

Regal International Group FY2018 Results

Financial Highlights:

RM (million)	FY2018	FY2017 Restated*	% Change
Revenue	47.0	144.3	- 67%
Cost of sales	54.7	109.9	- 50%
Gross (loss) profit	(7.6)	34.4	N.M.
Loss before tax	(38.6)	(3.6)	978%
Net loss after tax	(37.4)	(10.2)	267%
Exchange difference on foreign operations translation, net of tax	(0.1)	0.1	N.M.
Total comprehensive loss for the year	(37.5)	(10.1)	267%

* Impact on adoption of SFRS(I). Please refer to full results announcement for more details.

- Revenue reduced from RM144.3 million in FY2017 to RM47.0 million in FY2018 due to decrease in sale of development properties and revenue from construction contracts as a result of the challenging market.
- Changes in accounting treatment according to the new the new financial reporting framework, Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) for the financial period beginning after 1 January 2018, contributes to higher cost of sales, which in turns lead to the decrease in gross profit from RM34.4 million in FY2017 to gross loss RM7.6 million in FY2018.
- Administrative expenses as well as marketing and distribution costs were lower at RM24.4 million and RM0.8 million respectively in FY2018, as compared to RM34.2 million and RM1.9 million in FY2017. The reduction is due to decrease in depreciation of property, plant and equipment and employee benefits expense, and reduced marketing activities.
- The Group recorded a total comprehensive loss of RM37.5 million for FY2018, as compared to the comprehensive loss of RM10.1 million for FY2017, mainly due to lower overall revenue in spite of reduced expenses.
- With 2018 being a year of changes in the political landscape and economic agenda of the nation and state, Sarawak’s property market has been “rather slow on all fronts”¹ with developers and buyers adopting cautious stance in their decision making.
- Nevertheless, “market confidence can be seen returning with improved consumer sentiments”¹ especially when the “pent up demand for housing during these few years of uncertainty may see demand strengthening once market recovers”¹.
- Strategically, the Group will continue to seek growth through strategic acquisitions, joint ventures and alliances in addition to existing project portfolio.

¹ Source: [Sarawak Property Bulletin “2018 Property Market Review & Outlook”](#)