

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE QUARTER ENDED 30 JUNE 2014

	<u>2014</u> Current Period Quarter Ended 30-Jun (RM'000)	<u>2013</u> Preceding Period Quarter Ended 30-Jun (RM'000)	<u>2014</u> Current 3 months Cumulative to date 30-Jun (RM'000)	<u>2013</u> Preceding Year Period Ended 30-Jun (RM'000)
Revenue	42,475	47,392	42,475	47,392
Operating Expenses	(39,064)	(43,324)	(39,064)	(43,324)
Other Operating Income	163	93	163	93
Depreciation and amortisation	(939)	(880)	(939)	(880)
Finance Costs	(2,254)	(2,627)	(2,254)	(2,627)
Share of results of associates	4	8	4	8
Profit before tax	385	661	385	661
Taxation	(136)	(129)	(136)	(129)
Profit for the period	249	533	249	533
Profit Attributable to :				
Owner of the Parent	323	439	323	439
Non-controlling interest	(74)	94	(74)	94
	249	533	249	533
Basic earnings per share (sen)	0.04	0.05	0.04	0.05
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 2014)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2014

	<u>2014</u> Current Period Quarter Ended 30-Jun (RM'000)	<u>2013</u> Preceding Period Quarter Ended 30-Jun (RM'000)	<u>2014</u> Current 3 months Cumulative to date 30-Jun (RM'000)	<u>2013</u> Preceding Year Period Ended 30-Jun (RM'000)
Profit for the period	249	533	249	533
Items that may be reclassified subsequently to profit or loss :				
Exchange differences on translating foreign operations	(317)	197	(317)	197
Net changes in fair value of Available-for-sale	(65)	(9)	(65)	(9)
Total comprehensive income for the period	<u>(133)</u>	<u>721</u>	<u>(133)</u>	<u>721</u>
Total Comprehensive Income Attributable to :				
Owner of the Parent	(59)	627	(59)	627
Non-controlling interest	(74)	94	(74)	94
	<u>(133)</u>	<u>721</u>	<u>(133)</u>	<u>721</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2014)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	As at 30-Jun-14 (RM'000) (Unaudited)	As at 31-Mar-14 (RM'000) (Audited)
<u>ASSETS:</u>		
Non Current Assets		
Property, plant & equipment	230,003	230,415
Investment property	3,848	3,858
Goodwill arising on consolidation	32,035	32,035
Investment in Associates	36,860	36,856
Available-for-sales financial assets	1,141	1,207
Deferred and development expenditure	26	26
Land held for development	73,738	73,314
Deferred tax assets	213	213
Total Non Current Assets	<u>377,864</u>	<u>377,924</u>
Current Assets		
Inventories	12,216	12,245
Trade and other receivables	77,566	88,772
Development properties	42,310	41,361
Fixed and call deposits	18,815	18,922
Cash and bank balances	2,016	3,104
Total Current Assets	<u>152,923</u>	<u>164,404</u>
TOTAL ASSETS	<u>530,787</u>	<u>542,328</u>
<u>EQUITY AND LIABILITIES:</u>		
Equity attributable to owners of the Parent:		
Share capital	171,710	171,710
Other Reserves	99,737	100,119
Retained Profit	78,390	78,067
Attributable to equity holders of the parent	<u>349,837</u>	<u>349,896</u>
Non-controlling interest	6,062	6,136
TOTAL EQUITY	<u>355,899</u>	<u>356,032</u>
Non-Current Liabilities:		
Term Loan	61,592	67,032
Hire purchase	437	178
Deferred tax liabilities	556	556
Total Non-Current Liabilities	<u>62,585</u>	<u>67,766</u>
Current Liabilities		
Trade and other payables	15,650	18,649
Short term borrowings	96,312	99,503
Hire purchase	160	140
Taxation	181	238
Total Current Liabilities	<u>112,303</u>	<u>118,530</u>
TOTAL LIABILITIES	<u>174,888</u>	<u>186,296</u>
TOTAL EQUITY AND LIABILITIES	<u>530,787</u>	<u>542,328</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2014)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2014

