>	<b>12,365</b>	<b>10,283</b>	<b>1,613</b>
<b>Total liabilities</b>	<b>267,219</b>	<b>251,709</b>	<b>188,178</b>	<b>12,365</b>	<b>10,283</b>	<b>1,613</b>
<b>Total equity and liabilities</b>	<b>279,866</b>	<b>301,828</b>	<b>236,474</b>	<b>166,423</b>	<b>442,047</b>	<b>426,639</b>

\*Impact on adoption of SFRS (I). Please refer to item 5.

## REGAL International Group Ltd.

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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.

<b>Borrowings and Debt Securities</b>	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Amount repayable in one year or less, or on demand</u></b>		
- secured	35,459	32,480
	<b>35,459</b>	<b>32,480</b>
<b><u>Amount repayable after one year</u></b>		
- secured	40,330	50,618
	<b>40,330</b>	<b>50,618</b>

### Details of any collateral:

The banking facilities of the Group comprised of bank overdrafts, 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. Legal charges on some of the subsidiaries' projects land and properties held for sale;
5. Legal charge or deed of assignment and power of attorney over properties held for sale; and
6. Pledge at restricted in use cash and cash equivalents of the Group.

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. Legal charges on some of the subsidiaries' projects land and properties held for sale and leasehold property;
7. Legal charge or power of attorney over properties held for sale;
8. Assignment over the rights, titles and interest to the properties held for sale; and
9. Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) under the Working Capital Guarantee Scheme (WCGS).

The preference shares are covered by the following:-

1. Deed of assignment of investment properties units; and
2. Personal guarantees provided by certain directors of the Company.

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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.

<b>Consolidated Statement of Cash Flows</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated*</b>
<b><u>Cash flows from operating activities</u></b>		
Loss before tax	(38,644)	(3,584)
Adjustments for:		
Depreciation of property, plant and equipment	2,869	4,495
Interest expense	3,886	3,378
Interest income	(20)	(61)
Allowance for impairment of property, plant and equipment	1,624	-
Allowance for impairment on trade and other receivables	223	1,920
Share-based payments	-	512
Share of loss (profit) from equity-accounted associates	702	(454)
Operating cash flows before changes in working capital	(29,360)	6,206
Contract assets	(18,288)	11,468
Inventories	9,058	(32,525)
Trade and other receivables	23,272	(30,117)
Other assets, current	(247)	(1,821)
Trade and other payables	(19,826)	26,486
Contract liabilities	27,179	6,490
Other liabilities	12,417	2,805
Net cash flows from (used in) operations before tax	4,205	(11,008)
Income tax refund (paid)	1,053	(2,960)
<b>Net cash flows from (used in) operating activities</b>	<b>5,258</b>	<b>(13,968)</b>
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	(265)	(592)
Investment properties	(985)	(12,147)
Other assets, non-current	1,531	560
Other liabilities, non-current	55	-
Interest received	20	61
<b>Net cash flows from (used in) investing activities</b>	<b>356</b>	<b>(12,118)</b>
<b><u>Cash flows from financing activities</u></b>		
Net movements in amounts due to directors	396	1,215
Net movements in amounts due to shareholders	(509)	341
Net movements in amounts due to associate	2,672	(600)
Proceeds from borrowings	300	37,890
Repayment of borrowings	(6,382)	(12,239)
Cash restricted in use	(45)	186
Dividend paid to non-controlling interests	-	(40)
Interest paid	(3,886)	(3,378)
<b>Net cash flows (used in) from financing activities</b>	<b>(7,454)</b>	<b>23,375</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,840)</b>	<b>(2,711)</b>
Cash and cash equivalents, statement of cash flows, beginning balance	3,319	6,033
Effect of exchange rate changes on cash and cash equivalents	4	(3)
<b>Cash and cash equivalents, statement of cash flows, ending balance</b>	<b>1,483</b>	<b>3,319</b>
<b>Cash and cash equivalents comprised of :</b>		
Cash and bank balances	6,061	9,380
Bank overdraft	(3,272)	(4,800)
Cash restricted in use	(1,306)	(1,261)
	<b>1,483</b>	<b>3,319</b>

\*Impact on adoption of SFRS (I). Please refer to item 5.

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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.

