

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 30 JUNE 2010

	2010	2009	2010	2009
	Current Period	Preceding Year	Current 3 months	Preceding Year
	Quarter Ended	Quarter Ended	Cumulative to date	Period Ended
	Jun 30	Jun 30	Jun 30	Jun 30
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	121,760	101,025	121,760	101,025
Operating Expenses	-118,812	-95,958	-118,812	-95,958
Other Operating Income	1,697	260	1,697	260
Depreciation and amortisation	-1,030	-1,121	-1,030	-1,121
Finance Costs	-3,182	-3,398	-3,182	-3,398
Share of results of associates	0	-41	0	-41
Profit before tax	433	767	433	767
Taxation	-278	-181	-278	-181
Profit for the period	155	586	155	586
Profit Attributable to :				
Owner of the Parent	-64	520	-64	520
Non-controlling interest	219	66	219	66
	155	586	155	586
Basic earnings/(losses) per share (sen)	(0.01)	0.06	(0.01)	0.06
Diluted earning per share	N / A	N / A	N / A	N / A

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2010)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2010

	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	Current Period	Preceding Year	Current 3 months	Preceding Year
	Quarter Ended	Quarter Ended	Cumulative to date	Period Ended
	Jun 30	Jun 30	Jun 30	Jun 30
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Profit for the period	155	586	155	586
Exchange differences on translating foreign operations	334	-1,102	334	-1,102
Net changes in fair value of Available-for-sale	-3,653	0	-3,653	0
Total comprehensive loss for the period	<u>-3,164</u>	<u>-516</u>	<u>-3,164</u>	<u>-516</u>
Total Comprehensive Loss Attributable to :				
Owner of the Parent	-3,383	-582	-3,383	-582
Non-controlling interest	219	66	219	66
	<u>-3,164</u>	<u>-516</u>	<u>-3,164</u>	<u>-516</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2010)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	As at Jun 30, 10 (RM'000) (Unaudited)	As at Mar 31, 10 (RM'000) (Audited)
ASSETS:		
Non Current Assets		
Property, plant & equipment	215,703	215,602
Prepaid land lease payment	30,730	30,821
Investment property	15,730	15,755
Goodwill arising on consolidation	41,959	41,959
Investment in Associates	112	112
Available-for-sales financial assets	3,243	6,105
Deferred and development expenditure	953	943
Land held for development	30,136	30,070
Deferred tax assets	559	564
Total Non Current Assets	<u>339,125</u>	<u>341,931</u>
Current Assets		
Inventories	23,552	22,956
Trade and other receivables	188,678	221,940
Derivative financial assets	1,864	0
Fixed and call deposits	22,021	22,037
Cash and bank balances	14,687	11,028
Total Current Assets	<u>250,802</u>	<u>277,961</u>
TOTAL ASSETS	<u>589,927</u>	<u>619,892</u>
EQUITY AND LIABILITIES:		
Equity attributable to owners of the Parent:		
Share capital	171,710	171,710
Other Reserves	101,543	104,862
Retained Profit	64,361	63,674
Attributable to equity holders of the parent	<u>337,614</u>	<u>340,246</u>
Non-controlling interest	-431	-650
TOTAL EQUITY	<u>337,183</u>	<u>339,596</u>
Non-Current Liabilities:		
Advanced from Joint Venture shareholder	8,053	8,686
Term Loan	63,658	57,958
Hire purchase	227	0
Collaterised Loan Obligation (CLO)	40,000	40,000
Deferred tax liabilities	241	241
Total Non-Current Liabilities	<u>112,179</u>	<u>106,885</u>
Current Liabilities		
Trade and other payables	41,332	34,500
Short term borrowings	50,371	91,978
Collaterised Loan Obligation (CLO)	45,000	45,000
Hire purchase	104	34
Taxation	1,886	1,899
Derivative financial liabilities	1,872	0
Total Current Liabilities	<u>140,565</u>	<u>173,411</u>
TOTAL LIABILITIES	<u>252,744</u>	<u>280,296</u>
TOTAL EQUITY AND LIABILITIES	<u>589,927</u>	<u>619,892</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2010)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2010

