

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE QUARTER ENDED 31 MARCH 2016

	<u>2016</u> Current Period Quarter Ended 31-Mar (RM'000)	<u>2015</u> Preceding Period Quarter Ended 31-Mar (RM'000)	<u>2016</u> Current Yaer Cumulative to date 31-Mar (RM'000)	<u>2015</u> Preceding Year Period Ended 31-Mar (RM'000)
Revenue	45,135	55,086	191,187	188,741
Operating Expenses	(46,392)	(52,489)	(189,861)	(174,807)
Other Operating Income	725	1,475	1,082	1,654
Depreciation and amortisation	(842)	(981)	(3,439)	(3,702)
Finance Costs	(1,465)	(2,452)	(9,580)	(10,110)
Share of results of associates	2	4	(24)	10
	<u>(2,837)</u>	<u>643</u>	<u>(10,635)</u>	<u>1,786</u>
Impairment of Goodwill	(12,321)	0	(12,321)	0
Profit / (Loss) before tax	<u>(15,158)</u>	<u>643</u>	<u>(22,956)</u>	<u>1,786</u>
Taxation	(177)	(383)	(1,238)	(973)
Net Profit / (Loss) for the year	<u>(15,335)</u>	<u>260</u>	<u>(24,194)</u>	<u>813</u>
Net Profit / (Loss) Attributable to :				
Owner of the Parent	(15,238)	9	(24,033)	601
Non-controlling interests	(97)	251	(161)	212
	<u>(15,335)</u>	<u>260</u>	<u>(24,194)</u>	<u>813</u>
Basic earnings per share (sen)	<u>(1.77)</u>	<u>0.00</u>	<u>(2.80)</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 MARCH 2016

	<u>2016</u> Current Period Quarter Ended 31-Mar (RM'000)	<u>2015</u> Preceding Period Quarter Ended 31-Mar (RM'000)	<u>2016</u> Current Yaer Cumulative to date 31-Mar (RM'000)	<u>2015</u> Preceding Year Period Ended 31-Mar (RM'000)
Net Profit / (Loss) for the year	(15,335)	260	(24,194)	813
Items that may be reclassified subsequently to profit or loss :				
Exchange differences on translating foreign operations	(6,215)	173	(4,038)	1,073
Net changes in fair value of Available-for-sale	20	(646)	19	(764)
Total comprehensive income for the year	<u>(21,530)</u>	<u>(213)</u>	<u>(28,213)</u>	<u>1,122</u>
Total Comprehensive Income / (Loss) Attributable to :				
Owner of the Parent	(21,433)	(464)	(28,052)	910
Non-controlling interests	(97)	251	(161)	212
	<u>(21,530)</u>	<u>(213)</u>	<u>(28,213)</u>	<u>1,122</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 MARCH 2016

	As at 31-Mar-16 (RM'000) (Unaudited)	As at 31-Mar-15 (RM'000) (Audited)
<u>ASSETS:</u>		
Non Current Assets		
Property, plant & equipment	244,990	247,288
Investment property	3,779	3,818
Goodwill arising on consolidation	19,714	32,035
Investment in Associates	23	47
Available-for-sales financial assets	396	439
Deferred and development expenditure	11	11
Land held for development	67,789	65,292
Deferred tax assets	162	162
Total Non Current Assets	<u>336,864</u>	<u>349,092</u>
Current Assets		
Inventories	19,493	16,018
Trade and other receivables	57,702	67,162
Development properties	40,207	46,347
Fixed and call deposits	16,547	15,943
Cash and bank balances	4,460	5,266
Total Current Assets	<u>138,409</u>	<u>150,736</u>
Asset held for sale	23,910	23,910
TOTAL ASSETS	<u>499,183</u>	<u>523,738</u>
<u>EQUITY AND LIABILITIES:</u>		
Equity attributable to owners of the Parent:		
Share capital	171,710	171,710
Other Reserves	96,409	100,428
Retained Profit	54,635	78,668
Attributable to equity holders of the parent	<u>322,754</u>	<u>350,806</u>
Non-controlling interest	6,187	6,348
TOTAL EQUITY	<u>328,941</u>	<u>357,154</u>
Non-Current Liabilities:		
Term Loan	76,404	48,824
Hire purchase	346	299
Deferred tax liabilities	538	538
Total Non-Current Liabilities	<u>77,288</u>	<u>49,661</u>
Current Liabilities		
Trade and other payables	27,327	23,060
Short term borrowings	65,420	93,567
Hire purchase	158	120
Taxation	49	176
Total Current Liabilities	<u>92,954</u>	<u>116,923</u>
TOTAL LIABILITIES	<u>170,242</u>	<u>166,584</u>
TOTAL EQUITY AND LIABILITIES	<u>499,183</u>	<u>523,738</u>