Statements of Changes in Equity	(Accumulated losses)							
	Total equity	Attributable to parent	Share capital	Retained earnings	Share option reserve	Foreign exchange reserve	Merger 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 year:</b>								
Opening balance at 1 January 2018 (SFRS(I))	50,119	49,039	144,552	(100,721)	3,600	45	1,563	1,080
<u>Movement in equity:</u>								
Total comprehensive loss for the year	(37,473)	(36,265)	-	(36,189)	-	(76)	-	(1,208)
Transfer of shares to non-controlling interests	1	-	-	-	-	-	-	1
Share options forfeited	-	-	-	202	(202)	-	-	-
<b>Closing balance at 31 December 2018</b>	<b>12,647</b>	<b>12,774</b>	<b>144,552</b>	<b>(136,708)</b>	<b>3,398</b>	<b>(31)</b>	<b>1,563</b>	<b>(127)</b>
<b>Previous year:</b>								
Opening balance at 1 January 2017 (FRS)	53,199	52,832	133,052	(87,833)	3,193	2,857	1,563	367
Effect of adoption of SFRS (I) 1*	-	-	-	2,857	-	(2,857)	-	-
Effect of adoption of SFRS (I) 15*	(4,903)	(4,903)	-	(4,903)	-	-	-	-
<b>Opening balance at 1 January 2017 (SFRS(I))</b>	<b>48,296</b>	<b>47,929</b>	<b>133,052</b>	<b>(89,879)</b>	<b>3,193</b>	<b>-</b>	<b>1,563</b>	<b>367</b>
<u>Movement in equity:</u>								
Issue of share capital	11,500	11,500	11,500	-	-	-	-	-
Total comprehensive (loss) income for the year	(10,149)	(10,902)	-	(10,947)	-	45	-	753
Dividends	(40)	-	-	-	-	-	-	(40)
Share-based payments	512	512	-	-	512	-	-	-
Share options forfeited	-	-	-	105	(105)	-	-	-
<b>Closing balance at 31 December 2017</b>	<b>50,119</b>	<b>49,039</b>	<b>144,552</b>	<b>(100,721)</b>	<b>3,600</b>	<b>45</b>	<b>1,563</b>	<b>1,080</b>

	Total equity	Share capital	(Accumulated losses) Retained earnings	Share option reserve	Foreign exchange reserve
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Company</b>					
<b>Current year:</b>					
Opening balance at 1 January 2018 (SFRS (I))	431,764	381,051	47,113	3,600	-
<u>Movement in equity:</u>					
Total comprehensive loss for the year	(277,706)	-	(277,706)	-	-
Share option forfeited	-	-	202	(202)	-
<b>Closing balance at 31 December 2018</b>	<b>154,058</b>	<b>381,051</b>	<b>(230,391)</b>	<b>3,398</b>	<b>-</b>
<b>Previous year:</b>					
Opening balance at 1 January 2017 (FRS)	425,026	369,551	(17,986)	3,193	70,268
Effect of adoption of SFRS (I) 1*	-	-	70,268	-	(70,268)
<b>Opening balance at 1 January 2017 (SFRS (I))</b>	<b>425,026</b>	<b>369,551</b>	<b>52,282</b>	<b>3,193</b>	<b>-</b>
<u>Movement in equity:</u>					
Issue of share capital	11,500	11,500	-	-	-
Total comprehensive loss for the year	(5,274)	-	(5,274)	-	-
Share-based payments	512	-	-	512	-
Share option forfeited	-	-	105	(105)	-
<b>Closing balance at 31 December 2017</b>	<b>431,764</b>	<b>381,051</b>	<b>47,113</b>	<b>3,600</b>	<b>-</b>

\* Impact on adoption of SFRS(I). Please refer to item 5.

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

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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 since the end of the previous period reported on.

As at 31 December 2018 and 31 December 2017, the Company did not hold any treasury shares and subsidiary holdings.

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.

	<b>As at 31.12.2018</b>	<b>As at 31.12.2017</b>
Total number of issued shares excluding treasury shares	<u>224,917,251</u>	<u>224,917,251</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 are no treasury shares as at the end of the current financial period reported on.

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 are no subsidiary holdings as at the end of the current financial period reported on.

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 2017, except as explained in item 5 below.

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.

As required by Singapore Accounting Standards Council and Singapore Exchange Securities Trading Limited, the Group has adopted the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 January 2018.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2017, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2018 as follows:

- SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*
- SFRS(I) 9 *Financial Instruments*; and
- SFRS(I) 15 *Revenue from Contracts with Customers*.

#### SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

The Group is required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

The adoption of the new and revised standard had no material effect on the Group's financial statements, except as follows:

#### Cumulative translation differences

The Group has elected the optional exemption under SFRS(I) 1 to set the cumulative translation differences for all foreign operations to be zero at the date of transition on 1 January 2017. As a result, foreign currency translation reserves of the Group and the Company as at 1 January 2017 have been reclassified to retained earnings.

#### SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 is effective for financial years beginning on or after 1 January 2018. SFRS(I) 9 introduces new requirements for classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. SFRS(I) 9 also introduces expanded disclosure requirements and changes in presentation.