	← Attributable to Equity Holders of the Parent →						Distributable Reserves	Total	Non-Controlling Interest	Total Equity	
	← Non Distributable Reserves →					Retained Profits					Total
	Share Capital	Share Premium Reserve	Share Buy-back Reserve	Foreign Currency Translation Reserve	Available-for-sale Reserve						
(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)		
3 months quarter ended 30 June 2010											
Balance at beginning of year as at 1 Apr. 2010 - as previously reported	171,710	19,911	8,930	-3,150	0	79,171	63,674	340,246	-650	339,596	
Effect of adopting FRS 139							751	751		751	
Balance as at 1 Apr 2010 - as restated	171,710	19,911	8,930	-3,150	0	79,171	64,425	340,997	-650	340,347	
Total comprehensive income/ (loss) for the period	0	0	0	334	-3,653	0	-64	-3,383	219	-3,164	
Balance at end of period	171,710	19,911	8,930	-2,816	-3,653	79,171	64,361	337,614	-431	337,183	
3 months quarter ended 30 June 2009											
Balance at beginning of year as at 1 Apr. 2009	171,710	19,911	8,930	-125	0	79,171	64,082	343,679	-1,526	342,153	
Total comprehensive income/ (loss) for the period	0	0	0	-978	0	0	520	-458	66	-392	
Balance at end of period	171,710	19,911	8,930	-1,103	0	79,171	64,602	343,221	-1,460	341,761	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2010)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2010

	2010	2009
	3 months	3 months
	ended	ended
	Jun 30	Jun 30
	(RM'000)	(RM'000)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	433	767
Adjustment :-		
Non-cash items	1,013	1,111
Non-operating items (which are investing / financing)	-89	-83
Operating profit before changes in working capital	<u>1,357</u>	<u>1,795</u>
Changes in working capital		
Net Change in current assets	37,379	-7,297
Net Change in current liabilities	2,804	3,474
Cash used in operations	<u>41,540</u>	<u>-2,028</u>
Tax Paid	-227	-415
Net cash flows from operating activities	<u>41,313</u>	<u>-2,443</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Other investment	11	31
Purchase of property, plant and equipment	-2,222	-447
Purchase of land held for development	-67	-67
Net cash flows from investing activities	<u>-2,278</u>	<u>-483</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net Bank Borrowings	-6,716	10,029
Net cash flows from financing activities	<u>-6,716</u>	<u>10,029</u>
Net change in cash & cash equivalents	32,319	7,103
Cash & cash equivalents at beginning of year	-14,498	-12,004
Effects of exchange rate changes on cash & cash equivalents at end of year	219	-1,362
Cash & cash equivalents at end of period	<u>18,040</u>	<u>-6,263</u>
Cash & cash equivalents comprise the following:		
Fixed and call deposits	22,021	27,021
Cash and bank balances	14,687	12,983
Bank overdraft	-18,668	-46,267
	<u>18,040</u>	<u>-6,263</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2010)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2010

	2010 3 months ended Jun 30 (RM'000)
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before taxation	433
Adjustment :-	
Non-cash items	1,013
Non-operating items (which are investing / financing)	-89
Operating profit before changes in working capital	<u>1,357</u>
Changes in working capital	
Net Change in current assets	37,379
Net Change in current liabilities	2,804
Cash used in operations	<u>41,540</u>
Tax Paid	-227
Net cash flows from operating activities	<u>41,313</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Other investment	11
Purchase of property, plant and equipment	-2,222
Purchase of land held for development	-67
Net cash flows from investing activities	<u>-2,278</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Net Bank Borrowings	-6,716
Net cash flows from financing activities	<u>-6,716</u>
Net change in cash & cash equivalents	32,319
Cash & cash equivalents at beginning of year	-14,498
Effects of exchange rate changes on cash & cash equivalents at end of year	219
Cash & cash equivalents at end of period	<u>18,040</u>
Cash & cash equivalents comprise the following:	
Fixed and call deposits	22,021
Cash and bank balances	14,687
Bank overdraft	-18,668
	<u>18,040</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2010)

RELIANCE PACIFIC BERHAD

(Company no. 244521 A)

Notes

NOTES TO THE INTERIM FINANCIAL REPORT

A1 Accounting Policies

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2010.

A2 Changes in Accounting Policies

The significant accounting policies adopted in the interim financial statements are consistent with those adopted by the Group in the audited financial statements for the year ended 31 March 2010 except for the adoption of new FRSs, amendments and IC interpretations that are mandatory for the Group for the financial year beginning 01 January 2010. The adoption of these FRSs, amendments and interpretations do not have a material impact on the interim financial information of the Group except for the adoption of the followings FRSs as set out below .:

Revised FRS 101 "Presentation of Financial Statements"

The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income which can be presented as single statement or two statements (comprising the income statement and statement of comprehensive income). The Group has elected to present the statement of comprehensive income in two statements. As a result, the Group has presented all owner changes in equity in the consolidated statement of changes in equity whilst all non-owner changes in equity have been presented in the consolidated statement of comprehensive income. There is no impact on the results of the Group since these changes affect only the presentation of items of income and expenses.

