



RELIANCE PACIFIC BERHAD

Company No. 244521 A



ANNUAL REPORT 2007

COVER RATIONALE

The Reliance Travel New Concept Retail Store.

Moving with times and changing lifestyle needs, the store front adopts a new look and feel to provide customers with a whole new shopping experience. It epitomises RPB's forward looking philosophy of consistently staying ahead and creating innovative experiences.

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 15th Annual General Meeting of Reliance Pacific Berhad will be held at the Cempaka Room, Reliance Pacific Berhad, Block A Unit A-9-4, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur on Thursday, 27 September 2007 at 3.00 p.m. to transact the following business:-

AGENDA

1. To receive and adopt the Audited Financial Statements together with the Reports of the Directors and the Auditors for the financial year ended 31 March 2007. (Resolution 1)
2. To declare a first and final dividend of 6% less 27% income tax for the financial year ended 31 March 2007. (Resolution 2)
3. To re-elect Dato' Mukhriz Mahathir who is retiring in accordance with Article 91 of the Company's Articles of Association. (Resolution 3)
4. To re-elect Datin Irene Tan who is retiring in accordance with Article 130 of the Company's Articles of Association. (Resolution 4)
5. The retirement of Tan Sri Dato' Seri Abdul Rahim Bin Dato' Tak, under Section 129(6) of the Companies' Act, 1965. (Resolution 5)
6. To approve directors' fees for the financial year ended 31 March 2007. (Resolution 6)
7. To re-appoint Messrs AljeffriDean as Auditors and that authority be and is hereby given for the Directors to determine their remuneration. (Resolution 7)

8. AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following Ordinary Resolutions:-

8.1 Section 132 D of the Companies Act 1965

"THAT subject always to the approval of all the relevant regulatory bodies being obtained, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies' Act 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10 per centum of the issued share capital of the Company for the time being." (Resolution 8)

8.2 Proposed Renewal of Shareholders' Mandate on Recurrent Related Party Transactions of a Revenue or Trading Nature.

"THAT subject to the Companies' Act, 1965, the Memorandum and Articles of Association of the Company, the requirements of the Bursa Malaysia Securities Berhad and all relevant authorities, approval be and is hereby given to the Company and its subsidiaries, to enter and give effect to specified recurrent related party transactions of a revenue or trading nature and with specified classes of the related parties as stated in Section 2.1 of the Circular to shareholders dated 5 September 2007 which are necessary for the Group's day-to-day operations subject further to the following:-

- i) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties other than those generally available to the public and are not to the detriment of the minority shareholders; and
- ii) the Mandate is subject to annual renewal which shall only continue to be in force until:-
 - (a) the conclusion of the first annual general meeting of the Company following the general meeting at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to section 143(2) of CA); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

AND THAT the Directors be and are hereby empowered to do all acts and things to give effect to the General Mandate on Recurrent Related Party Transactions. (Resolution 9)

9. To consider any other business of an Annual General Meeting.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that a First and Final Dividend of 6% less Malaysian Income Tax of 27% in respect of the financial year ended 31 March 2007, if approved by members at the forthcoming Annual General Meeting to be held on 27 September 2007 will be payable on 29 October 2007 to Depositors whose names appear in the Record of Depositors as at 5 October 2007.

A Depositor shall qualify for entitlement only in respect of:-

- a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 5 October 2007 in respect of transfers; and
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Tan Bee Leng
(MAICSA No. 7009994)
Secretary

Kuala Lumpur
Date: 5 September 2007

NOTE 1

Every member is entitled to appoint a proxy or in the case of a corporation, to appoint a representative to attend and vote in his stead. A proxy need not be a member of the Company. The Form of Proxy must be signed by the appointer or by his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under hand of an officer or attorney duly authorised. If no name is inserted in the space for the name of your proxy, the chairman of the Meeting will act as your proxy.

The Proxy Form must be deposited at the Registered Office of the Company at Block A Unit A-5-3, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

NOTE 2

The proposed Ordinary Resolution 8 in relation to authority to allot shares pursuant to Section 132D of the Companies Act, 1965, if passed will empower the Directors to issue shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interests of the Company. This would avoid any delay and cost involved in convening a general meeting to approve such issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

NOTE 3

The proposed Ordinary Resolution 9, if passed, will empower the Directors from the date of the 15th Annual General Meeting, to deal with the related party transactions involving recurrent transactions of revenue or trading nature which are necessary for its day-to-day operations. These Recurrent Related Party Transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. Please refer to the Circular to Shareholders dated 5 September 2007 with regard to the Ordinary Resolution 9.



