

Unaudited Financial Statements and Related Announcement for the Full Year Ended 31 December 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		Change
	2017	2016	
	RM'000	RM'000	%
<u>Continuing Operations</u>			
Revenue	168,570	149,013	13%
Cost of sales	(125,587)	(109,012)	15%
Gross profit	42,983	40,001	7%
Interest income	61	25	144%
Other gains	1,768	712	148%
Marketing and distribution costs	(1,908)	(646)	195%
Administrative expenses	(32,025)	(32,766)	-2%
Other losses	(733)	(361)	103%
Finance costs	(3,204)	(3,163)	1%
Share of profit (loss) from equity-accounted associate	454	(307)	N.M.
Profit before tax	7,396	3,495	112%
Income tax expenses	(6,611)	(3,165)	109%
Profit from continuing operations, net of tax	785	330	138%
<u>Discontinued Operations*</u>			
Loss from discontinued operations, net of tax	-	(21,657)	N.M.
Profit (Loss) for the year, net of tax	785	(21,327)	N.M.
<u>Other comprehensive income (loss)</u>			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations, net of tax	46	483	-90%
Reclassification adjustment relating to foreign operations disposed of in the year	-	(7,186)	N.M.
Other comprehensive income (loss) for the year, net of tax	46	(6,703)	N.M.
Total comprehensive income (loss) for the year	831	(28,030)	N.M.
Profit (Loss) attributable to owners of the parent, net of tax	33	(21,320)	N.M.
Profit (Loss) attributable to non-controlling interest, net of tax	752	(7)	N.M.
Profit (Loss) for the year, net of tax	785	(21,327)	N.M.
Total comprehensive income (loss) attributable to owners of the parent	78	(28,032)	N.M.
Total comprehensive income attributable to non-controlling interests	753	2	37550%
Total comprehensive income (loss) for the year	831	(28,030)	N.M.

* Discontinued operations refers to precision business which was disposed of on 16 December 2016.

N.M. – Not meaningful

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2017

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

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

	Group		
	2017	2016	Change
	RM'000	RM'000	%
<u>Continuing Operations</u>			
Depreciation of property, plant and equipment	(4,495)	(4,094)	9.8%
Interest income	61	25	144.0%
Interest expense	(3,204)	(3,163)	1.3%
Share-based payments	(512)	(1,930)	-73.5%
Reversal (Allowance) for impairment of trade receivables	376	(233)	N.M.
Reversal for impairment of other receivables	-	132	-100.0%
Foreign exchange adjustment net loss	(40)	(80)	-50.0%
(Under) Overprovision of tax in respect of prior years	(1,322)	729	N.M.

N.M. - Not meaningful

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2017

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
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	18,598	12,439	24	70
Development rights	11,276	-	-	-
Available-for-sale financial assets	1,551	1,551	1,551	1,551
Investment in subsidiaries	-	-	393,597	393,597
Investment in associate	5,172	4,718	-	-
Investment properties	17,813	5,666	-	-
Deferred tax assets	141	1,070	-	-
Other assets	2,410	2,970	-	-
Total non-current assets	56,961	28,414	395,172	395,218
<u>Current assets</u>				
Development properties	81,531	107,589	-	-
Inventories	70,590	31,197	-	-
Trade and other receivables	106,700	66,612	43,816	29,437
Other assets	3,789	1,968	136	154
Cash and cash equivalents	9,380	15,170	2,923	1,830
Total current assets	271,990	222,536	46,875	31,421
Total assets	328,951	250,950	442,047	426,639
EQUITY AND LIABILITIES				
<u>Equity attributable to owners of the parent</u>				
Share capital	144,552	133,052	381,051	369,551
Accumulated losses	(87,695)	(87,833)	(23,155)	(17,986)
Share option reserve	3,600	3,193	3,600	3,193
Foreign currency translation reserve	2,902	2,857	70,268	70,268
Merger reserve	1,563	1,563	-	-
Equity, attributable to owners of the parent	64,922	52,832	431,764	425,026
Non-controlling interests	1,080	367	-	-
Total equity	66,002	53,199	431,764	425,026
<u>Non-current liabilities</u>				
Deferred tax liabilities	267	686	-	-
Other financial liabilities	50,618	34,507	-	-
Total non-current liabilities	50,885	35,193	-	-
<u>Current liabilities</u>				
Income tax payable	19,462	16,319	-	-
Trade and other payables	137,964	97,734	1,954	1,613
Other liabilities	2,305	2,661	-	-
Progress billings	19,853	21,575	-	-
Other financial liabilities	32,480	24,269	8,329	-
Total current liabilities	212,064	162,558	10,283	1,613
Total liabilities	262,949	197,751	10,283	1,613
Total equity and liabilities	328,951	250,950	442,047	426,639

