

**RELIANCE PACIFIC BERHAD (244521 A)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	<u>2016</u> Current Period Quarter Ended 30-Sep (RM'000)	<u>2015</u> Preceding Period Quarter Ended 30-Sep (RM'000)	<u>2016</u> Current 6 months Cumulative to date 30-Sep (RM'000)	<u>2015</u> Current 6 months Cumulative to date 30-Sep (RM'000)
Revenue	37,967	54,011	71,259	96,504
Operating Expenses	(53,589) **	(52,981)	(87,432) **	(94,313)
Other Operating Income	175	37	737	99
Depreciation and amortisation	(814)	(982)	(1,665)	(1,858)
Finance Costs	(1,784)	(2,682)	(4,321)	(5,220)
Share of results of associates	17	(41)	3	(27)
<b>Loss before tax</b>	<b>(18,028)</b>	<b>(2,638)</b>	<b>(21,419)</b>	<b>(4,815)</b>
Taxation	(442)	(123)	(735)	(207)
<b>Net loss for the period</b>	<b>(18,470)</b>	<b>(2,761)</b>	<b>(22,154)</b>	<b>(5,022)</b>
<b>Net loss Attributable to :</b>				
Equity holders of the Parent	(18,437)	(2,670)	(22,030)	(4,898)
Non-controlling interests	(33)	(91)	(124)	(124)
	<b>(18,470)</b>	<b>(2,761)</b>	<b>(22,154)</b>	<b>(5,022)</b>
<b>Basic losses per share (sen)</b>	<b>(2.15)</b>	<b>(0.31)</b>	<b>(2.57)</b>	<b>(0.57)</b>
<b>Diluted earning per share</b>	<b>N / A</b>	<b>N / A</b>	<b>N / A</b>	<b>N / A</b>

\*\* Included in the operating expenses are impairment of assets / financial assets, provision for and write off of receivables amounting to RM15.350 million.

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2016)

**RELIANCE PACIFIC BERHAD (244521 A)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	<u>2016</u> Current Period Quarter Ended 30-Sep (RM'000)	<u>2015</u> Preceding Period Quarter Ended 30-Sep (RM'000)	<u>2016</u> Current 6 months Cumulative to date 30-Sep (RM'000)	<u>2015</u> Preceding Year Period Ended 30-Sep (RM'000)
Net loss for the period	(18,470)	(2,761)	(22,154)	(5,022)
Items that may be reclassified subsequently to profit or loss :				
Exchange differences on translating foreign operations	700	3,825	1,219	3,036
Net changes in fair value of Available-for-sale	19	21	18	(3)
<b>Total comprehensive loss for the period</b>	<u>(17,751)</u>	<u>1,085</u>	<u>(20,917)</u>	<u>(1,989)</u>
<b>Total Comprehensive loss Attributable to :</b>				
Equity holders of the Parent	(17,718)	1,176	(20,793)	(1,865)
Non-controlling interests	(33)	(91)	(124)	(124)
	<u>(17,751)</u>	<u>1,085</u>	<u>(20,917)</u>	<u>(1,989)</u>

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2016)**

**RELIANCE PACIFIC BERHAD (244521 A)**

( Incorporated in Malaysia )

