

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE QUARTER ENDED 30 JUNE 2015

	<u>2015</u> Current Period Quarter Ended 30-Jun (RM'000)	<u>2014</u> Preceding Period Quarter Ended 30-Jun (RM'000)	<u>2015</u> Current 3 months Cumulative to date 30-Jun (RM'000)	<u>2014</u> Preceding Year Period Ended 30-Jun (RM'000)
Revenue	42,493	42,475	42,493	42,475
Operating Expenses	(41,332)	(39,064)	(41,332)	(39,064)
Other Operating Income	62	163	62	163
Depreciation and amortisation	(876)	(939)	(876)	(939)
Finance Costs	(2,538)	(2,254)	(2,538)	(2,254)
Share of results of associates	14	4	14	4
Profit before tax	(2,177)	385	(2,177)	385
Taxation	(84)	(136)	(84)	(136)
Profit for the period	(2,261)	249	(2,261)	249
Profit Attributable to :				
Owner of the Parent	(2,228)	323	(2,228)	323
Non-controlling interest	(33)	(74)	(33)	(74)
	(2,261)	249	(2,261)	249
Basic earnings per share (sen)	(0.26)	0.04	(0.26)	0.04
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 2015)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2015

	<u>2015</u> Current Period Quarter Ended 30-Jun (RM'000)	<u>2014</u> Preceding Period Quarter Ended 30-Jun (RM'000)	<u>2015</u> Current 3 months Cumulative to date 30-Jun (RM'000)	<u>2014</u> Preceding Year Period Ended 30-Jun (RM'000)
Profit for the period	(2,261)	249	(2,261)	249
Items that may be reclassified subsequently to profit or loss :				
Exchange differences on translating foreign operations	(789)	(317)	(789)	(317)
Net changes in fair value of Available-for-sale	(24)	(65)	(24)	(65)
Total comprehensive income for the period	<u>(3,074)</u>	<u>(133)</u>	<u>(3,074)</u>	<u>(133)</u>
Total Comprehensive Income Attributable to :				
Owner of the Parent	(3,041)	(59)	(3,041)	(59)
Non-controlling interest	(33)	(74)	(33)	(74)
	<u>(3,074)</u>	<u>(133)</u>	<u>(3,074)</u>	<u>(133)</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2015)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2015**

	As at 30-Jun-15 (RM'000) (Unaudited)	As at 31-Mar-15 (RM'000) (Audited)
ASSETS:		
Non Current Assets		
Property, plant & equipment	246,882	247,288
Investment property	3,808	3,818
Goodwill arising on consolidation	32,035	32,035
Investment in Associates	61	47
Available-for-sales financial assets	351	439
Deferred and development expenditure	11	11
Land held for development	65,825	65,292
Deferred tax assets	162	162
Total Non Current Assets	349,135	349,092
Current Assets		
Inventories	15,699	16,018
Trade and other receivables	62,582	67,162
Development properties	47,917	46,347
Fixed and call deposits	16,086	15,943
Cash and bank balances	3,879	5,266
Total Current Assets	146,163	150,736
Asset held for sale	23,910	23,910
TOTAL ASSETS	519,208	523,738
EQUITY AND LIABILITIES:		
Equity attributable to owners of the Parent:		
Share capital	171,710	171,710
Other Reserves	99,615	100,428
Retained Profit	76,440	78,668
Attributable to equity holders of the parent	347,765	350,806
Non-controlling interest	6,315	6,348
TOTAL EQUITY	354,080	357,154
Non-Current Liabilities:		
Term Loan	42,407	48,824
Hire purchase	462	299
Deferred tax liabilities	538	538
Total Non-Current Liabilities	43,407	49,661
Current Liabilities		
Trade and other payables	21,663	23,060
Short term borrowings	99,790	93,567
Hire purchase	158	120
Taxation	110	176
Total Current Liabilities	121,721	116,923
TOTAL LIABILITIES	165,128	166,584
TOTAL EQUITY AND LIABILITIES	519,208	523,738

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2015)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2015

	← 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 2015										
Balance at beginning of year as at 1 Apr. 2015	171,710	19,911	8,930	3,172	(4,696)	73,111	78,668	350,806	6,348	357,154
Total comprehensive income/ (loss) for the period	0	0	0	(789)	(24)	0	(2,228)	(3,041)	(33)	(3,074)
Balance at end of period	171,710	19,911	8,930	2,383	(4,720)	73,111	76,440	347,765	6,315	354,080
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

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2015)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2015