	← Attributable to Equity Holders of the Parent →						Distributable Reserves	Non-Controlling Interest	Total Equity	
	← Non Distributable Reserves →									
	Share Capital (RM'000)	Share Premium Reserve (RM'000)	Share Buy-back Reserve (RM'000)	Foreign Currency Translation Reserve (RM'000)	Available-for-sale Reserve (RM'000)	Revaluation Reserve (RM'000)				Retained Profits (RM'000)
3 months quarter ended 30 June 2014										
Balance at beginning of year as at 1 Apr. 2014	171,710	19,911	8,930	2,099	(3,932)	73,111	78,067	349,896	6,136	356,032
Total comprehensive income/ (loss) for the period	0	0	0	(317)	(65)	0	323	(59)	(74)	(133)
Balance at end of period	171,710	19,911	8,930	1,782	(3,997)	73,111	78,390	349,837	6,062	355,899
3 months quarter ended 30 June 2013										
Balance at beginning of year as at 1 Apr. 2013	171,710	19,911	8,930	1,133	(4,905)	73,111	76,054	345,944	5,612	351,556
Total comprehensive income/ (loss) for the period	0	0	0	197	(9)	0	439	627	94	721
Balance at end of period	171,710	19,911	8,930	1,330	(4,914)	73,111	76,493	346,571	5,706	352,277

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2014)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2014

	2014	2013
	3 months	3 months
	ended	ended
	30-Jun	30-Jun
	(RM'000)	(RM'000)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	385	661
Adjustment :-		
Non-cash items	935	872
Non-operating items (which are investing / financing)	2,250	2,624
Operating profit before changes in working capital	<u>3,570</u>	<u>4,157</u>
Changes in working capital		
Net Change in current assets	11,217	(3,254)
Net Change in current liabilities	(2,998)	2,393
Cash generated from operations	<u>11,789</u>	<u>3,296</u>
Interest paid	(2,254)	(2,627)
Tax Paid	(209)	(177)
Net cash flows generated from operating activities	<u>9,326</u>	<u>492</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Other investment	4	3
Purchase of property, plant and equipment	(757)	(290)
Purchase of land held for development	(424)	0
Net cash flows used in investing activities	<u>(1,177)</u>	<u>(287)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net Bank Borrowings	(7,126)	(7,421)
Net cash flows (used in) / generated from financing activities	<u>(7,126)</u>	<u>(7,421)</u>
Net change in cash & cash equivalents	1,023	(7,216)
Cash & cash equivalents at beginning of period	(37,507)	(16,823)
Effects of exchange rate changes on cash & cash equivalents at end of period	(644)	(81)
Cash & cash equivalents at end of period	<u>(37,128)</u>	<u>(24,120)</u>
Cash & cash equivalents comprise the following:		
Fixed and call deposits	18,815	18,686
Cash and bank balances	2,016	2,829
Bank overdraft	(57,959)	(45,635)
	<u>(37,128)</u>	<u>(24,120)</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2014)

RELIANCE PACIFIC BERHAD

(Company no. 244521 A)

Notes

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with IAS 34 Interim Financial Reporting, Malaysian Financial Reporting Standards ("MFRS") 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 year ended 31 March 2014. 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 2014.

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 March 2014 under the Malaysian Financial Reporting Standards (MFRS) framework.

A2 Audit Report of Preceding Annual Financial Statement

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

A3 Seasonal or Cyclical Factors

The Group is principally engaged in the following business operations:

- a) Hotel
- b) Property
- c) Tourism

The major festivities and school holidays generally affect the performance of Hotel & Tourism 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 properties.

A4 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.

A5 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.

A6 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 period to date.

A7 Dividend Paid

There were no dividends paid during the period under review.

A8 Segmental Reporting

a) Revenue

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Jun 2014 (RM'000)	Current Quarter Ended 30 Jun 2013 (RM'000)	Current Year Ended 30 Jun 2014 (RM'000)	Current Year Ended 30 Jun 2013 (RM'000)
Continuing Operations				
Hotel	11,011	10,748	11,011	10,748
Property	2,315	3,199	2,315	3,199
Tourism	27,924	32,564	27,924	32,564
RPB & others	1,225	881	1,225	881
Grand Total	42,475	47,392	42,475	47,392

b) Profit/(Loss) before taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Jun 2014 (RM'000)	Current Quarter Ended 30 Jun 2013 (RM'000)	Current Year Ended 30 Jun 2014 (RM'000)	Current Year Ended 30 Jun 2013 (RM'000)
Continuing Operations				
Hotel	2,029	1,977	2,029	1,977
Property	36	211	36	211
Tourism	(364)	(245)	(364)	(245)
RPB & others	(1,320)	(1,290)	(1,320)	(1,290)
Share of results of associates	4	8	4	8
Grand Total	385	661	385	661

A9 Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the current financial period ended 30 June 2014 and up to the date of this report.

