

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2010

	2010	2009	2010	2009
	Current Period Quarter Ended Sep 30 (RM'000)	Preceding Year Quarter Ended Sep 30 (RM'000)	Current 6 months Cumulative to date Sep 30 (RM'000)	Preceding Year Period Ended Sep 30 (RM'000)
Revenue	126,051	93,352	247,811	194,377
Operating Expenses	-122,094	-89,592	-240,906	-185,525
Other Operating Income	1,891	257	3,588	517
Depreciation and amortisation	-1,015	-1,109	-2,045	-2,230
Finance Costs	-3,441	-3,112	-6,623	-6,510
Share of results of associates	-28	-25	-28	-66
Profit /(Loss) before tax	1,364	-204	1,797	563
Taxation	-313	-193	-591	-374
Profit /(Loss) for the period	1,051	-397	1,206	189
Profit /(Loss) Attributable to :				
Owner of the Parent	1,288	-389	1,224	131
Non-controlling interest	-237	-8	-18	58
	1,051	-397	1,206	189
Basic earnings/(losses) per share (sen)	0.15	(0.05)	0.14	0.02
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 SEPTEMBER 2010

	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	Current Period	Preceding Year	Current 6 months	Preceding Year
	Quarter Ended	Quarter Ended	Cumulative to date	Period Ended
	Sep 30	Sep 30	Sep 30	Sep 30
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Profit /(Loss) for the period	1,051	-397	1,206	189
Exchange differences on translating foreign operations	-230	-523	104	-1,625
Net changes in fair value of Available-for-sale	0	0	-3,653	0
Total comprehensive loss for the period	<u>821</u>	<u>-920</u>	<u>-2,343</u>	<u>-1,436</u>
Total Comprehensive Loss Attributable to :				
Owner of the Parent	1,058	-912	-2,325	-1,494
Non-controlling interest	<u>-237</u>	<u>-8</u>	<u>-18</u>	<u>58</u>
	<u>821</u>	<u>-920</u>	<u>-2,343</u>	<u>-1,436</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 SEPTEMBER 2010**

	As at Sep 30, 10 (RM'000) (Unaudited)	As at Mar 31, 10 (RM'000) (Audited)
ASSETS:		
Non Current Assets		
Property, plant & equipment	216,820	215,602
Prepaid land lease payment	30,639	30,821
Investment property	15,721	15,755
Goodwill arising on consolidation	41,959	41,959
Investment in Associates	84	112
Available-for-sales financial assets	3,247	6,105
Deferred and development expenditure	883	943
Land held for development	30,586	30,070
Deferred tax assets	564	564
Total Non Current Assets	340,503	341,931
Current Assets		
Inventories	23,397	22,956
Trade and other receivables	179,021	221,940
Derivative financial assets	2,013	0
Fixed and call deposits	16,789	22,037
Cash and bank balances	9,074	11,028
Total Current Assets	230,294	277,961
TOTAL ASSETS	570,797	619,892
EQUITY AND LIABILITIES:		
Equity attributable to owners of the Parent:		
Share capital	171,710	171,710
Other Reserves	101,313	104,862
Retained Profit	65,649	63,674
Attributable to equity holders of the parent	338,672	340,246
Non-controlling interest	-668	-650
TOTAL EQUITY	338,004	339,596
Non-Current Liabilities:		
Advanced from Joint Venture shareholder	8,673	8,686
Term Loan	58,604	57,958
Hire purchase	207	0
Collateralised Loan Obligation (CLO)	40,000	40,000
Deferred tax liabilities	241	241
Total Non-Current Liabilities	107,725	106,885
Current Liabilities		
Trade and other payables	40,719	34,500
Short term borrowings	80,273	91,978
Collateralised Loan Obligation (CLO)	0	45,000
Hire purchase	96	34
Taxation	1,935	1,899
Derivative financial liabilities	2,045	0
Total Current Liabilities	125,068	173,411
TOTAL LIABILITIES	232,793	280,296
TOTAL EQUITY AND LIABILITIES	570,797	619,892