	2015	2014
	3 months	3 months
	ended	ended
	30-Jun	30-Jun
	(RM'000)	(RM'000)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	(2,177)	385
Adjustment :-		
Non-cash items	833	935
Non-operating items (which are investing / financing)	2,532	2,250
Operating profit before changes in working capital	<u>1,188</u>	<u>3,570</u>
Changes in working capital		
Net Change in current assets	2,758	11,217
Net Change in current liabilities	(1,393)	(2,998)
Cash generated from operations	<u>2,553</u>	<u>11,789</u>
Interest paid	(2,538)	(2,254)
Tax Paid	(180)	(209)
Net cash flows generated from operating activities	<u>(165)</u>	<u>9,326</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Other investment	6	4
Proceeds from disposal of investment / property, plant and equipment	226	0
Purchase of property, plant and equipment	(287)	(757)
Purchase of land held for development	(533)	(424)
	0	0
Net cash flows used in investing activities	<u>(588)</u>	<u>(1,177)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net Bank Borrowings	(6,574)	(7,126)
Net cash flows (used in) / generated from financing activities	<u>(6,574)</u>	<u>(7,126)</u>
Net change in cash & cash equivalents	(7,327)	1,023
Cash & cash equivalents at beginning of period	(31,600)	(37,507)
Effects of exchange rate changes on cash & cash equivalents at end of period	(139)	(644)
Cash & cash equivalents at end of period	<u>(39,066)</u>	<u>(37,128)</u>
Cash & cash equivalents comprise the following:		
Fixed and call deposits	16,086	18,815
Cash and bank balances	3,879	2,016

Bank overdraft	<u>(59,031)</u>	<u>(57,959)</u>
	<u>(39,066)</u>	<u>(37,128)</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2015)

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 2015. 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 2015.

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 2015 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 2015 (RM'000)	Current Quarter Ended 30 Jun 2014 (RM'000)	Current Year Ended 30 Jun 2015 (RM'000)	Current Quarter Ended 30 Jun 2014 (RM'000)
Continuing Operations				
Hotel	9,229	11,011	9,229	11,011
Property	4,232	2,315	4,232	2,315
Tourism	28,463	27,924	28,463	27,924
RPB & others	569	1,225	569	1,225
Grand Total	42,493	42,475	42,493	42,475

b) Profit/(Loss) before taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Jun 2015 (RM'000)	Current Quarter Ended 30 Jun 2014 (RM'000)	Current Year Ended 30 Jun 2015 (RM'000)	Current Quarter Ended 30 Jun 2014 (RM'000)
Continuing Operations				
Hotel	475	2,029	475	2,029
Property	(509)	36	(509)	36
Tourism	(955)	(364)	(955)	(364)
RPB & others	(1,202)	(1,320)	(1,202)	(1,320)
Share of results of associates	14	4	14	4
Grand Total	(2,177)	385	(2,177)	385

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 2015 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 2015 and up to the date of this report other than the following:

- a) The voluntary winding up and deregistered process of a dormant Australian subsidiary company, Reliance-OSW (Nominees) Pty Ltd has been completed. This was announced on 1 April 2015.
- b) Three wholly owned subsidiaries namely, Avillion Hotels Worldwide Sdn Bhd, Avi Spa International Sdn Bhd and Upper House Sdn Bhd have submitted their application to the Companies Commission of Malaysia (CCM) in accordance with Section 308 of the Companies' Act 1965 to strike off their names from CCM's register. These three subsidiaries have been dormant since the incorporation date and have no intention of carrying on business in future. This was announced on 30 June 2015.
- c) The voluntary winding up and deregistered process of a dormant Australian subsidiary company, Avillion Hotels International (Sydney) Pty Ltd has been completed. This was announced on 30 June 2015.

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 2015 are set out below. The relationship of the related parties are disclosed in the audited financial statements for the financial year ended 31 March 2015 and the approved shareholders' mandate in the circular dated 4 September 2014 for recurrent related party transactions.

	Current Year Ended 30 Jun 2015 (RM'000)
Services rendered to the companies controlled by certain directors	477
Services rendered by the companies controlled by certain directors	248
Purchases from the companies controlled by certain directors	817
Sales to the companies controlled by certain directors	1,145

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

B1 Review of Performance of the Company and its Principal Subsidiaries

Despite the challenging business environment, the Group managed to maintain the consolidated revenue as compared to the preceding year 1st quarter.

The Hotel division registered a drop in revenue by 16% as compared to the preceding year 1st quarter. The drop was mainly due to cuts in corporate and government spendings, slower consumer consumption, drop in tourist arrival into Malaysia and poor market sentiment.

The Property division has registered a growth of 82% as compared to the preceding year 1st quarter. The growth was mainly due to the recognition of progressive billing for Desa Impian project at Johor.

The Tourism division registered an average drop of 20% in revenue. This was mainly due to the drop in tourist arrival to the respective key destinations, namely Hong Kong and Singapore. However, the Tourism division managed to maintain the revenue in Ringgit Malaysia mainly due to the currency exchange differences on translating the revenue as compared to preceding year 1st quarter.

The Group registered a consolidated loss before tax of RM2.177 million as compared to profit of RM0.385 million in preceding year same quarter. The drop was mainly due to the lower revenue registered by the Hotel and Tourism divisions.

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

The Group consolidated revenue for the reporting quarter has reduced by 23.2% in comparison to the preceding quarter. This was mainly due to the seasonality of the business in which the 1st quarter was traditionally a weaker quarter for the Hotel and Tourism divisions.