A10 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial period ended 30 June 2014 and up to the date of this report other than the following:

- a) On 20 June 2014, the Group had disposed off its 39.99% stake in Menara Ampang Sdn Bhd for a total consideration of RM41.515 million.

The disposal was not completed during the quarter under review.

A11 Significant related party transactions

Significant related party transactions which were entered into on agreed terms and prices for the current period ended 30 June 2014 are set out below. The relationship of the related parties are disclosed in the audited financial statements for the financial year ended 31 March 2014 and the approved shareholders' mandate in the circular dated 6 September 2013 for recurrent related party transactions.

	Current Year Ended 30 Jun 2014 (RM'000)
Services rendered to the companies controlled by certain directors	753
Services rendered by the companies controlled by certain directors	149
Purchases from the companies controlled by certain directors	353
Sales to the companies controlled by certain directors	2,814

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

B1 Review of Performance of the Company and its Principal Subsidiaries

The Group consolidated revenue for the current quarter has reduced by 10.4% as compared to the preceding year 1st quarter.

During the current quarter under review, the Hotel division continues to perform registering a revenue growth of 2.4%. Tourism division remained challenging due to slowdown in tourist arrivals as a result of uncertain global economic climate. The recent incidents of air disasters have impact on the tourism industry. The Tourism division has registered a drop of revenue by 14.2%.

The Group registered a lower consolidated profit before tax of RM0.385 million as compared to RM0.661 million in preceding year same quarter.

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

The Group consolidated revenue for the reporting quarter has reduced by 11.9% in comparison to the preceding quarter. This was mainly due to the seasonality of the business in which 1st quarter was traditionally a weaker quarter.

The Group consolidated profit before tax for the 1st quarter under review was RM0.385 million as compared to RM0.874 million in comparison to the preceding quarter. This was as a result of lower yield achieved registered in the reporting quarter.

B3 Variance from Profit Forecast

Not applicable.

B4 Commentary on Prospect

Looking ahead, 2014/15 will be yet another challenging year. However, we remained cautiously confident barring any unforeseen circumstances affecting the economies globally as well as in Asia and Malaysia.

Property Division

The Property Division is focusing on niche property developments. In accordance to the survey conducted by iProperty.com, Asia property market sentiment report (H1) 2014, the top 6 factors of consideration when purchasing property are location, price, size, security, facilities and land status of the property. Our upcoming property developments have taken into consideration most if not all of the above factors making them attractive to investors.

The upcoming projects are located in Kuala Lumpur, Langkawi and Port Dickson. The KL project is located in Melawati. It is a freehold property expected to be launched by end of 2014.

In the international tourism destination of Langkawi, an exclusive landed resort development capitalizing on the hillside terrain and sea view is expected to be launched in 2015.

To complement the Property Division's proven track record of having successfully developed its 100 acres flagship integrated international marina resort in Admiral Cove, Port Dickson in the 1990s, a luxury senior citizen aged care resort living by the sea with wellness tourism element built into the houses will be launched. Resort services will be provided by Avillion, a homegrown internationally recognized hotel management brand. This development has ready infrastructure and is expected to be launched in 2015.

Desa Impian, the 165-acre mix development/township consisting of commercial, residential, education and recreation hubs in Bandar Tenggara, Johor is an existing on-going development. Phase 1 of the development which comprises of affordable landed housing is in advanced stage of completion. The entire development will take approximately 10 years to complete.

Hotel Division

Our Hotel Division will continue to grow from strength to strength with its homegrown internationally recognized hotel brand. The success of the "Avillion" brand has resulted in the further expansion of the Avillion Private Collection ("APC") in Asia and increase in the number of hotels managed by Avillion. The new development in Port Dickson and Langkawi may add another 2 hotel properties under the chain of Avillion Hotels and further increase the properties managed by APC. APC now manages a collection of high end homes in Asia.