##### 1) *Classification and measurement*

The Group has assessed the business models for managing the financial assets and the contractual cash flow characteristics of the financial assets to determine the appropriate classification for each financial asset under SFRS(I) 9.

##### 2) *Impairment of financial assets*

Financial assets are subject to expected credit loss impairment model under SFRS(I) 9. As a result, the Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost.

There was no change in measurement basis arising from the adoption of the new classification and measurement model. In assessing for impairment losses on financial assets, the Group has adopted the simplified approach and recorded lifetime expected losses on all receivables using the expected credit loss model.

#### SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively.

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

In accordance with the new and revised standard disclosure, contract assets and contract liabilities have been included in the statement of financial position. The comparatives have also been restated to take this into account.



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Arising from the Tentative Agenda Decision issued by the IFRS Interpretation Committee (IFRIC) issued in November 2018 relating to the capitalisation of borrowing costs for the construction and development projects, the Group has ceased capitalisation of certain borrowing costs on development properties and construction contracts.

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	
	2018	2017
Loss attributable to the owners of the parent during the financial year (RM'000)	(36,189)	Restated* (10,947)
Weighted average number of ordinary shares on issue	224,917,251	204,734,928
<b>Basic loss per share for profit attributable to owners of the parent during the financial year (sen)</b>	<b>(16.09)</b>	<b>(5.35)</b>

\* Impact on adoption of SFRS(I). Please refer to item 5.

(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 31.12.2018	As at 31.12.2017	As at 31.12.2018	As at 31.12.2017
Net asset value (RM'000)	12,774	Restated* 49,039	154,058	431,764
Number of issued shares excluding treasury shares	224,917,251	224,917,251	224,917,251	224,917,251
<b>Net asset value per ordinary share (sens)</b>	<b>5.68</b>	<b>21.80</b>	<b>68.50</b>	<b>191.97</b>

- 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**

Revenue decreased by RM97.2 million or 67% from RM144.3 million in FY2017 to RM47.1 million in FY2018. This was mainly due the decrease in sale of development properties and revenue from construction contracts by RM94.5 million in FY2018 as a result of the challenging market condition.

The Group attained gross profit of RM34.4 million in FY2017 but incurred a gross loss of RM7.6 million in FY2018 was mainly due to adoption of SFRS(I). According to SFRS(I), only direct and indirect costs which are identified under SFRS(I)15 are allowed to be capitalised for progressive recognition of construction and development projects. All other costs have to be expensed off directly to income statement. The Group incurred higher of these costs for construction and development projects implementation in FY2018 as compared to FY2017.

The fluctuation in other gains was mainly due to the foreign exchange adjustment gains. The increase in other losses was mainly due to allowance for impairment of leasehold property and foreign exchange adjustment losses.

The decrease in marketing and distribution costs was mainly due to decrease in commission and incentives for sales and decrease in marketing activities.

Administrative expenses decreased by RM9.8 million from RM34.2 million in FY2017 to RM24.4 million in FY2018 was resulted by the decrease in depreciation of property, plant and equipment and employee benefits expense.

The increase in finance costs was mainly due to the dividends on redeemable preference shares in FY2018.

The share of profit or loss from equity-accounted associate was the recognition of results in the Group's associate, Tiya Development Sdn Bhd. The share of loss in FY2018 was arising from the net loss in the associate.

Income tax credit in FY2018 was mainly due to overprovision of tax in respect of prior years.

## Statements of Financial Position

### Group

Non-current assets of the Group decreased by RM4.6 million from RM57.0 million as at FY2017 to RM52.3 million as at FY2018 was mainly due to depreciation and allowance for impairment on property, plant and equipment.

The current assets of the Group decreased by RM17.4 million from RM244.9 million as at FY2017 to RM227.5 million as at FY2018. The decrease was mainly due to decrease in trade and other receivables by RM23.5 million and decrease in inventories by RM9.0 million. Such decrease was partially offset by the increase in contract assets by RM18.3 million arising from construction and development projects as a result of the adoption of SFRS(I)15.

Non-current liabilities of the Group decreased by RM10.5 million from RM50.9 million as at FY2017 to RM40.4 million as at FY2018 was due to the decrease in other financial liabilities mainly resulting from the repayment of borrowings.

Current liabilities of the Group increased by RM26.0 million from RM200.8 million as at FY2017 to RM226.8 million as at FY2018. The increase was mainly due to increase in contract liabilities by RM27.2 million arising from the construction and development projects as a result of the adoption of SFRS(I)15.

Overall, the Group's net asset stood at RM12.6 million as at FY2018 as compared to RM50.1 million as at FY2017.