Statement Accompanying Notice of Annual General Meeting

Name of Directors standing for re-election at the 15th Annual General Meeting of the Company

- Datin Irene Tan
- Dato' Mukhriz Mahathir
- Tan Sri Dato' Seri Abdul Rahim Bin Dato' Tak

Profile of Directors standing for re-election

DATIN IRENE TAN

Datin Irene Tan aged 52, a Malaysian is the Chief Executive Officer. Datin Irene was appointed as a non-independent executive director to the RPB Board on 13 May 1993 and is a member of the Company's Audit Committee.

Datin Irene has immense experience in the travel, tourism, hotel and resort development industries. She was the prime mover for the development of Malaysia's first homegrown Travel Franchise under the Reliance brand name.

She spearheaded and developed the Avillion Hotel Port Dickson, Admiral Cove Development and Admiral Marina & Leisure Club in Port Dickson and was the major driving force from the conceptual stage to management of these hotels and resorts. Today, Avillion is an established brand managing properties owned by RPB as well as providing hotel management services to other hotel properties. The 100-acre marina resort of Admiral Cove in Port Dickson has also gained recognition as an international marina tourist destination.

Datin Irene is an Associate Member of the Harvard Business School Alumni, a life member of Institute of Directors and the Malaysian Institute of Personnel Management.

DATO' MUKHRIZ MAHATHIR

Dato' Mukhriz Mahathir aged 42, a Malaysian is a non-independent non-executive director. He was appointed to the RPB Board on 22 June 1994. Dato' Mukhriz studied Business Administration in Sophia University, Tokyo, Japan up to 1987 and graduated with a degree in Marketing from Boston University in USA in 1989. From 1989 to 1999 he was the Advisor to the President, The Bank of Tokyo-Mitsubishi Ltd., Kuala Lumpur. He is currently the President of Opcom Holdings Berhad and Chairman of TBWA-ISC Malaysia Sdn Bhd., Airzed Networks Sdn Bhd and Bioven Holdings Sdn Bhd. Dato' Mukhriz also sits on the Board of Ajiya Berhad, Opcom Holdings Berhad and Kosmo Technology Industrial Berhad.

TAN SRI DATO' SERI ABDUL RAHIM BIN DATO' TAK

Tan Sri Dato' Seri Abdul Rahim Bin Dato' Tak aged 77, a Malaysian is an independent non-executive director of the Company. Tan Sri was appointed to the RPB Board on 17 May 1993. He held various positions in the administration, enforcement, investigation and prosecution divisions of the Royal Customs and Excise Department, before becoming the Director General of Customs, Malaysia from 1978 till 1985. He has served for 4 years in the Anti-Corruption Agency Malaysia as Assistant Director (investigation). Tan Sri is currently a member of the Royal Advisory Council in the State of Perak Dewan Negara and is also a director of SRII Berhad. He is also a member of the Justice of Peace.

Other Information on Directors who are standing for re-election:-

Conflict of Interest

None of the above directors has any conflict of interest with the Company.

Family Relationship

None of the Directors standing for re-election has any family relationship with other Directors or Major Shareholders except for Datin Irene Tan who is the spouse of Dato' Gan Eng Kwong.

Securities Holdings

Datin Irene Tan has indirect holdings of 94,580,889 ordinary shares in the Company, Dato' Mukhriz Mahathir has direct holdings of 1,250,000 and indirect holdings of 7,783,497 ordinary shares in the Company and Tan Sri Dato' Seri Abdul Rahim Bin Dato' Tak has direct holdings of 40,750 ordinary shares in the Company.

Convictions for offences

None of the above directors have been convicted for offences within the past 10 years other than traffic offences, if any.

■ Board of Directors





Corporate Information

BOARD OF DIRECTORS

Dato' Gan Eng Kwong
Chairman

Datin Irene Tan
Chief Executive Officer

Dato' Mukhriz Mahathir

Tan Sri Dato' Seri Abdul Rahim Bin Dato' Tak

Dato' Abdul Rahim Bin Osman

Lim Guan Chin

MEMBERS OF AUDIT COMMITTEE

Dato' Abdul Rahim Bin Osman
Chairman, Independent Non-Executive Director

Lim Guan Chin
Independent Non-Executive Director

Datin Irene Tan
Chief Executive Officer

COMPANY SECRETARY

Tan Bee Leng (MAICSA No.7009994)

REGISTERED OFFICE

Block A, Unit A-5-3, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: 03-21628181
Fax : 03-21617113

PRINCIPAL AUDITORS

AljeffriDean (AF1366)
Chartered Accountants (Malaysia)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd (378993-D)
Level 26, Menara Multi-Purpose, Capital Square,
No.8 Jalan Munshi Abdullah, 50100 Kuala Lumpur,
Malaysia
Tel: 03-27212222
Fax: 03-27212530
03-27212531

PRINCIPAL BANKERS

Malayan Banking Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad



Directors' Profile

DATO' GAN ENG KWONG

Dato' Gan Eng Kwong aged 57, a Malaysian holds the position of Chairman. He has been actively involved in managing RPB's Travel Division since 1975. Dato' Gan is a non-independent executive director and was appointed to the RPB Board on 13 May 1993.