(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 MARCH 2016

Year	← 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)
Year ended 31 March 2016										
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 year	0	0	0	(4,038)	19	0	(24,033)	(28,052)	(161)	(28,213)
Balance at end of year	171,710	19,911	8,930	(866)	(4,677)	73,111	54,635	322,754	6,187	328,941
Year ended 31 March 2015										
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 year	0	0	0	1,073	(764)	0	601	910	212	1,122
Balance at end of year	171,710	19,911	8,930	3,172	(4,696)	73,111	78,668	350,806	6,348	357,154

(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 MARCH 2016

	2016	2015
	Year	Year
	ended	ended
	31-Mar	31-Mar
	(RM'000)	(RM'000)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	(22,956)	1,786
Adjustment :-		
Non-cash items	15,756	2,850
Non-operating items (which are investing / financing)	9,478	9,442
Operating profit before changes in working capital	<u>2,278</u>	<u>14,078</u>
Changes in working capital		
Net Change in current assets	8,840	12,647
Net Change in current liabilities	2,301	5,791
Cash generated from operations	<u>13,419</u>	<u>32,516</u>
Interest paid	(9,580)	(10,110)
Tax Paid	(2,000)	(1,060)
Net cash flows generated from operating activities	<u>1,839</u>	<u>21,346</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Other investment	102	658
Proceeds from disposal of investment in associate, net	0	13,955
Proceeds from disposal of investment	68	0
Proceeds from disposal of property, plant and equipment	158	133
Proceeds from disposal of land held for development	0	11,811
Purchase of property, plant and equipment	(858)	(20,795)
Purchase of land held for development	(533)	(2,789)
Net cash flows used in investing activities	<u>(1,063)</u>	<u>2,973</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net Bank Borrowings	12,231	(17,616)
Net cash flows (used in) / generated from financing activities	<u>12,231</u>	<u>(17,616)</u>
Net change in cash & cash equivalents	13,007	6,703
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)	(796)
Cash & cash equivalents at end of period	<u>(18,732)</u>	<u>(31,600)</u>
Cash & cash equivalents comprise the following:		
Fixed and call deposits	16,547	15,943

Cash and bank balances	4,460	5,266
Bank overdraft	<u>(39,739)</u>	<u>(52,809)</u>
	<u>(18,732)</u>	<u>(31,600)</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 Mar 2016 (RM'000)	Current Quarter Ended 31 Mar 2015 (RM'000)	Current Year Ended 31 Mar 2016 (RM'000)	Current Year Ended 31 Mar 2015 (RM'000)
Continuing Operations				
Hotel	9,611	11,815	39,676	44,848
Property	2,292	6,232	22,514	17,551
Tourism	32,823	36,307	126,762	122,313
RPB & others	409	732	2,235	4,029
Grand Total	45,135	55,086	191,187	188,741

b) Profit/(Loss) before taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 31 Mar 2016 (RM'000)	Current Quarter Ended 31 Mar 2015 (RM'000)	Current Year Ended 31 Mar 2016 (RM'000)	Current Year Ended 31 Mar 2015 (RM'000)
Continuing Operations				
Hotel	77	1,371	2,344	8,619
Property	(614)	150	(2,078)	355
Tourism	(272)	(146)	(4,926)	(1,764)
RPB & others	(2,030)	(736)	(5,951)	(5,434)
Share of results of associates	2	4	(24)	10
Total	(2,837)	643	(10,635)	1,786
Less: Impairment of Goodwill	(12,321)	0	(12,321)	0
Grand Total	(15,158)	643	(22,956)	1,786

A9 Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the current financial year ended 31 March 2016 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 year ended 31 March 2016 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.
- d) On 10 March 2016 it was announced that Everwin Inc Limited, a dormant subsidiary company incorporated in Hong Kong and RPB Hotels International Services Pty Ltd, a dormant subsidiary company incorporated in Australia has been deregistered by the Companies Registry of Hong Kong and the Australian Securities & Investments Commission respectively.

A11 Significant related party transactions

Significant related party transactions which were entered into on agreed terms and prices for the current year ended 31 March 2016 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 Mar 2016 (RM'000)
Services rendered to the companies controlled by certain directors	2,110
Services rendered by the companies controlled by certain directors	893
Purchases from the companies controlled by certain directors	2,476
Sales to the companies controlled by certain directors	6,043

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 reduced by 18.1%.