(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 SEPTEMBER 2010

	← Attributable to Equity Holders of the Parent →						Distributable Reserves	Non-Controlling Interest	Total Equity			
	← Non Distributable Reserves →					Retained Profits				Total	(RM'000)	(RM'000)
	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)			
6 months quarter ended 30 September 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	104	-3,653	0	1,224	-2,325	-18	-2,343		
Balance at end of period	171,710	19,911	8,930	-3,046	-3,653	79,171	65,649	338,672	-668	338,004		
6 months quarter ended 30 September 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	-1,625	0	0	131	-1,494	58	-1,436		
Balance at end of period	171,710	19,911	8,930	-1,750	0	79,171	64,213	342,185	-1,468	340,717		

(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 SEPTEMBER 2010

	2010	2009
	6 months	6 months
	ended	ended
	Sep 30	Sep 30
	(RM'000)	(RM'000)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,797	563
Adjustment :-		
Non-cash items	2,237	2,210
Non-operating items (which are investing / financing)	-187	-182
Operating profit before changes in working capital	<u>3,847</u>	<u>2,591</u>
Changes in working capital		
Net Change in current assets	43,583	-11,348
Net Change in current liabilities	5,050	4,120
Cash used in operations	<u>52,480</u>	<u>-4,637</u>
Tax Paid	-490	-702
Net cash flows from operating activities	<u>51,990</u>	<u>-5,339</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Other investment	44	62
Net proceeds from disposal of investment property	0	-2
Purchase of property, plant and equipment	-2,582	-894
Purchase of land held for development	-517	-67
Net cash flows from investing activities	<u>-3,055</u>	<u>-901</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net Bank Borrowings	-54,278	10,068
Net cash flows from financing activities	<u>-54,278</u>	<u>10,068</u>
Net change in cash & cash equivalents	-5,343	3,828
Cash & cash equivalents at beginning of year	-14,498	-12,004
Effects of exchange rate changes on cash & cash equivalents at end of year	-27	-1,946
Cash & cash equivalents at end of period	<u>-19,868</u>	<u>-10,122</u>
Cash & cash equivalents comprise the following:		
Fixed and call deposits	16,789	26,887
Cash and bank balances	9,074	9,517
Bank overdraft	-45,731	-46,526
	<u>-19,868</u>	<u>-10,122</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 SEPTEMBER 2010

	2010 6 months ended Sep 30 (RM'000)
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before taxation	1,797
Adjustment :-	
Non-cash items	2,237
Non-operating items (which are investing / financing)	-187
Operating profit before changes in working capital	<u>3,847</u>
Changes in working capital	
Net Change in current assets	43,583
Net Change in current liabilities	5,050
Cash used in operations	<u>52,480</u>
Tax Paid	-490
Net cash flows from operating activities	<u>51,990</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Other investment	44
Net proceeds from disposal of investment property	0
Purchase of property, plant and equipment	-2,582
Purchase of land held for development	-517
Net cash flows from investing activities	<u>-3,055</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Net Bank Borrowings	-54,278
Net cash flows from financing activities	<u>-54,278</u>
Net change in cash & cash equivalents	-5,343
Cash & cash equivalents at beginning of year	-14,498
Effects of exchange rate changes on cash & cash equivalents at end of year	-27
Cash & cash equivalents at end of period	<u>-19,868</u>
Cash & cash equivalents comprise the following:	
Fixed and call deposits	16,789
Cash and bank balances	9,074
Bank overdraft	-45,731
	<u>-19,868</u>

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

RELIANCE PACIFIC BERHAD

(Company no. 244521 A)

Notes

A. 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 Sept 2010 (RM'000)	Preceding Quarter Ended 30 Sept 2009 (RM'000)	Current 6 months Ended 30 Sept 2010 (RM'000)	Preceding 6 months Ended 30 Sept 2009 (RM'000)
Travel	114,516	83,068	221,860	168,678
Hotel	9,853	9,172	23,282	23,339
Property	1,682	1,112	2,669	2,360
Total	126,051	93,352	247,811	194,377

b) Profit/(Loss) before taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Sept 2010 (RM'000)	Preceding Quarter Ended 30 Sept 2009 (RM'000)	Current 6 months Ended 30 Sept 2010 (RM'000)	Preceding 6 months Ended 30 Sept 2009 (RM'000)
Continuing Operations				
Travel	218	754	338	1,359
Hotel	1,385	2,023	3,364	5,147
Property	1,408	(575)	1,984	(1,266)
RPB	(1,619)	(2,381)	(3,861)	(4,611)
Share of results of associates	(28)	(25)	(28)	(66)
Total	1,364	(204)	1,797	563