He has over 26 years of experience in the tourism industry locally and abroad. Dato' Gan is also the Chairman of World.Net Services Limited (WNS), a leading provider of internet technology solutions with particular strength in travel and tourism industry. WNS is listed on the Australian Stock Exchange. He currently leads the development of information technology in the Group's global network. Dato' Gan is also a life member of the Institute of Directors.

DATIN IRENE TAN

Datin Irene Tan aged 52, a Malaysian is the Chief Executive Officer. Datin Irene was appointed as a non-independent executive director to the RPB Board on 13 May 1993 and is a member of the Company's Audit Committee.

Datin Irene has immense experience in the travel, tourism, hotel and resort development industries. She was the prime mover for the development of Malaysia's first homegrown Travel Franchise under the Reliance brand name.

She spearheaded and developed the Avillion Hotel Port Dickson, Admiral Cove Development and Admiral Marina & Leisure Club in Port Dickson and was the major driving force from the conceptual stage to management of these hotels and resorts. Today, Avillion is an established brand managing properties owned by RPB as well as providing hotel management services to other hotel properties. The 100-acre marina resort of Admiral Cove in Port Dickson has also gained recognition as an international marina tourist destination.

Datin Irene is an Associate Member of the Harvard Business School Alumni, a life member of Institute of Directors and the Malaysian Institute of Personnel Management.

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Dato' Mukhriz Mahathir aged 42, a Malaysian is a non-independent non-executive director. He was appointed to the RPB Board on 22 June 1994. Dato' Mukhriz studied Business Administration in Sophia University, Tokyo, Japan up to 1987 and graduated with a degree in Marketing from Boston University in USA in 1989. From 1989 to 1999 he was the Advisor to the President, The Bank of Tokyo-Mitsubishi Ltd., Kuala Lumpur. He is currently the President of Opcom Holdings Berhad and Chairman of TBWA-ISC Malaysia Sdn Bhd., Airzed Networks Sdn Bhd and Bioven Holdings Sdn Bhd. Dato' Mukhriz also sits on the Board of Ajiya Berhad, Opcom Holdings Berhad and Kosmo Technology Industrial Berhad.

TAN SRI DATO' SERI ABDUL RAHIM BIN DATO' TAK

Tan Sri Dato' Seri Abdul Rahim Bin Dato' Tak aged 77, a Malaysian is an independent non-executive director of the Company. Tan Sri was appointed to the RPB Board on 17 May 1993. He held various positions in the administration, enforcement, investigation and prosecution divisions of the Royal Customs and Excise Department, before becoming the Director General of Customs, Malaysia from 1978 till 1985. He has served for 4 years in the Anti-Corruption Agency Malaysia as Assistant Director (investigation). Tan Sri is currently a member of the Royal Advisory Council in the State of Perak Dewan Negara and is also a director of SRII Berhad. He is also a member of the Justice of Peace.

DATO' ABDUL RAHIM BIN OSMAN

Dato' Abdul Rahim Bin Osman aged 60, a Malaysian is an independent non-executive director. He was appointed to the Board of RPB on 10 December 1997 and is the Chairman of the RPB's Audit Committee. He graduated with Bachelor of Science and Master of Business Administration degrees from Northern Illinois University, USA. He also completed the Advanced Management Programme at Harvard Business School, USA. He was the managing director of Keretapi Tanah Melayu Berhad (KTMB) where he worked for many years until he left for private business in 1997. During his tenure with KTMB, he acquired vast experience in the management of a service industry especially the travel and transportation business. Currently, he is involved in a number of private limited companies where he is a shareholder and director.

LIM GUAN CHIN

Lim Guan Chin aged 69, a Malaysian is an independent non-executive director. He was appointed to the Board of RPB on 22 June 1994 and is a member of RPB's Audit Committee. He graduated with a Bachelor of Science degree from the University of Malaya in 1962 and upon his graduation he worked in various organisations in the public and private sectors. He retired in 1994.

Other Information on Directors**Conflict of Interest**

None of the above directors has any conflict of interest with the Company.