## Statement of Cash Flows

Net cash and cash equivalents held by the Group decreased from RM3.3 million as at FY2017 to RM1.5 million as at FY2018. The decrease was mainly due to the repayment of borrowings and finance costs.

- 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.](#)

With 2018 being a year of changes in Malaysia's political landscape and economic agenda, Sarawak's property market has been "rather slow on all fronts"<sup>1</sup> with developers and buyers adopting cautious stance in their decision making.

Nevertheless, "market confidence can be seen returning with improved consumer sentiments"<sup>1</sup> especially when the "pent up demand for housing during these few years of uncertainty may see demand strengthening once market recovers"<sup>1</sup>.

In the next 6-12 months, the Group will review and strive to improve its overall corporate efficiency, in order to further reduce cost and increase profitability. Strategically, the Group will continue to seek growth through strategic acquisitions, joint ventures and alliances in addition to existing project portfolio.

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<sup>1</sup> Source: [Sarawak Property Bulletin "2018 Property Market Review & Outlook"](#)

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### 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.

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

After considering the Group's condition, no dividend has been declared.

### 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 applicable. Not required for full year results.

### 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.

## PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

## (a) Business Segment

For management purposes the Group is organised into the following major strategic operating segments that offer different products and services: (1) Property development, (2) Construction, (3) Trading and (4) Other. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

1. The property development segment is in the business of developing and sale of residential and commercial properties;
2. The construction segment is in the business of construction work; and
3. The trading segment is in the business of trading of construction materials and providing painting works.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results comprises one major financial indicator: earnings from operations before depreciation, interests and income taxes (called "Recurring EBITDA").

	Property development	Construction	Trading	Other	Total
<b>31 December 2018</b>	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External revenue	34,612	3,227	7,829	1,398	47,066
Recurring EBITDA	3,474	(32,800)	456	(2,317)	(31,187)
Depreciation	(357)	(585)	(222)	(1,705)	(2,869)
Finance costs	(624)	(402)	(541)	(2,319)	(3,886)
<b>ORBIT</b>	2,493	(33,787)	(307)	(6,341)	(37,942)
Share of loss from equity-accounted associate	(702)	-	-	-	(702)
<b>Loss before tax from continuing operations</b>					<b>(38,644)</b>
Income tax benefits					1,247
<b>Loss before tax from continuing operations</b>					<b>(37,397)</b>

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	Property development	Construction	Trading	Other	Total
<b>31 December 2017</b>	RM'000	RM'000			RM'000
<b>Revenue</b>					
External revenue	95,226	37,155	9,525	2,382	144,288
Recurring EBITDA	7,399	(7)	3,409	(6,966)	3,835
Depreciation	(895)	(996)	(327)	(2,277)	(4,495)
Finance costs	(765)	(450)	(628)	(1,535)	(3,378)
<b>ORBIT</b>	5,739	(1,453)	2,454	(10,778)	(4,038)
Share of profit from equity-accounted associate	454	-	-	-	454
<b>Loss before tax from continuing operations</b>					<b>(3,584)</b>
Income tax expense					(6,611)
<b>Loss for the year from continuing operations</b>					<b>(10,195)</b>

## (b) Geographical Segment

	2018	2017
	RM'000	RM'000
<b>Revenue</b>		
Continuing operations		
- Singapore	359	498
- Malaysia	46,707	143,790
	47,066	144,288

During the year, the Group operated in two geographical regions namely Singapore and Malaysia.

## 17 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

The contribution by the property development and construction segment relates mainly to Malaysia. Majority of the revenue reported for Malaysia in FY2018 was contributed by the property development segment.

## 18 A breakdown of sales.

BREAKDOWN OF SALES	2018	2017	% Increase / (Decrease)
	RM'000	RM'000	
(a) Sales reported for first half year	48,645	70,808	-31.3%
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	1,118	3,719	-69.9%
(c) Sales reported for second half year	(1,579)	73,480	-102.1%
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(38,515)	(13,914)	176.8%

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### 19 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

No dividends were proposed/declared for the years ended 31 December 2018 and 31 December 2017.

### 20 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Serena Su Chung Wen	45	Sister of substantial shareholder and CEO, Su Chung Jye.	Director of Operations and Human Resources of the Regal Group. Position held since October 2013.  She is in charge of the operations and HR matters of the Property division.	Nil
Chai Shao Ping	48	Wife of substantial shareholder and CEO, Su Chung Jye.	Director of certain subsidiaries	Nil

BY ORDER OF THE BOARD  
Su Chung Jye  
Chairman and Chief Executive Officer

Wong Pak Kiong  
Executive Director

1 March 2019