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2017

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 31.12.2017	As at 31.12.2016
	RM'000	RM'000
<u>Amount repayable in one year or less, or on demand</u>		
- secured	32,480	24,269
	32,480	24,269
<u>Amount repayable after one year</u>		
- secured	50,618	34,507
	50,618	34,507

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. 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 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 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).
9. Fresh deed of subordination of amount owing to one of the subsidiaries for RM3,500,000 throughout the loan tenure.

The preference shares are covered by the following:-

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

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2017

- 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	
	2017	2016
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit before tax from continuing operations	7,396	3,495
Loss before tax from discontinued operations	-	(21,693)
Profit (Loss) before tax, total	7,396	(18,198)
Adjustments for:		
Depreciation of property, plant and equipment	4,495	5,736
Interest expense	3,204	3,163
Interest income	(61)	(25)
Foreign exchange adjustment unrealised losses	458	-
Loss on disposal of discontinued operations	-	20,564
Share-based payments	512	1,930
Share of (profit) loss from equity-accounted associate	(454)	307
Operating cash flows before changes in working capital	15,550	13,477
Investment properties	(12,147)	(5,666)
Development properties	26,298	646
Inventories	(39,393)	(11,103)
Trade and other receivables	(50,777)	(35,103)
Other assets, current	(1,825)	2,938
Trade and other payables	40,793	50,175
Progress billings received and receivables	(1,722)	(55,448)
Other liabilities	(356)	(1,555)
Net cash flows used in operations before tax	(23,579)	(41,639)
Income tax paid	(2,960)	(2,141)
Net cash flows used in operating activities	(26,539)	(43,780)
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(737)	(2,334)
Proceeds from sale of property, plant and equipment	-	463
Dividends from associate	-	3,540
Other assets, non-current	560	3,311
Disposal of subsidiary, net of cash acquired	-	7,504
Interest received	61	25
Net cash flows (used in) from investing activities	(116)	12,509
<u>Cash flows from financing activities</u>		
Other payables/receivables - directors	1,215	844
Other payables/receivables - shareholders	340	169
Other payables/receivables - associate	(600)	(1,975)
Proceeds from borrowings	38,500	35,882
Repayment of borrowings	(12,467)	(8,383)
Cash restricted in use	186	823
Dividends paid	(40)	-
Interest paid	(3,204)	(3,163)
Net cash flows from financing activities	23,930	24,197
Net decrease in cash and cash equivalents	(2,725)	(7,074)
Cash and cash equivalents, statement of cash flows, beginning balance	6,033	13,363
Effect of exchange rate changes on cash and cash equivalents	11	(256)
Cash and cash equivalents, statement of cash flows, ending balance	3,319	6,033
Cash and cash equivalents comprised of :		
Cash and bank balances	9,380	15,170
Bank overdrafts	(4,800)	(7,690)
Cash restricted in use	(1,261)	(1,447)
	3,319	6,033

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2017

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	Attributable to owners		(Accumulated losses)		Foreign exchange reserve	Merger reserve	Share option reserve	Non-controlling interests
	Total equity	parent sub-total	Share capital	Retained earnings				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Current year:								
Opening balance at 1 January 2017	53,199	52,832	133,052	(87,833)	2,857	1,563	3,193	367
Movement in equity:								
Issue of share capital	11,500	11,500	11,500	-	-	-	-	-
Total comprehensive income for the year	831	78	-	33	45	-	-	753
Dividends	(40)	-	-	-	-	-	-	(40)
Share-based payments	512	512	-	-	-	-	512	-
Share options forfeited	-	-	-	105	-	-	(105)	-
Closing balance at 31 December 2017	66,002	64,922	144,552	(87,695)	2,902	1,563	3,600	1,080
Previous year:								
Opening balance at 1 January 2016	80,914	80,549	133,052	(66,881)	9,569	3,178	1,631	365
Movement in equity:								
Total comprehensive (loss) income for the year	(28,030)	(28,032)	-	(21,320)	(6,712)	-	-	2
Adjustment arising from merger reserve	(1,615)	(1,615)	-	-	-	(1,615)	-	-
Share-based payments	1,930	1,930	-	-	-	-	1,930	-
Share options forfeited	-	-	-	368	-	-	(368)	-
Closing balance at 31 December 2016	53,199	52,832	133,052	(87,833)	2,857	1,563	3,193	367