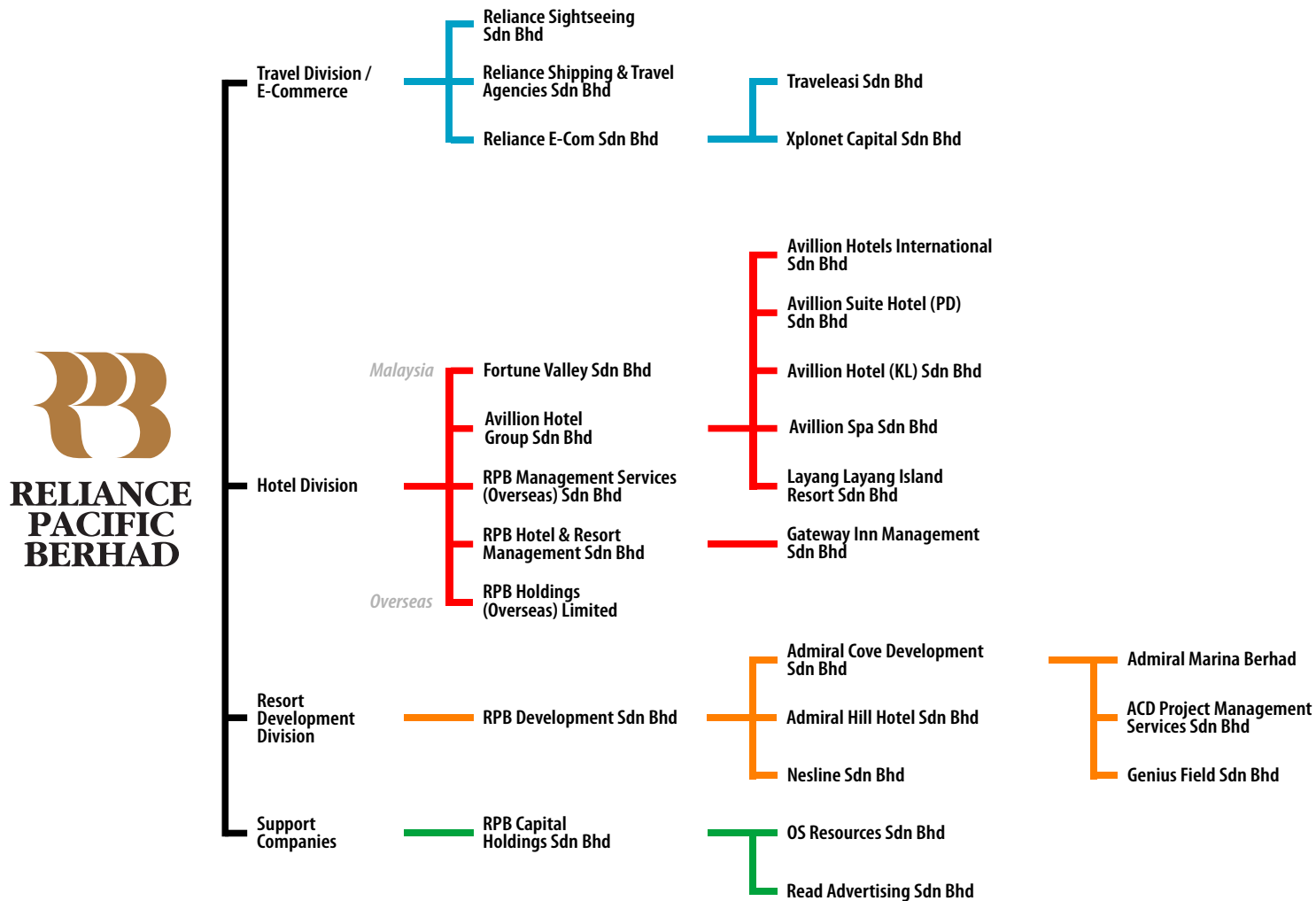
Convictions for offences

None of the above directors has been convicted for offences within the past 10 years other than traffic offences, if any.

Family Relationship

None of the above directors have any family relationship except Datin Irene Tan who is the spouse of Dato' Gan Eng Kwong

■ Group Structure as of 31 March 2007





Corporate Governance Statement

The Board of Directors recognises the importance of the Malaysian Code on Corporate Governance ("Code") and fully supports its adoption to ensure the highest standards of corporate governance are being practised throughout the Group. Disclosed hereunder are the manner in which the Company has endeavoured to apply the principles under Part 1 of the Code and the extent to which it has complied with the best practices set out in Part 2 of the Code.