Tourism Division

The World Travel & Tourism Council (WTTC) Economic Impact Report forecast Global Travel & Tourism is expected to grow 4.3% in 2014.

The outlook for the aviation industry will remain challenging due to the uncertain global economic climate and geo-political concerns. The recent incidents of air disasters namely MH370 and MH17 will have impact on the tourism industry. Asia continues to be a hotbed of tourism despite the challenges. We have an established presence in Asia's leading tourist destinations of Singapore, Hong Kong and Thailand, hence when tourism picks up momentum, our stations will stand to benefit.

Barring any unforeseen circumstance, RPB remain cautiously confident to perform well in the current financial year

B5 Profit before taxation

Profit before taxation is derived after charging / (credited) of the following:

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Jun 2014 (RM'000)	Current Quarter Ended 30 Jun 2013 (RM'000)	Current Year Ended 30 Jun 2014 (RM'000)	Current Year Ended 30 Jun 2013 (RM'000)
Interest income	(4)	(3)	(4)	(3)
Gain on disposal of investment	(133)	0	(133)	0

B6 Taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Jun 2014 (RM'000)	Current Quarter Ended 30 Jun 2013 (RM'000)	Current Year Ended 30 Jun 2014 (RM'000)	Current Year Ended 30 Jun 2013 (RM'000)
a) Income Tax				
i) Current taxation	136	129	136	129
b) Total	136	129	136	129

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

B7 Corporate proposals

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

B8 Group Borrowings

a) Banking Facilities

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
a) Short term borrowings			
i. Overdraft	56,504	1,455	57,959
ii. Revolving Credit	8,500	-	8,500
iii. Long term borrowings repayable within twelve months	29,853	-	29,853
iv. Hire Purchase repayable within 12 months	160	-	160
v. Total	<u>95,017</u>	<u>1,455</u>	<u>96,472</u>
b) Long term borrowings			
i. Long term loans	91,445	-	91,445
Less portion of long term loans payable within 12 months	<u>(29,853)</u>	<u>-</u>	<u>(29,853)</u>
	<u>61,592</u>	<u>0</u>	<u>61,592</u>
ii. Hire purchase	597	-	597
Less portion of Hire Purchase payable within 12 months	<u>(160)</u>	<u>-</u>	<u>(160)</u>
	<u>437</u>	<u>0</u>	<u>437</u>
iii. Total	62,029	0	62,029
c) Total borrowings	157,046	1,455	158,501

b) Foreign currency borrowings included in the above in Ringgit Malaysia equivalent as at 30 June 2014 were as follows:

	RM'000
<u>Foreign Currency</u>	
Singapore Dollar	3,811
Hong Kong Dollar	<u>6,955</u>
Total	<u>10,766</u>

B9 Derivative Financial Instruments

The Group is not a party to any financial instruments, which may have an effect to the derivative financial instruments at the date of this report.

B10 Material Litigation

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

B11 Earnings Per Share

a) Basic

Basic earnings per share is calculated by dividing the net profit attributable to the shareholders for the current financial period ended 30 June 2014 are as follows:

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Jun 2014 (RM'000)	Current Quarter Ended 30 Jun 2013 (RM'000)	Current Year Ended 30 Jun 2014 (RM'000)	Current Year Ended 30 Jun 2013 (RM'000)
Net profit attributable to owner of the Parent (RM'000)	323	439	323	439
Basic ('000)				
Total Weighted average number of ordinary shares	858,552	858,552	858,552	858,552
Basic earnings per share(sen)	0.04	0.05	0.04	0.05

b) Diluted

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue as at the end of the current financial period ended 30 June 2014.

B12 Realised and Unrealised Profits or Losses

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, is as follows:

	As at 30 Jun 2014 (RM'000)	As at 30 Jun 2013 (RM'000)
Retained profits of the Company and its subsidiaries :		
Realised	79,014	77,095
Unrealised	(343)	(315)
Total Retained profits of the Company and its subsidiaries	78,671	76,780
Total share of Retained profits from associated companies :		
Realised	(281)	(287)
Total Group Retained profits as per consolidated accounts	78,390	76,493

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

Secretary

Kuala Lumpur
Date: 29 August 2014