			(Accumulated losses)		Foreign exchange reserve	Share option reserve
	Total equity	Share capital	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company						
Current year:						
Opening balance at 1 January 2017	425,026	369,551	(17,986)	70,268	3,193	
Movement in equity:						
Issue of share capital	11,500	11,500	-	-	-	
Total comprehensive loss for the year	(5,274)	-	(5,274)	-	-	
Share-based payments	512	-	-	-	512	
Share options forfeited	-	-	105	-	(105)	
Closing balance at 31 December 2017	431,764	381,051	(23,155)	70,268	3,600	
Previous year:						
Opening balance at 1 January 2016	394,524	369,551	(38,750)	62,092	1,631	
Movement in equity:						
Total comprehensive income for the year	28,572	-	20,396	8,176	-	
Share-based payments	1,930	-	-	-	1,930	
Share options forfeited	-	-	368	-	(368)	
Closing balance at 31 December 2016	425,026	369,551	(17,986)	70,268	3,193	

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

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2017

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.

The Company has issued 24,803,192 ordinary shares on 25 October 2017 as consideration for the acquisition of Wisma Majuniaga Sdn Bhd.

As at 31 December 2017 and 31 December 2016, the Company did not hold any treasury shares.

During the financial year, 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 31.12.2017	As at 31.12.2016
Total number of issued shares excluding treasury shares	<u>224,917,251</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 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 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.

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2017

- 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	
	2017	2016
Profit (Loss) attributable to the owners of the parent during the financial period:		
From continuing operations (RM'000)	33	337
From discontinued operations (RM'000)	-	(21,657)
Weighted average number of ordinary shares on issue	204,734,928	200,114,059
Basic earnings per share for profit attributable to equity holders of the parent during the financial period:		
From continuing operations (sens)	0.02	0.17
From discontinued operations (sens)	-	(10.82)

- (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 31.12.2017	As at 31.12.2016	As at 31.12.2017	As at 31.12.2016
Net asset value (RM'000)	64,922	52,832	431,764	425,026
Number of issued shares excluding treasury shares	224,917,251	200,114,059	224,917,251	200,114,059
Net asset value per ordinary share (sens)	28.86	26.40	191.97	212.39

- 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 from the continuing operations increased by RM19.6 million or 13.2% from RM149.0 million in the financial year ended 31 December 2016 ("FY2016") to RM168.6 million in the financial year ended 31 December 2017 ("FY2017"). This was mainly due to the increase in construction contracts by RM34.2 million, from RM12.5 million in FY2016 to RM46.7 million in FY2017. The increase was partially offset by the decrease in sale of development properties from RM125.4 million in FY2016 to RM109.9 million in FY2017 arising from fewer units sold.

The gross profit margins of the Group for FY2016 and FY2017 were 26.8% and 25.5% respectively. The lower gross profit margin was due to more sales from the lower profit yielding development projects as compared to FY2016.

The fluctuation in other gains and other losses were mainly due to reversal for impairment of trade receivables and foreign exchange adjustment difference.

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

Administrative expenses and finance costs in FY2017 and FY2016 were relatively consistent.

The share of profit or loss from equity-accounted associate 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 higher profit from sales of property development and decrease in operating expenses in FY2017 compared to FY2016.

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

Statements of Financial Position

Group

Non-current assets of the Group increased by RM28.6 million from RM28.4 million as at FY2016 to RM57.0 million as at FY2017 mainly due to increase in property, plant and equipment mainly arising from the completion of the transfer of leasehold property in 2Q2017, the development rights arising from the acquisition of Wisma Majuniaga Sdn Bhd and the addition of investment properties.

The current assets of the Group had increased by RM49.5 million from RM222.5 million as at FY2016 to RM272.0 million as at FY2017. The increase was due to an increase in inventories by RM39.4 million owing to the development projects completed and increase in trade and other receivables by RM40.1 million owing to the increase in the receivables from construction contracts and development projects. The increase was slightly offset by the decrease in development properties by RM26.1 million.

Non-current liabilities of the Group increased by RM15.7 million from RM35.2 million as at FY2016 to RM50.9 million as at FY2017 was due to the increase in other financial liabilities mainly resulting from the issuance of redeemable preference shares.

Current liabilities of the Group increased by RM49.5 million from RM162.6 million as at FY2016 to RM212.1 million as at FY2017. The increase was mainly due to an increase in trade and other payables by RM40.3 million arising from the development projects and construction projects and increase in other financial liabilities by RM8.2 million owing to the increase in borrowings.