BOARD RESPONSIBILITIES

The Board has the overall responsibilities for the corporate governance, strategic direction, control, formulation of key policies and overseeing investments and businesses for the Group.

The Board has four scheduled meetings annually. At such scheduled meetings, discussions are held on business performance and financial aspects of the Group.

BOARD OF DIRECTORS

Composition & Board Balance

The Board currently consists of six members of which three are independent non-executive directors, one non-independent non-executive director and two non-independent executive directors. The profile of each director is presented on page 6 and page 7 in the Annual Report.

The concept of independence adopted by the Board is in line with the definition of an Independent Director in paragraph 1.01 of the Bursa Securities Listing Requirements. The Board complies with paragraph 15.02 of the Listing Requirements which requires that at least two directors or one third of the board of the Company, whichever is higher are independent directors.

The composition of the board represents a mix of knowledge, skills and expertise necessary for the effective stewardship of the Group.

Board Meetings

The Board meets at least four times a year, with additional meetings convened as and when necessary. During the financial year ended 31 March 2007, four board meetings were held. Details of the attendance of the Directors at board meetings held during the financial year ended 31 March 2007 are detailed below.

Director	Attendance
Dato' Gan Eng Kwong	4/4
Datin Irene Tan	4/4
Dato' Mukhriz Mahathir	3/4
Tan Sri Dato' Seri Abdul Rahim bin Dato' Tak	3/4
Dato' Abdul Rahim Bin Osman	4/4
Lim Guan Chin	4/4

Appointment to the Board and Re-election

The appointment of any additional directors is made as and when it is deemed necessary by the Board of Directors with due consideration given to the mix of experience required for the Board to discharge its duties effectively. Any proposal to appoint new directors will be discussed among the Board members and appointment to the Board will be documented in the Board resolutions.

The Articles of Association was amended on 27 September 2001 to provide for all directors (including Chief Executive Officer/Managing Director) to submit themselves for re-election at least once every three years in compliance with the Bursa Securities Listing Requirements. The Articles of Association of the Company provides that one third of the Board shall retire from office and be eligible for re-election at every Annual General Meeting.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies' Act 1965.

Directors' Remuneration

The remuneration packages of executive and non-executive directors are approved by the Board. The directors' annual fees are recommended by the Board and tabled for shareholders' approval at the Annual General Meeting. The aggregate remuneration of directors who served during the financial year ended 31 March 2007 are categorised into appropriate components.

<i>Category</i>	<i>Fees (RM)</i>	<i>Salaries & other Emoluments (RM)</i>	<i>Benefits in kind (RM)</i>
Executive Directors	63,000	1,799,580	5,100
Non-Executive Directors	70,000	-	-

The group's after tax profit registered an increase of 88% over the previous financial year. The group had indeed performed very well but although there is an increase in the Executive Director's remuneration, the same does not commensurate with the group's substantial increase in profitability. The increase which also includes bonus is a fair reward taking into consideration the group's strong performance and high inflation.

The number of Directors whose total remuneration during the financial year fall within the respective bands are as follows:-

		<i>Number</i>
Executive Directors	RM900,001 to RM950,000	2
Non-Executive Directors	Less than RM50,000	4

Directors' Training

All Directors of the Company have attended the Directors' Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysis Malaysia (RIIAM) in the financial year 2002. The Directors, during the financial year, also attended various training programmes, seminars and conferences to keep abreast with relevant developments. Directors will attend further training from time to time, particularly on relevant new laws and regulations. Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge where relevant.

BOARD COMMITTEE

Audit Committee

The Audit Committee was established on 5 July 1994, comprising of two Independent Non-Executive Directors and the Chief Executive Officer. The terms of reference and goals of the Audit Committee are set out in the Audit Committee Report.

Remuneration Committee and Nomination Committee

The Board of Directors nominates and approves the appointment of new directors. The Board also approves the remuneration packages of the executive directors and non-executive directors and recommends the directors' fees which is then tabled for shareholders' approval at the Annual General Meeting.

SUPPLY OF INFORMATION

The Board is provided in advance with a yearly scheduled timetable which includes all board meetings, audit committee meetings and other relevant meetings. This is to ensure timely and adequate information are circulated prior to the meetings.

Each Board member is supplied with an agenda, written reports which include minutes of previous meetings, financial reports and other reports relevant to the meeting, to allow the directors sufficient time to deliberate on the issues to be raised at the meetings.

The directors also have full access to information from the senior management of the Group and the full advice and services of the Company Secretary.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board values regular communication with shareholders and investors. This includes various medium of communication such as annual general meetings, announcements made throughout the year, release of quarterly and annual results and the annual reports. The information provide shareholders and investing public with an overview of the group's performance and business operations.