The Group consolidated loss before tax for the 1st quarter under review was RM2.177 million as compared to profit of RM0.543 million in the preceding quarter.

B3 Variance from Profit Forecast

Not applicable.

B4 Commentary on Prospect

The road ahead for FY2015/16 is envisaged to be fraught with challenges amidst a regime of slump on oil prices, a weaker ringgit, prospects of a hike in US interest rate and both regional and domestic political turbulence. Nonetheless, global growth is still expected especially in advanced economies as a result of lower oil prices and the euro zone's continued recovery. Consensus amongst economists has indicated that the Malaysian economy is expected to grow at 4.5% to 5.5%. The Group is confident that it will be better poised to ride on this moderate growth and deliver better results in FY2015/16 period.

Despite a challenging environment of cuts in corporate and government spending coupled with slower consumer consumption and poor sentiment, the Hotel Division is expected to deliver its result in FY2015/16 as forecasted. This is due to intensified efforts to continuously improve product innovation, yield, productivity and service excellence. The Group will continue to pursue new management contracts by leveraging on its three internationally recognised hotel brands. It is anticipated that the division will be able to add a few new management contracts in the new financial year and hence maintaining its role as the flagship of the Group.

The Property Division, having completed Zone 1 Desa Impian will now accelerate the completion of the other zones in the new township. The division anticipates launching Zone 2 comprising 148 units of double and single storey shop offices and Zone 3 which is reserved for a mix of affordable and medium cost housing. In view of current soft market conditions in this segment, the proposed Langkawi and Melawati developments will be deferred until market conditions improves further. In addition, the Group has submitted for Development Order (DO) approval of its unique and lifestyle resort living at its flagship project at Admiral Cove Port Dickson.

While we continue to suffer from the aftermath of the triple air disaster, the Tourism Division is poised to ride on any recovery from the tourism sector. The Tourism Division continues to consolidate, innovate and rationalise cost in anticipation of this recovery. We are confident there will be greater visibility in this sector towards the third and fourth quarter of FY2015/16 and the division is envisaged to perform better.

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 2015 (RM'000)	Current Quarter Ended 30 Jun 2014 (RM'000)	Current Year Ended 30 Jun 2015 (RM'000)	Current Quarter Ended 30 Jun 2014 (RM'000)
Interest income	(6)	(4)	(6)	(4)
Gain on disposal of investment / Property, plant & equipment	(29)	(133)	(29)	(133)

B6 Taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Jun 2015 (RM'000)	Current Quarter Ended 30 Jun 2014 (RM'000)	Current Year Ended 30 Jun 2015 (RM'000)	Current Quarter Ended 30 Jun 2014 (RM'000)
a) Income Tax				
i) Current taxation	84	136	84	136
b) Total	84	136	84	136

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	57,031	2,000	59,031
ii. Revolving Credit	13,500	-	13,500
iii. Long term borrowings repayable within twelve months	27,259	-	27,259
iv. Hire Purchase repayable within 12 months	158	-	158
v. Total	<u>97,948</u>	<u>2,000</u>	<u>99,948</u>
b) Long term borrowings			
i. Long term loans	69,666	-	69,666
Less portion of long term loans payable within 12 months	<u>(27,259)</u>	<u>-</u>	<u>(27,259)</u>
	<u>42,407</u>	<u>0</u>	<u>42,407</u>
ii. Hire purchase	620	-	620
Less portion of Hire Purchase payable within 12 months	<u>(158)</u>	<u>-</u>	<u>(158)</u>
	<u>462</u>	<u>0</u>	<u>462</u>
iii. Total	42,869	0	42,869
c) Total borrowings	140,817	2,000	142,817

b) Foreign currency borrowings included in the above in Ringgit Malaysia equivalent as at 30 June 2015 were as follows:

	RM'000
<u>Foreign Currency</u>	
Singapore Dollar	4,072
Hong Kong Dollar	<u>8,384</u>
Total	<u>12,456</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 2015 as follows:

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Jun 2015 (RM'000)	Current Quarter Ended 30 Jun 2014 (RM'000)	Current Year Ended 30 Jun 2015 (RM'000)	Current Quarter Ended 30 Jun 2014 (RM'000)
Net profit attributable to owner of the Parent (RM'000)	(2,228)	323	(2,228)	323
Basic ('000)				
Total Weighted average number of ordinary shares	858,552	858,552	858,552	858,552
Basic earnings per share(sen)	(0.26)	0.04	(0.26)	0.04

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 2015.

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 2015 (RM'000)	As at 30 Jun 2014 (RM'000)
Retained profits of the Company and its subsidiaries :		
Realised	77,077	79,014
Unrealised	(376)	(343)
Total Retained profits of the Company and its subsidiaries	76,701	78,671
Total share of Retained profits from associated companies :		
Realised	(261)	(281)
Total Group Retained profits as per consolidated accounts	76,440	78,390

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

Secretary

Kuala Lumpur
Date: 28 August 2015