

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE QUARTER ENDED 31 DECEMBER 2015

	<u>2015</u> Current Period Quarter Ended 31-Dec (RM'000)	<u>2014</u> Preceding Period Quarter Ended 31-Dec (RM'000)	<u>2015</u> Current 9 months Cumulative to date 31-Dec (RM'000)	<u>2014</u> Preceding Year Period Ended 31-Dec (RM'000)
Revenue	49,548	48,644	146,052	133,655
Operating Expenses	(49,156)	(44,776)	(143,469)	(122,318)
Other Operating Income	258	6	357	179
Depreciation and amortisation	(739)	(825)	(2,597)	(2,721)
Finance Costs	(2,895)	(2,491)	(8,115)	(7,658)
Share of results of associates	1	5	(26)	6
Profit before tax	<u>(2,983)</u>	<u>563</u>	<u>(7,798)</u>	<u>1,143</u>
Taxation	(854)	(337)	(1,061)	(590)
Profit for the period	<u>(3,837)</u>	<u>226</u>	<u>(8,859)</u>	<u>553</u>
Profit Attributable to :				
Owner of the Parent	(3,897)	175	(8,795)	592
Non-controlling interest	60	51	(64)	(39)
	<u>(3,837)</u>	<u>226</u>	<u>(8,859)</u>	<u>553</u>
Basic earnings per share (sen)	<u>(0.45)</u>	<u>0.02</u>	<u>(1.02)</u>	<u>0.07</u>
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 31 DECEMBER 2015

	<u>2015</u> Current Period Quarter Ended 31-Dec (RM'000)	<u>2014</u> Preceding Period Quarter Ended 31-Dec (RM'000)	<u>2015</u> Current 9 months Cumulative to date 31-Dec (RM'000)	<u>2014</u> Preceding Year Period Ended 31-Dec (RM'000)
Profit for the period	(3,837)	226	(8,859)	553
Items that may be reclassified subsequently to profit or loss :				
Exchange differences on translating foreign operations	(859)	1,119	2,177	900
Net changes in fair value of Available-for-sale	2	1	(1)	(118)
Total comprehensive income for the period	<u>(4,694)</u>	<u>1,346</u>	<u>(6,683)</u>	<u>1,335</u>
Total Comprehensive Income Attributable to :				
Owner of the Parent	(4,754)	1,295	(6,619)	1,374
Non-controlling interest	60	51	(64)	(39)
	<u>(4,694)</u>	<u>1,346</u>	<u>(6,683)</u>	<u>1,335</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 31 DECEMBER 2015**

	As at 31-Dec-15 (RM'000) (Unaudited)	As at 31-Mar-15 (RM'000) (Audited)
ASSETS:		
Non Current Assets		
Property, plant & equipment	245,755	247,288
Investment property	3,789	3,818
Goodwill arising on consolidation	32,035	32,035
Investment in Associates	21	47
Available-for-sales financial assets	379	439
Deferred and development expenditure	12	11
Land held for development	67,009	65,292
Deferred tax assets	162	162
Total Non Current Assets	349,162	349,092
Current Assets		
Inventories	15,753	16,018
Trade and other receivables	70,012	67,162
Development properties	41,938	46,347
Fixed and call deposits	17,147	15,943
Cash and bank balances	4,736	5,266
Total Current Assets	149,586	150,736
Asset held for sale	23,910	23,910
TOTAL ASSETS	522,658	523,738
EQUITY AND LIABILITIES:		
Equity attributable to owners of the Parent:		
Share capital	171,710	171,710
Other Reserves	102,604	100,428
Retained Profit	69,873	78,668
Attributable to equity holders of the parent	344,187	350,806
Non-controlling interest	6,284	6,348
TOTAL EQUITY	350,471	357,154
Non-Current Liabilities:		
Term Loan	70,381	48,824
Hire purchase	384	299
Deferred tax liabilities	538	538
Total Non-Current Liabilities	71,303	49,661
Current Liabilities		
Trade and other payables	25,663	23,060
Short term borrowings	74,210	93,567
Hire purchase	158	120
Taxation	853	176
Total Current Liabilities	100,884	116,923
TOTAL LIABILITIES	172,187	166,584
TOTAL EQUITY AND LIABILITIES	522,658	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 31 DECEMBER 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)
9 months quarter ended 31 December 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	2,177	(1)	0	(8,795)	(6,619)	(64)	(6,683)
Balance at end of period	171,710	19,911	8,930	5,349	(4,697)	73,111	69,873	344,187	6,284	350,471
9 months quarter ended 31 December 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	900	(118)	0	592	1,374	(39)	1,335
Balance at end of period	171,710	19,911	8,930	2,999	(4,050)	73,111	78,659	351,270	6,097	357,367