The Company also endeavours to maintain regular contacts with analysts and institutional shareholders on new developments of the Group.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors aim to present a balanced and understandable assessment of the Group's position and prospects when presenting the financial statements, quarterly announcements and submission of reports to regulators.

The annual and quarterly financial reports are prepared in accordance with the provision of the Companies' Act 1965 and approved accounting standards.

The annual and quarterly financial reports are reviewed by the Audit Committee and approved by the Board.

Internal Control

The Group's Internal Control Statement is set out on page 12 of the Annual Report.

Relationship with External Auditors

The role of the Audit Committee in relation to the external auditors is set out on page 13 of the Annual Report. The Company has always maintained a cordial and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the relevant accounting standards.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required under the provisions of the Companies' Act 1965 to prepare financial statement for each financial year, which gives a true and fair view of the Company. Following discussions with the auditors, the Directors consider that the Company uses appropriate accounting policies and such policies are supported by reasonable and prudent judgement and estimates.

The Directors also ensure that the Company keeps the accounting records and are disclosed with reasonable accuracy which enable them to ensure that the financial statements comply with the Companies' Act 1965 and the relevant accounting standards. The Directors also took the necessary steps to safeguard the assets of the Company.

Having prepared the financial statements, the Directors have requested the Auditors to take whatever steps and undertake whatever inspections they consider appropriate for the purpose of preparing their audit reports.



Statement on Internal Control

1.0 Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements require directors of listed companies to include a statement in the annual reports on the state of their internal controls. Bursa Securities' Statement on Internal Control: Guidance for Directors of Public Companies ("Guidance") provides guidance for compliance with these requirements. Set out below is the Board's Internal Control Statement, which has been prepared in accordance with the Guidance.

2.0 Responsibility

The Board of Directors recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. It should be noted, however, that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system could only provide reasonable and not absolute assurance against the risk of material misstatement or loss.

3.0 Risk management process

The Group has in place, an ongoing process of identifying, evaluating, monitoring and managing risks. Major risks having regards to cost versus benefit, materiality and the likelihood of risk crystallising are evaluated by the Management and are constantly being discussed and deliberated at the Group's Audit Committee and Board of Directors' meetings.

The internal control framework used to identify and mitigate key risks is assessed periodically by the Group's Audit Committee based on audit reports presented by the Internal Audit Department and the external auditors.

4.0 Other key elements of internal control

The other key elements of the Group's internal control system are summarised as follows :-

- 4.1 Processes governing appraisal, approval of capital / investment expenditure, asset disposal, monitoring and evaluation of the performance of investments are in place.
- 4.2 Budgets with financial and operating targets, capital expenditure proposals and performance indicators are reviewed and approved by the Executive Director and managers of the respective subsidiary companies.
- 4.3 Financial performance reports benchmarked against budgets and objectives are regularly provided to the Group's Senior Management for monitoring and improving financial results.
- 4.4 The Group's operations are reviewed by the Group's Internal Audit Department based on the annual Audit Plan .



Audit Committee Report

1.0 Composition

Chairman :	Dato' Abdul Rahim Bin Osman Independent Non-Executive Director
Members :	Lim Guan Chin Independent Non-Executive Director
	Datin Irene Tan Chief Executive Officer

2.0 Terms of Reference

2.1 Authority

The Audit Committee is authorised by the Board to :-

- 2.1.1 investigate any activities within its Terms of Reference.
- 2.1.2 possess adequate resources required to perform its duties.
- 2.1.3 have full and unrestricted access to any information and document relevant to the Company.
- 2.1.4 have direct communication channels with external and internal auditors .
- 2.1.5 obtain external legal or independent professional advice, if it considers necessary.
- 2.1.6 convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, if deemed necessary.

2.2 Frequency of Meetings

The Audit Committee shall meet not less than four times a year with additional meetings convened as and when required with the presence of the Committee members. The presence of the external auditors will be requested, if required.

2.3 Duties and Responsibilities

The duties and responsibilities of the Audit Committee are to :-

- 2.3.1 Review the audit plans and audit reports with the external auditors.
- 2.3.2 Evaluate the system of internal controls and accounting control procedures with the external auditors.

- 2.3.3 Review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.
- 2.3.4 Review the internal audit programme, results of the internal audits or investigations undertaken and whether appropriate actions are taken on the audit recommendations.
- 2.3.5 Review the financial statements of the Company and the consolidated financial statements of the Group prior to the directors' approvals.
- 2.3.6 Review any related party transactions that may arise within the Company or the Group.
- 2.3.7 Review and recommend the appointment of the external auditors and any questions of resignation or dismissal.