FRS 139: Financial Instruments: Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010. Set out below are the major changes in adopting FRS 139

Available-for-sale Financial Assets

Prior to 31 March 2010, investment in equity instruments that are not held for trading were accounted for at cost less impairment loss or at the lower of cost and market value, determined on an aggregate basis. Under FRS 139, investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other investments categorised as AFS financial assets are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income.

Derivatives Financial Instruments

Prior to the adoption of FRS 139, derivative contracts were recognised in the financial statements on settlement dates. With the adoption of FRS 139, derivative contracts are now categorised as fair value through profit or loss and measured at their fair values with gain or loss recognised in profit or loss.

Impact on opening balances

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 March 2010 are not restated. Instead, the changes have been accounted for by making the following FRS139 adjustments to opening balance of retained profits as at 1 April 2010 are as follows:

	RM'000
At 1 April 2010, as previously stated at	63,674
<u>Effect arising from adoption of FRS 139:</u>	
Recognition of fair value of AFS	795
Recognition of derivatives previously not recognized	(44)
At 1 April 2010, as restated at	<u>64,425</u>

A3 Audit Report of Preceding Annual Financial Statement

The annual audited financial statement in the preceding year was not qualified.

A4 Seasonal or Cyclical Factors

The Group is principally engaged in the following business operations:

- a) Travel
- b) Hotel
- c) Property

The major festivities and school holidays generally affect the performance of Travel Division. The performance of Property Division is affected by the sentiments of the property cycle, as the division's profitability is dependent on the sale of its resort properties.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group.

A6 Accounting Estimates

There were no changes in estimates of amounts reported in prior financial quarters of the current financial year or in prior financial years that have a material effect in the current financial quarter.

A7 Issuance or Repayment of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial year to date.

A8 Dividend Paid

There were no dividends paid during the period under review.

A9 Segmental Reporting

a) Revenue

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Jun 2010 (RM'000)	Preceding Quarter Ended 30 Jun 2009 (RM'000)	Current 3 months Ended 30 Jun 2010 (RM'000)	Preceding 3 months Ended 30 Jun 2009 (RM'000)
Travel	107,344	85,610	107,344	85,610
Hotel	13,429	14,167	13,429	14,167
Property	987	1,248	987	1,248
Total	121,760	101,025	121,760	101,025

b) Profit/(Loss) before taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Jun 2010 (RM'000)	Preceding Quarter Ended 30 Jun 2009 (RM'000)	Current 3 months Ended 30 Jun 2010 (RM'000)	Preceding 3 months Ended 30 Jun 2009 (RM'000)
Continuing Operations				
Travel	120	605	120	605
Hotel	1,979	3,124	1,979	3,124
Property	576	(691)	576	(691)
RPB	(2,242)	(2,230)	(2,242)	(2,230)
Share of results of associates	0	(41)	0	(41)
Total	433	767	433	767

A10 Valuation of Property, Plant and Equipment

Land and buildings of the Group have not been revalued for the current financial year to date.

A11 Subsequent Material Events

There were no material events subsequent to the end of the current quarter.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

A13 Contingent Liabilities and Contingent Asset

There were no contingent liabilities and contingent Asset for the current financial year to date.

A. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of Performance of the Company and its Principal Subsidiaries

Consolidated revenue of the Group for the current quarter has increased by 20.5% as compared to the preceding year 1st quarter. The growth was mainly contributed from the Travel Division by using market share and growth strategy.

However, the Group consolidated profit before tax has reduced by 43.6% from RM0.767 million in the preceding quarter to RM0.433 million for the 1st quarter under review. The reasons for the lower profit were due to:

- a) Higher marketing cost for Travel Outbound to achieve growth strategy
- b) Higher cost of operation for Travel Online as it is still in the stage of infancy.
- c) Poor industry sentiment for Hotel Division resulting in lower revenue and yield.

B2 Material Changes in the Quarterly Results as compared with the Preceding quarter

The consolidated revenue of the Group for the reporting quarter has reduced by 5.7% in comparison to the preceding quarter. The consolidated profit before tax has improved by 213% in comparison to the preceding quarter largely due to the contribution from the Travel Division.

B3 Commentary on Prospect

In January 2010, IATA forecast that the airline industry would collectively lose an approximate US\$5.6 billion for the full year. In February 2010, IATA halved its earlier forecast to a loss of about US\$2.8 billion following encouraging signs of solid recovery in travel. In February, global passenger demand was up by 9.5% year-on-year. In Asia Pacific alone, air travel grew by 13.5%. This relatively stronger recovery indicates that the worst may be over, and the tourism, travel and hotel industries can look forward to a brighter future save for unanticipated natural disasters.