(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 31 DECEMBER 2015

	2015	2014
	9 months	9 months
	ended	ended
	31-Dec	31-Dec
	(RM'000)	(RM'000)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	(7,798)	1,143
Adjustment :-		
Non-cash items	2,594	2,715
Non-operating items (which are investing / financing)	7,943	7,654
Operating profit before changes in working capital	<u>2,739</u>	<u>11,512</u>
Changes in working capital		
Net Change in current assets	4,866	11,759
Net Change in current liabilities	1,419	328
Cash generated from operations	<u>9,024</u>	<u>23,599</u>
Interest paid	(8,115)	(7,658)
Tax Paid	(1,153)	(761)
Net cash flows generated from operating activities	<u>(244)</u>	<u>15,180</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Other investment	172	4
Proceeds from disposal of investment / property, plant and equipment	226	0
Purchase of property, plant and equipment	(774)	(747)
Purchase of land held for development	(533)	(424)
Increase of investment of associates company		(119)
Net cash flows used in investing activities	<u>(909)</u>	<u>(1,286)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net Bank Borrowings	11,726	(19,171)
Net cash flows (used in) / generated from financing activities	<u>11,726</u>	<u>(19,171)</u>
Net change in cash & cash equivalents	10,573	(5,277)
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)	(641)
Cash & cash equivalents at end of period	<u>(21,166)</u>	<u>(43,425)</u>
Cash & cash equivalents comprise the following:		
Fixed and call deposits	17,147	18,061
Cash and bank balances	4,736	4,078
Bank overdraft	(43,049)	(65,564)
	<u>(21,166)</u>	<u>(43,425)</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 31 Dec 2015 (RM'000)	Current Quarter Ended 31 Dec 2014 (RM'000)	Current 9 months Ended 31 Dec 2015 (RM'000)	Current 9 months Ended 31 Dec 2014 (RM'000)
Continuing Operations				
Hotel	10,919	12,323	30,065	33,033
Property	8,442	5,899	20,222	11,319
Tourism	29,423	29,343	93,939	86,006
RPB & others	764	1,079	1,826	3,297
Grand Total	49,548	48,644	146,052	133,655

b) Profit/(Loss) before taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 31 Dec 2015 (RM'000)	Current Quarter Ended 31 Dec 2014 (RM'000)	Current 9 months Ended 31 Dec 2015 (RM'000)	Current 9 months Ended 31 Dec 2014 (RM'000)
Continuing Operations				
Hotel	1,191	3,302	2,267	7,248
Property	(18)	49	(1,464)	205
Tourism	(3,074)	(499)	(4,654)	(1,618)
RPB & others	(1,083)	(2,294)	(3,921)	(4,698)
Share of results of associates	1	5	(26)	6
Grand Total	(2,983)	563	(7,798)	1,143

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 31 December 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 31 December 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 31 December 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 28 August 2015 for recurrent related party transactions.

	Current Year Ended 31 Dec 2015 (RM'000)
Services rendered to the companies controlled by certain directors	1,734
Services rendered by the companies controlled by certain directors	521
Purchases from the companies controlled by certain directors	1,791
Sales to the companies controlled by certain directors	3,691

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

B1 Review of Performance of the Company and its Principal Subsidiaries

Group Revenue performance compared to the preceding year's quarter improved by 1.9%. The improvement was mainly as a result of the completion and hand over of Desa Impian project in Johor.

However the Group registered a consolidated loss before tax of RM2.983 million as compared to profit of RM0.563 million in preceding year same quarter due to a generally softer market demand. The drop was mainly due to:

- a) Lower revenue and yield registered by the Hotel Division due to challenging operating environment.
- b) Lower profit registered by the and Tourism Division as a result of higher cost of sale and currency fluctuation.
- c) Higher financing cost.

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

The Group consolidated revenue for the reporting quarter has reduced by 8.3% in comparison to the preceding quarter. The reduction was mainly as a result of dropped in inbound business in Singapore and Hong Kong due to slow down in tourist arrival to the respective destinations and currency fluctuation.

The Group consolidated loss before tax for the 3rd quarter under review was RM2.983 million as compared to loss of RM2.638 million in the preceding quarter.

B3 Variance from Profit Forecast

Not applicable.