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 except on 10th June 2010, Nesline Sdn Bhd (Company No. 572449 K) a wholly owned subsidiary of RPB has entered into a Sale and Purchase Agreement with Andaman Land Sdn Bhd (879405 H) to sell the following property for a total consideration of RM26 Million:

- (a) Geran 10923, Lot 256, Seksyen 89A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 1718 square metres in area.
- (b) H.S.(D) 100252, PT 20, Seksyen 89A, Bandar Kuala Lumpur, Daerah Kuala Lumpur Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 290 square metres in area.

together with a two (2) storey office building erected thereon bearing posted address of no: 388 Jalan Tun Razak, 50400 Kuala Lumpur. The above transaction has been completed to date.

Announcements were made to Bursa Malaysia on 14 June 2010 and 25 October 2010.

A12 Changes in the Composition of the Group

During the quarter under review, the Group incorporated the following subsidiary:

On 23 August 2010, Meridian Haven Sdn Bhd is a wholly owned subsidiary of RPB Development Sdn Bhd, a subsidiary of Reliance Pacific Berhad.

Announcement was made to Bursa Malaysia on 27 August 2010.

A13 Contingent Liabilities and Contingent Asset

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

B. 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 35% as compared to the preceding year 2nd quarter. The growth was mainly contributed by the Travel Division by using market share and growth strategy.

The Group consolidated profit before tax has improved as compared to preceding year same quarter contributed mainly by the Property Division. However, Travel Division profit remained low due to thin margin in order to acquire more market share.

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

The consolidated revenue of the Group for the reporting quarter has increased slightly by 3.5% in comparison to the preceding quarter. The consolidated profit before tax has improved accordingly.

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%.

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.

B4 Variance from Profit Forecast

Not applicable.

B5 Taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Sept 2010 (RM'000)	Preceding Quarter Ended 30 Sept 2009 (RM'000)	Current 6 months Ended 30 Sept 2010 (RM'000)	Preceding 6 months Ended 30 Sept 2009 (RM'000)
a) Income Tax				
i) Current taxation	313	193	591	374
b) Total	313	193	591	374

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	22,978	22,753	45,731
ii. Revolving Credit	15,715	9,500	25,215
iii. Long term borrowings repayable within twelve months	9,327	-	9,327
iv. Lease and Hire Purchase repayable within 12 months	96	-	96
v. Total	<u>48,116</u>	<u>32,253</u>	<u>80,369</u>
b) Long term borrowings			
i. Long term loans	67,931	-	67,931
Less portion of long term loans payable within 12 months	<u>9,327</u>	<u>-</u>	<u>9,327</u>
	<u>58,604</u>	<u>0</u>	<u>58,604</u>
ii. Collateralised Loan obligation	<u>-</u>	<u>40,000</u>	<u>40,000</u>
iii. Lease and Hire purchase	303	-	303
Less portion of Lease and Hire Purchase payable within 12 months	<u>(96)</u>	<u>-</u>	<u>(96)</u>
	<u>207</u>	<u>-</u>	<u>207</u>
iv. Total	58,811	40,000	98,811
c) Total borrowings	106,927	72,253	179,180

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

	RM'000
<u>Foreign Currency</u>	
Singapore Dollar	1,398
Hong Kong Dollar	<u>3,022</u>
Total	<u>4,420</u>

B10 Derivative Financial Instruments

As at 30 Sept 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	2,045	2,077

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 September 2010 are as follows:

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Sept 2010 (RM'000)	Preceding Quarter Ended 30 Sept 2009 (RM'000)	Current 6 months Ended 30 Sept 2010 (RM'000)	Preceding 6 months Ended 30 Sept 2009 (RM'000)
Net Profit /(Loss) attributable to owner of the Parent (RM'000)	1,288	(389)	1,224	131
Basic ('000)				
Total Weighted average number of ordinary shares	858,552	858,552	858,552	858,552
Basic earnings per share(sen)	0.15	(0.05)	0.14	0.02

b) Diluted Profit per share

N/A.

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

Secretary

Kuala Lumpur
Date: 30 November 2010