Nevertheless, the otherwise positive developments augur well for RPB. We are cautiously optimistic. Oil prices continue to be volatile, and the uncertainty of the global economic outlook adds to the challenge. While the Asia Pacific region is playing a key role in leading the world out of the debilitating aftermath of the 2008 Global Financial Crisis, the economic outlook particularly in Europe remains uncertain for now.

It is important to note that though challenges have grown in complexity, they are certainly not new to our industry or RPB. We have dealt with all these challenges in the past and have remained resilient throughout the years. We will continue to confront these challenges and remain committed to our vision of becoming Dominant Regional Player.

B4 Variance from Profit Forecast

Not applicable.

B5 Taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Jun 2010 (RM'000)	Preceding Quarter Ended 30 Jun 2009 (RM'000)	Current 3 months Ended 30 Jun 2010 (RM'000)	Preceding 3 months Ended 30 Jun 2009 (RM'000)
a) Income Tax				
i) Current taxation	278	181	278	181
b) Total	278	181	278	181

The Group tax rate is higher than the statutory tax rate applicable due to the Provision of taxation on profit by certain subsidiary companies.

B6 Acquisition and Disposal of Unquoted Investment and Properties

There were no acquisition and disposal of unquoted investments during the current quarter.

B7 Available-for-sale

- a) There were no purchase and disposal of quoted securities during the Current quarter.
- b) Investments in quoted securities as at the end of the reporting period.

	RM'000
Total investment at cost	<u>10,730</u>
Total investment at carrying value/book value	<u>3,119</u>
Total investment at market value	<u>3,119</u>

B8 Corporate proposals

There were no other corporate proposals announced during the current quarter.

B9 Group Borrowings

a) Banking Facilities

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
a) Short term borrowings			
i. Overdraft	4,268	14,400	18,668
ii. Revolving Credit	15,715	9,500	25,215
iii. Long term borrowings repayable within twelve months	6,488	-	6,488
iv. Collaterised Loan obligation	-	45,000	45,000
v. Lease and Hire Purchase repayable within 12 months	104	-	104
vi. Total	<u>26,575</u>	<u>68,900</u>	<u>95,475</u>
b) Long term borrowings			
i. Long term loans	70,146	-	70,146
Less portion of long term loans payable within 12 months	<u>6,488</u>	<u>-</u>	<u>6,488</u>
	<u>63,658</u>	<u>0</u>	<u>63,658</u>
ii. Collaterised Loan obligation	<u>-</u>	<u>40,000</u>	<u>40,000</u>
iii. Lease and Hire purchase	331	-	331
Less portion of Lease and Hire Purchase payable within 12 months	<u>(104)</u>	<u>-</u>	<u>(104)</u>
	<u>227</u>	<u>-</u>	<u>227</u>
iv. Total	<u>63,885</u>	<u>40,000</u>	<u>103,885</u>
c) Total borrowings	90,460	108,900	199,360

- b) Foreign currency borrowings included in the above in Ringgit Malaysia equivalent as at 30 June 2010 were as follows:

	RM'000
<u>Foreign Currency</u>	
Singapore Dollar	1,858
Hong Kong Dollar	<u>3,881</u>
Total	<u>5,739</u>

B10 Derivative Financial Instruments

As at 30 June 2010, the values and maturity analysis of the outstanding forward foreign currency contract of the Group are as follows:

Maturity	Contract Amounts RM'000	Fair Value RM'000
Less than 1 year	1,872	1,880

There is no significant change for the financial derivative in respect of the following since the last financial year ended 31 March 2010:

- a) The credit risk, market risk and liquidity risk associated with this financial derivative;
- b) The cash requirements of the financial derivative; and
- c) The policy in place for mitigating or controlling the risks associated with this financial derivative.

B11 Material Litigation

There was no material litigation pending as at the date of this announcement.

B12 Basic Profit Per Share

a) Basic Profit per share

Basic Profit per share is calculated by dividing the net profit attributable to the shareholders for the current financial quarter ended 30 Jun 2010 are as follows:

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Jun 2010 (RM'000)	Preceding Quarter Ended 30 Jun 2009 (RM'000)	Current 3 months Ended 30 Jun 2010 (RM'000)	Preceding 3 months Ended 30 Jun 2009 (RM'000)
Net Profit / (Loss) attributable to owner of the Parent (RM'000)	(64)	520	(64)	520
Basic ('000)				
Total Weighted average number of ordinary shares	858,552	858,552	858,552	858,552
Basic earnings per share(sen)	(0.01)	0.06	(0.01)	0.06

b) Diluted Profit per share

N/A.

BY ORDER OF THE BOARD
TAN BEE LENG (MAICSA NO: 7009994)

Secretary

Kuala Lumpur
Date: 30 August 2010