Overall, the Group's net asset stood at RM66.0 million as at FY2017 compared to RM53.2 million as at FY2016.

Company

The movements in receivables and payables were mainly due to movements in intercompanies' balances. Increase in other financial liabilities was mainly due to the increase in bank borrowings.

Statement of Cash flows

Net cash and cash equivalents held by the Group decreased from RM6.0 million as at FY2016 to RM3.3 million as at FY2017. The decrease was largely contributed by a net cash outflow from the operating activities amounting to RM26.5 million. The net cash inflow from financing activities was mainly due to the proceeds from 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.

For FY2017, the Group has proved its capabilities to turn around after the disposal of the loss-making legacy precision business in December 2016. In the next 12 months, the Group will continue to embrace and execute the following property development strategies to increase revenue:

- 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.

The following two recent collaborative ventures posted denotes the Group's efforts in pursuing business expansions in 2018:

- ✓ 6 Feb 2018 - Collaboration Agreement with Koperasi Pembangunan Bako Kuching Berhad ("Bako Development Cooperative") to engage in the development, promotion and enhancement of communal land vicinity near the Kuching Bako National Park, Sarawak.
- ✓ 12 Feb 2018 - Memorandum of Understanding ("MOU") with UniMap Holdings Sdn Bhd ("UniMap Holdings") to explore the possibility of initiating new lifestyle, retail or residential development projects around the campus of Universiti Malaysia Perlis.

- 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.

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)

Not applicable.

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, (4) Other and (5) Unallocated. 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	Unallocated	Adjustment and Elimination	Total
<u>31 December 2017</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	109,928	46,680	9,539	1,926	2,686	(2,189)	168,570
Recurring EBITDA	14,464	964	3,409	987	(6,545)	1,362	14,641
Depreciation	(895)	(980)	(327)	(1,461)	(832)	-	(4,495)
Finance costs	(591)	(446)	(628)	(1,435)	(104)	-	(3,204)
ORBIT	12,978	(462)	2,454	(1,909)	(7,481)	1,362	6,942
Share of profit from equity-accounted associate	454	-	-	-	-	-	454
Profit before tax from continuing operations							7,396
Income tax expense							(6,611)
Profit for the year from continuing operations							785

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2017

	Precision Business ("Discontinued Operations")	Property development	Construction	Trading	Other	Unallocated	Adjustment and Elimination	Total
31 December 2016	RM'000	RM'000	RM'000			RM'000	RM'000	RM'000
Revenue								
External revenue	103,186	125,432	12,536	9,995	1,050	-	(103,186)	149,013
Recurring EBITDA	534	19,636	-	(1)	-	(8,576)	(534)	11,059
Depreciation	(1,642)	(1,101)	(963)	(280)	(1,704)	(46)	1,642	(4,094)
Finance costs	(21)	(1,508)	(243)	(256)	(525)	(631)	21	(3,163)
ORBIT	(1,129)	17,027	(1,206)	(537)	(2,229)	(9,253)	1,129	3,802
Loss on disposal of discontinued operations	(20,564)	-	-	-	-	-	20,564	-
Share of loss from equity-accounted associate	-	(307)	-	-	-	-	-	(307)
Profit before tax from continuing operations								3,495
Income tax expense								(3,165)
Profit for the year from continuing operations								330

(b) Geographical Segment

	2017	2016
	RM'000	RM'000
Revenue		
Continuing operations		
- Singapore	498	-
- Malaysia	168,072	149,013
Discontinued operations		
- Singapore	-	82,060
- Malaysia	-	-
- The People's Republic of China	-	21,126
- Others	-	-
	168,570	252,199

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 segment relates mainly to Malaysia. Majority of the revenue reported for Malaysia in FY2017 was contributed by the property development segment.

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2017

18 A breakdown of sales.

BREAKDOWN OF SALES	2017 RM'000	2016 RM'000	% Increase / (Decrease)
(a) Sales reported for first half year - continuing operations	70,808	76,181	-7.1%
(b) Operating profit (loss) after tax before deducting non-controlling interests reported for first half year	3,719	(20,199)	-118.4%
(c) Sales reported for second half year - continuing operations	97,762	72,832	34.2%
(d) Operating profit (loss) after tax before deducting non-controlling interests reported for second half year	(2,934)	(1,128)	160.1%

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 2017 and 31 December 2016.

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	44	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	47	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 2018