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2016**

	<b>As at 30-Sep-16 (RM'000) (Unaudited)</b>	<b>As at 31-Mar-16 (RM'000) (Audited)</b>
<b>ASSETS:</b>		
<b>Non Current Assets</b>		
Property, plant & equipment	243,754	245,094
Investment property	3,759	3,779
Goodwill arising on consolidation	19,714	19,714
Investment in Associates	24	21
Available-for-sales financial assets	354	396
Deferred and development expenditure	11	11
Land held for development	67,496	67,789
Deferred tax assets	0	172
<b>Total Non Current Assets</b>	<b>335,112</b>	<b>336,976</b>
<b>Current Assets</b>		
Inventories	18,498	19,474
Trade and other receivables	40,548	58,270
Development properties	41,966	40,207
Fixed and call deposits	10,189	16,547
Cash and bank balances	3,934	4,508
<b>Total Current Assets</b>	<b>115,135</b>	<b>139,006</b>
<b>Asset held for sale</b>	<b>23,910</b>	<b>23,910</b>
<b>TOTAL ASSETS</b>	<b>474,157</b>	<b>499,892</b>
<b>EQUITY AND LIABILITIES:</b>		
<b>Equity attributable to equity holders of the parent:</b>		
Share capital	171,710	171,710
Other Reserves	93,985	92,748
Retained Profit	32,538	54,568
Attributable to equity holders of the parent	298,233	319,026
<b>Non-controlling interest</b>	<b>6,067</b>	<b>6,191</b>
<b>TOTAL EQUITY</b>	<b>304,300</b>	<b>325,217</b>
<b>Non-Current Liabilities:</b>		
Term Loan	74,643	76,404
Hire purchase	270	360
Deferred tax liabilities	4,195	4,195
<b>Total Non-Current Liabilities</b>	<b>79,108</b>	<b>80,959</b>
<b>Current Liabilities</b>		
Trade and other payables	33,387	27,632
Short term borrowings	57,203	65,937
Hire purchase	155	144
Taxation	4	3
<b>Total Current Liabilities</b>	<b>90,749</b>	<b>93,716</b>
<b>TOTAL LIABILITIES</b>	<b>169,857</b>	<b>174,675</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>474,157</b>	<b>499,892</b>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2016)

**RELIANCE PACIFIC BERHAD (244521 A)**

( Incorporated in Malaysia )

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	← 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)
<b>6 months quarter ended 30 September 2016</b>										
Balance at beginning of year as at 1 Apr. 2016	171,710	19,911	8,930	(871)	(4,677)	69,455	54,568	319,026	6,191	325,217
Total comprehensive income/ (loss) for the period	0	0	0	1,219	18	0	(22,030)	(20,793)	(124)	(20,917)
<b>Balance at end of period</b>	<b>171,710</b>	<b>19,911</b>	<b>8,930</b>	<b>348</b>	<b>(4,659)</b>	<b>69,455</b>	<b>32,538</b>	<b>298,233</b>	<b>6,067</b>	<b>304,300</b>
<b>6 months quarter ended 30 September 2015</b>										
Balance at beginning of year as at 1 Apr. 2015	171,710	19,911	8,930	3,172	(4,696)	69,455	78,668	347,150	6,348	353,498
Total comprehensive income/ (loss) for the period	0	0	0	3,036	(3)	0	(4,898)	(1,865)	(124)	(1,989)
<b>Balance at end of period</b>	<b>171,710</b>	<b>19,911</b>	<b>8,930</b>	<b>6,208</b>	<b>(4,699)</b>	<b>69,455</b>	<b>73,770</b>	<b>345,285</b>	<b>6,224</b>	<b>351,509</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2016)

**RELIANCE PACIFIC BERHAD (244521 A)**

( Incorporated in Malaysia )

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	<b>2016</b>	<b>2015</b>
	<b>6 months</b>	<b>6 months</b>
	<b>ended</b>	<b>ended</b>
	<b>30-Sep</b>	<b>30-Sep</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(21,419)	(4,815)
Adjustment :-		
Non-cash items	4,260	1,856
Non-operating items ( which are investing / financing )	4,345	5,201
Operating profit before changes in working capital	<u>(12,814)</u>	<u>2,242</u>
Changes in working capital		
Net Change in current assets	15,595	1,254
Net Change in current liabilities	4,977	(3,906)
Cash generated from operations	<u>7,758</u>	<u>(410)</u>
Interest paid	(4,321)	(5,220)
Tax Paid	(951)	(380)
Net cash flows generated from operating activities	<u>2,486</u>	<u>(6,010)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Other investment	36	19
Proceeds from disposal of investment / land/ property, plant and equipment	2,096	226
Purchase of property, plant and equipment	(322)	(585)
Purchase of land held for development	(549)	(533)
Net cash flows used in investing activities	<u>1,261</u>	<u>(873)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Bank Borrowings	(5,170)	14,967
Net cash flows (used in) / generated from financing activities	<u>(5,170)</u>	<u>14,967</u>
<b>Net change in cash &amp; cash equivalents</b>	<b>(1,423)</b>	<b>8,084</b>
Cash & cash equivalents at beginning of period	(19,201)	(31,600)
Effects of exchange rate changes on cash & cash equivalents at end of period	(106)	(139)
<b>Cash &amp; cash equivalents at end of period</b>	<b><u>(20,730)</u></b>	<b><u>(23,655)</u></b>
<b>Cash &amp; cash equivalents comprise the following:</b>		
Fixed and call deposits	10,189	17,412
Cash and bank balances	3,934	4,291
Bank overdraft	(34,853)	(45,358)
	<u>(20,730)</u>	<u>(23,655)</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with