However the Group registered a consolidated loss before tax and impairment of goodwill of RM2.837million and after the impairment of RM15.158 million as compared to profit of RM0.643 million in preceding year same quarter. 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 Property Division as a result of softer market demand.
- c) Impairment loss on goodwill amounting RM12.321 million.

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

The Group consolidated revenue for the reporting quarter has reduced by 8.9% 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 and impairment of goodwill for the 4th quarter under review was RM2.837 million as compared to loss of RM2.983 million in the preceding quarter.

B3 Variance from Profit Forecast

Not applicable.

B4 Commentary on Prospect

Despite challenging domestic and global economic environment, the Malaysia economy is expected to grow 4-4.5%. Being in hospitality, service and consumer industry, the Group will continue to face the perils of navigating through uncertain domestic consumption as households continue to adjust to the higher cost of living and declining disposal income.

With the immediate goal of putting the group back on track on the path to profitability, we will be focused on reviewing and improving the economics of doing business. Whether in the Hotel, Property or Tourism divisions, we will be zealous in the pursuit of higher yields and margins and prioritize profit over growth. We will be prudent and moderate when considering new ventures or capital investment and seek to monetize some of our Non-core assets.

Barring unforeseen circumstances, the group is expected to improve its performance in the near future.

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 Mar 2016 (RM'000)	Current Quarter Ended 31 Mar 2015 (RM'000)	Current Year Ended 31 Mar 2016 (RM'000)	Current Year Ended 31 Mar 2015 (RM'000)
	**			
Interest income	70	(654)	(102)	(658)
Gain on disposal of investment / Property, plant & equipment	0	(944)	(29)	(1,077)

** The debit balance due to reclassification.

B6 Taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 31 Mar 2016 (RM'000)	Current Quarter Ended 31 Mar 2015 (RM'000)	Current Year Ended 31 Mar 2016 (RM'000)	Current Year Ended 31 Mar 2015 (RM'000)
a) Income Tax				
i) Current taxation	187	182	1,248	772
ii) Under provision in prior years	(10)	170	(10)	170
iii) Deferred taxation	0	31	0	31
b) Total	177	383	1,238	973

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	37,860	1,879	39,739
ii. Revolving Credit	13,500	-	13,500
iii. Long term borrowings repayable within twelve months	12,181	-	12,181
iv. Hire Purchase repayable within 12 months	158	-	158
v. Total	<u>63,699</u>	<u>1,879</u>	<u>65,578</u>
b) Long term borrowings			
i. Long term loans	88,585	-	88,585
Less portion of long term loans payable within 12 months	<u>(12,181)</u>	<u>-</u>	<u>(12,181)</u>
	<u>76,404</u>	<u>0</u>	<u>76,404</u>
ii. Hire purchase	504	-	504
Less portion of Hire Purchase payable within 12 months	<u>(158)</u>	<u>-</u>	<u>(158)</u>
	<u>346</u>	<u>0</u>	<u>346</u>
iii. Total	76,750	0	76,750
c) Total borrowings	140,449	1,879	142,328

b) Foreign currency borrowings included in the above in Ringgit Malaysia equivalent as at 31 March 2016 were as follows:

	RM'000
<u>Foreign Currency</u>	
Singapore Dollar	3,954
Hong Kong Dollar	<u>8,466</u>
Total	<u>12,420</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 year ended 31 March 2016 as follows:

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 31 Mar 2016 (RM'000)	Current Quarter Ended 31 Mar 2015 (RM'000)	Current Year Ended 31 Mar 2016 (RM'000)	Current Year Ended 31 Mar 2015 (RM'000)
Net profit /(loss) attributable to owner of the Parent (RM'000)	(15,238)	9	(24,033)	601
Basic ('000)				
Total Weighted average number of ordinary shares	858,552	858,552	858,552	858,552
Basic earnings per share(sen)	(1.77)	0.00	(2.80)	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 year ended 31 March 2016.

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 Mar 2016 (RM'000)	As at 31 Mar 2015 (RM'000)
Retained profits of the Company and its subsidiaries :		
Realised	55,310	79,318
Unrealised	(376)	(376)
Total Retained profits of the Company and its subsidiaries	54,934	78,942
Total share of Retained profits from associated companies :		
Realised	(299)	(274)
Total Group Retained profits as per consolidated accounts	54,635	78,668

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

Secretary

Kuala Lumpur
Date: 31 May 2016