B4 Commentary on Prospect

Whilst the Malaysian economy grew at 5% for 2015, growth in the 4th Quarter of 2015 moderated to 4.5%. Going forward into 2016, the Malaysian economy is expected to face a challenging operation environment in the midst of an uneven global growth and weak commodity prices. Growth is expected to be driven by domestic demand and the group is poised to ride on this to improve its performance through the provision of niche, competitive and innovative services and products.

The Hotel Division will continue to intensify efforts to improve product innovation, productivity and service excellence. Despite an unprecedented four months of haze, a challenging environment of cuts in corporate and government spending, slower consumer consumption and poor sentiment, the Hotel Division is actively pursuing new hotel management contracts by leveraging on its internationally recognized brands. In the current down turn, it is an opportune time to invest in a few hotels in targeted cities. We are on the look out currently and we envisage that the proposed investments will be able to provide steady recurring income and capital appreciation in the long term for the Group.

The Property Division do not anticipate any negative effects or impact from the recent policy of restricting houses below RM300,000 to first home owners as our properties in Desa Impian are competitively priced below that range and are catered mostly to owner-occupied buyers. Zone 2 Desa Impian comprising 160 units of single and double storey shop offices will be launched soon and site clearing works are already in progress. We have received the Development Order for our unique and lifestyle resort project at Admiral Cove Port Dickson. We shall closely monitor and track global and domestic market conditions and will launch the project at its appropriate time. Similarly, the Division is also analyzing and evaluating demand and market conditions to ascertain the right timing to launch both the Langkawi and Melawati developments.

While we continue to suffer from the aftermath of the triple air disaster, economic slow down and fluctuating currency, the Tourism Division is poised to ride on any recovery of 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 the near future barring any unforeseen circumstances.

B5 Profit before taxation

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

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 31 Dec 2015 (RM'000)	Current Quarter Ended 31 Dec 2014 (RM'000)	Current 9 months Ended 31 Dec 2015 (RM'000)	Current 9 months Ended 31 Dec 2014 (RM'000)
Interest income	(153)	0	(172)	(4)
Gain on disposal of investment / Property, plant & equipment	0	0	(29)	(133)

B6 Taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 31 Dec 2015 (RM'000)	Current Quarter Ended 31 Dec 2014 (RM'000)	Current 9 months Ended 31 Dec 2015 (RM'000)	Current 9 months Ended 31 Dec 2014 (RM'000)
a) Income Tax				
i) Current taxation	854	337	1,061	590
b) Total	854	337	1,061	590

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	41,049	2,000	43,049
ii. Revolving Credit	13,500	-	13,500
iii. Long term borrowings repayable within twelve months	17,661	-	17,661
iv. Hire Purchase repayable within 12 months	158	-	158
v. Total	<u>72,368</u>	<u>2,000</u>	<u>74,368</u>
b) Long term borrowings			
i. Long term loans	88,042	-	88,042
Less portion of long term loans payable within 12 months	<u>(17,661)</u>	<u>-</u>	<u>(17,661)</u>
	<u>70,381</u>	<u>0</u>	<u>70,381</u>
ii. Hire purchase	542	-	542
Less portion of Hire Purchase payable within 12 months	<u>(158)</u>	<u>-</u>	<u>(158)</u>
	<u>384</u>	<u>0</u>	<u>384</u>
iii. Total	70,765	0	70,765
c) Total borrowings	143,133	2,000	145,133

b) Foreign currency borrowings included in the above in Ringgit Malaysia equivalent as at 31 December 2015 were as follows:

	RM'000
<u>Foreign Currency</u>	
Singapore Dollar	3,912
Hong Kong Dollar	<u>9,223</u>
Total	<u>13,135</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 31 December 2015 as follows:

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 31 Dec 2015 (RM'000)	Current Quarter Ended 31 Dec 2014 (RM'000)	Current 9 months Ended 31 Dec 2015 (RM'000)	Current 9 months Ended 31 Dec 2014 (RM'000)
Net profit attributable to owner of the Parent (RM'000)	(3,897)	175	(8,795)	592
Basic ('000)				
Total Weighted average number of ordinary shares	858,552	858,552	858,552	858,552
Basic earnings per share(sen)	(0.45)	0.02	(1.02)	0.07

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 31 December 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 31 Dec 2015 (RM'000)	As at 31 Dec 2014 (RM'000)
Retained profits of the Company and its subsidiaries :		
Realised	70,550	79,282
Unrealised	(376)	(343)
Total Retained profits of the Company and its subsidiaries	70,174	78,939
Total share of Retained profits from associated companies :		
Realised	(301)	(280)
Total Group Retained profits as per consolidated accounts	69,873	78,659

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

Secretary

Kuala Lumpur
Date: 29 February 2016