the Audited Financial Statements for the year ended 31st March 2016)

# 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 2016. 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 2016.

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 2016 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 Sept 2016 (RM'000)	Current Quarter Ended 30 Sept 2015 (RM'000)	Current Year Ended 30 Sept 2016 (RM'000)	Current Quarter Ended 30 Sept 2015 (RM'000)
<b>Continuing Operations</b>				
Hotel	9,612	9,917	17,784	19,146
Property	3,497	7,548	5,259	11,780
Tourism	24,057	36,053	46,749	64,516
RPB & others	801	493	1,467	1,062
<b>Grand Total</b>	<b>37,967</b>	<b>54,011</b>	<b>71,259</b>	<b>96,504</b>

### b) Profit/(Loss) before taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Sept 2016 (RM'000)	Current Quarter Ended 30 Sept 2015 (RM'000)	Current Year Ended 30 Sept 2016 (RM'000)	Current Quarter Ended 30 Sept 2015 (RM'000)
<b>Continuing Operations</b>				
Hotel	(149)	601	(1,026)	1,076
Property	(352)	(937)	(699)	(1,446)
Tourism	(8,070)	(625)	(8,842)	(1,580)
RPB & others	(9,474)	(1,636)	(10,855)	(2,838)
Share of results of associates	17	(41)	3	(27)
<b>Grand Total</b>	<b>(18,028)</b>	<b>(2,638)</b>	<b>(21,419)</b>	<b>(4,815)</b>



## **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 September 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 period ended 30 September 2016 and up to the date of this report other than the following:

- a) On 13 May 2016 RPB has announced that RPB Development (BVI) Limited, a subsidiary company incorporated in British Virgin Islands has been struck off by the Registrar of Companies in British Virgin Islands.
- b) On 26 May 2016 RPB has announced that Avillion Hotels Worldwide Sdn Bhd, Avi Spa International Sdn Bhd and Upper House Sdn Bhd have been struck off from the Register of Companies under Section 308(4) of the Companies Act 1965.

## **A11 Significant related party transactions**

Significant related party transactions which were entered into on agreed terms and prices for the current period ended 30 September 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 2016 and the approved shareholders' mandate in the circular dated 28 August 2015 for recurrent related party transactions.

	<b>Current Year Ended 30 Sept 2016 (RM'000)</b>
Services rendered to the companies controlled by certain directors	923
Services rendered by the companies controlled by certain directors	126
Purchases from the companies controlled by certain directors	282
Sales to the companies controlled by certain directors	3,239

## **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 has reduced by 29.7%. The Group registered a consolidated loss before tax of RM18.028million as compared to loss of RM2.638 million in preceding year same quarter.

The lower revenue and higher losses was mainly due to:

- a) Impairment of assets/financial assets, provision for and write off of receivables amounting to RM15.35 million.
- b) Lower revenue registered by the Tourism Division due to slow down in tourist arrival to Hong Kong and Singapore.
- c) Lower yield registered by the Hotel Division due to challenging operating environment.
- d) Lower revenue registered by the Property Division as a result of softer market demand.

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

The Group consolidated revenue for the reporting quarter has increased by 14.04% in comparison to the preceding quarter. The improved in revenue was mainly derived from the Hotel Division due to the change in marketing strategy.

However, the Group consolidated loss before tax for the 2<sup>nd</sup> quarter under review was RM18.028 million as compared to loss of RM3.391 million in the preceding quarter. The higher losses was mainly due to the impairment of assets/ financial assets, provision for and write off of receivables amounting to RM15.35million.