3.0 Summary of Activities of the Audit Committee

The Audit Committee held five meetings during the financial year ended 31 March 2007. The attendance of each member of the Committee is as follows :-

Director	Attendance
Dato' Abdul Rahim Bin Osman	5/5
Lim Guan Chin	5/5
Datin Irene Tan	5/5

The main activities carried out by the Audit Committee during the financial year ended 31 March 2007 is summarized as follows:-

- Reviewed the quarterly and year end financial statements for the Board's approval before announcement to Bursa Securities
- Reviewed the audit plan of external and internal auditors
- Assessed the adequacy and effectiveness of the internal control system
- Reviewed the recurrent related party transactions

4.0 Internal Audit Function

The primary function of the Group's Internal Audit Department ("the Department") is to undertake regular and systematic review of internal controls to provide the Audit Committee and the Board with sufficient assurance that the internal control system is effective in addressing the risks identified.

The Department submits audit reports which identify weaknesses in internal controls, non-compliances with the Group's Policies and Procedures and recommendations for improvements to the Audit Committee regularly. The Department also follows up with the Management on the implementation of the agreed audit recommendations and reports to the Audit Committee accordingly.



Travel Division

Going beyond borders with a new look and feel. Embodying the key brand values to meet demands of a new and refreshing lifestyle, this new image will lead the export initiative of products and services to other parts of Asia.

- 1 - 7 Various destinations of the world where Reliance makes every dream come true. History, traditions, heritage to the vibrant and cosmopolitan.
- 8. Open space retail concept with an **Interactive Zone** allowing one to browse and shop in an ambience of comfort and speed.
- 9 - 11 Official opening of the new concept store by YB Dato' Ir Donald Lim, Deputy Minister of Tourism, Malaysia.
- 12 The **Travel Library** at our new retail store where one can research on the ideal holiday.
- 13 Well trained and knowledgeable travel consultants are at hand to provide the best travel options.





Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Reliance Pacific Berhad (RPB) and its group of companies (Group), for the financial year ended 31 March 2007.

INTRODUCTION

The financial year ended 31 March 2007 was a year of sustained growth for the Group, recording the 4th consecutive year of profit since financial year 31 March 2004. It has been indeed heartening to note that the Management Team at RPB has successfully implemented its plans to further strengthen the Group's financial position.

RPB has delivered good results for the year ended 31 March 2007, primarily driven by a tenacious commitment in the execution of its strategic plans of cost control, yield improvement and demand stimulation.

A key strategic initiative to strengthen its financial position was the divestment of its non-core and low yielding assets. In the year under review, RPB divested its Avillion Hotel, Sydney. The sale has resulted in a strong improvement to its balance sheet.

GROUP PERFORMANCE

Turnover

The overall financial performance of RPB and the Group for the year ended 31 March 2007 was good. The RPB Group recorded a turnover of RM442 million where the main revenue contributors are the Travel Division contributing 76% and the Hotel Division contributing 21% with the balance of 3% contributed by the Resort Development Division.

Pre tax Profits

The Group recorded a hefty 109% increase in pre tax profits for the year under review marking a sustained profit record over a continuous period of 4 years. Pre tax profits jumped from a RM18.4 million last year to RM39.7 million for the financial year ended 31 March 2007.

DIVISIONAL PERFORMANCE

Travel Division

The Travel Division continues to operate in a very dynamic environment that requires a maintenance of continually fresh trends and innovation in meeting the market demand. Its performance improved significantly because of its distribution expansion particularly in the opening of franchise outlets, export of MICE logistic services and wholesaling of travel products to China, Indonesia and India.

Worth mentioning is the Travel Division's strategic in-roads into online distribution. The financial year 2007 was a year where the Division stepped up its efforts to widen its market reach by aggressively embarking on its online distribution strategy through Reliance Travel.com. With the full range of travel services made available online, the Travel Division has successfully set the stage for further global growth.

The continuous innovation in its product, offline and online distribution, the Travel Division has successfully turned in a pre tax profit of RM22 million for the financial year ended 31 March 2007.

Hotel Division

Our business plans and strategies are geared towards reinventing ourselves to provide more value added services, facilities and products. We are proud to mention that the Hotel Division has been sustaining its good performance over the past few years. The Hotel Division posted yet another year of pre tax profit of RM11.6 million.

In the year under review, the Hotel Division's strategic focus was to sustain yield and higher occupancy rates. The strategic focus was driven by the re-branding and re-positioning of Avillion which delivers higher perceived value to our guests. It was aided by the enhancement of facilities for banqueting to cater for MICE and corporate clients and also the introduction of The Avillion Club facilities and services, to name a few.