### **B3 Variance from Profit Forecast**

Not applicable.

## B4 Commentary on Prospect

The Group faced two very challenging preceding quarters amidst a very challenging business and operating environment. In addition, the Group also underwent a major corporate changeover with a new organizational and management structure.

With this new dawn, new strategies were formulated to leverage on the Group's branding and internal expertise to create new and sustainable revenue streams. Emphasis was also placed on creating greater synergies between the local and overseas business divisions of the Group thereby increasing operational efficiency and lowering cost of operations.

The positive effects arising from the above measures will take time to produce the desired results. Consequently, moving forward, the Group is cautiously optimistic of its performance in the proceeding quarters 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 30 Sept 2016 (RM'000)	Current Quarter Ended 30 Sept 2015 (RM'000)	Current Year Ended 30 Sept 2016 (RM'000)	Current Quarter Ended 30 Sept 2015 (RM'000)
Interest income	(19)	(13)	(36)	(19)
Gain on disposal of investment /land/Property, plant & equipment	(101)	0	(574)	(29)
Impairment of assets / financial assets, provision for and write off of receivables	15,350	0	15,350	0

## B6 Taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Sept 2016 (RM'000)	Current Quarter Ended 30 Sept 2015 (RM'000)	Current Year Ended 30 Sept 2016 (RM'000)	Current Quarter Ended 30 Sept 2015 (RM'000)
a) Income Tax				
i) Current taxation	288	123	563	207
ii) Deferred Taxation	154	0	172	0
<b>b) Total</b>	<b>442</b>	<b>123</b>	<b>735</b>	<b>207</b>

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	33,311	1,542	34,853
ii. Revolving Credit	13,500	-	13,500
iii. Long term borrowings repayable within twelve months	8,850	-	8,850
iv. Hire Purchase repayable within 12 months	155	-	155
v. Total	<u>55,816</u>	<u>1,542</u>	<u>57,358</u>
b) Long term borrowings			
i. Long term loans	83,493	-	83,493
<b>Less</b> portion of long term loans payable within 12 months	<u>(8,850)</u>	<u>-</u>	<u>(8,850)</u>
	<u>74,643</u>	<u>0</u>	<u>74,643</u>
ii. Hire purchase	425	-	425
<b>Less</b> portion of Hire Purchase payable within 12 months	<u>(155)</u>	<u>-</u>	<u>(155)</u>
	<u>270</u>	<u>0</u>	<u>270</u>
iii. Total	74,913	0	74,913
c) Total borrowings	130,729	1,542	132,271

b) Foreign currency borrowings included in the above in Ringgit Malaysia equivalent as at 30 September 2016 were as follows:

	RM'000
<u>Foreign Currency</u>	
Singapore Dollar	1,353
Hong Kong Dollar	<u>9,234</u>
Total	<u>10,587</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/(losses) per share is calculated by dividing the net profit attributable to the shareholders for the current financial period ended 30 September 2016 as follows:

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Sept 2016 (RM'000)	Current Quarter Ended 30 Sept 2015 (RM'000)	Current Year Ended 30 Sept 2016 (RM'000)	Current Quarter Ended 30 Sept 2015 (RM'000)
<b>Net loss attributable to Equity holders of the Parent (RM'000)</b>	(18,437)	(2,670)	(22,030)	(4,898)
<b>Basic ('000)</b>				
<b>Total Weighted average number of ordinary shares</b>	<b>858,552</b>	<b>858,552</b>	<b>858,552</b>	<b>858,552</b>
<b>Basic losses per share(sen)</b>	(2.15)	(0.31)	(2.57)	(0.57)

### 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 September 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 30 Sept 2016 (RM'000)	As at 30 Sept 2015 (RM'000)
Retained profits of the Company and its subsidiaries :		
Realised	37,031	74,448
Unrealised	(4,195)	(376)
Total Retained profits of the Company and its subsidiaries	32,836	74,072
Total share of Retained profits from associated companies :		
Realised	(298)	(302)
<b>Total Group Retained profits as per consolidated accounts</b>	<b>32,538</b>	<b>73,770</b>

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

Secretary

Kuala Lumpur  
Date: 30 November 2016