Resort Development Division

The Resort Development Division recorded a profit of RM0.4 million. This profit is attributable to the successful sell-out of the first release of 70 units of Marina View Suite Hotel. Response has been very encouraging among investors from United Kingdom, Australia, Hong Kong, Japan, Singapore, Macau and Taiwan. Construction of the Suite Hotel has commenced and is 90% completed.

PROSPECTS

The future prospects are bright, bearing any unforeseen circumstances in the global economy that could hinder RPB's growth plans. RPB is gearing up for growth in the Asian region within the next few years.

The Travel Division will continue to expand its presence through opening more franchised outlets, online as well as stepping up its wholesaling distributions in Indonesia. Its MICE Logistics Planning Services will be expanded in China, India and Indonesia. The Visit Malaysia Year 2007 (VMY 2007), has proven to be a boon to the Travel Division and will continue to be so with VMY 2007 having been extended to 31 August 2008.

The Hotel Division having successfully established the Avillion brand in Malaysia and Australia is undertaking a rebranding exercise. Once that is completed, we expect Avillion to have more properties under its management. The new branding coupled with additional facilities and refreshing, innovative and exciting products and services will turn-in higher yields and occupancy rates.

With the successful sell-out of the first release of 70 units of The Marina View Suite Hotel, the Resort Development Division will be releasing the second 40 units for sale in the new financial year of 2007/08. It will also be planning to launch another project The Marina Vista Suite Hotel in the near future.

RPB has been performing strongly over the past four years. With its strong financial standing and a healthy balance sheet coupled with its vision of growth strategies in the Asian region, it does expect another good performance in the coming financial year bearing any unforeseen circumstances.

DIVIDENDS

The Board of Directors is pleased to recommend a first and final dividend of 6% less Malaysian income tax at 27% for the financial year ended 31 March 2007.

APPRECIATION

On behalf of the Board of Directors, I would like to thank the management and staff for their contribution during the past year. My unreserved appreciation goes to our shareholders who have supported and displayed much confidence in RPB.



Dato' Gan Eng Kwong
Chairman



Hotel Division

Avillion, the home-grown international brand scales new heights with its re-branding and repositioning exercise. New, refreshing and exciting products and services awaits our guests at all our properties.

1. Avillion Port Dickson, Port Dickson's most famed landmark.
2. The Legacy Melaka, earthy majesty at his best.
- 3-4 Layang Layang Island Resort, the **World's top 5** dive destination.
- 5-7 Variety of new products and services.
- 8 - 11 The **first Concept Spa** known as **Avi Spa**, soon to be opened at Avillion Port Dickson.







Resort Development Division

Admiral Cove's vision in becoming Port Dickson's major international tourist destination is a reality. The successful completion and the soon to be opened **Marina View Suite Hotel** is the staging platform for more successful future projects.

1. The Admiral Marina & Leisure Club, majestically standing by the edge of a world-class marina.
2. The Marina Crescent and Marina Bay, the rare "edge-of-the-water" condominiums which were completely sold out.
- 3,5,6 The PD International Triathlon at Admiral Cove was the qualifying venue for the Beijing Olympics 2008.
- 4 Malaysia one and only International Boat Show.
- 7 The Annual ASEAN Regatta attracting competitors from the world over.
- 8 The Marina View, the highly successful soon to be completed new Suite Hotel, most of which have been sold out.



Financial Statement

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiary companies are set out in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	GROUP RM	COMPANY RM
Net profit for the year	34,502,291	13,074,778
Accumulated profit brought forward	48,236,537	7,605,324
	82,738,828	20,680,102
First and final dividend - 5% less tax	(6,181,573)	(6,181,573)
Accumulated profit carried forward	76,557,255	14,498,529

DIVIDENDS

In respect of the financial year ended 31 March 2006, the Company paid a first and final dividend of 5% less tax 28% amounting to RM6,181,573 on 27 November 2006.

At the forthcoming Annual General Meeting, a first and final dividend of 6% less tax 27% amounting to RM7,520,913, in respect of the financial year ended 31 March 2007 based on the issued and fully paid up capital of 171,710,350 ordinary shares will be proposed for shareholder's approval. These financial statements do not reflect this final dividend, which will be accrued as a liability in the financial year ending 31 March 2008 when approved by shareholders.

Directors' report...cont'd.

RESERVES AND PROVISIONS

Material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the income statement and the balance sheet of the Group and of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company, inadequate to any substantial extent.

ITEMS OF A MATERIAL AND UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year ended 31 March 2007 were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the current financial year.

CURRENT ASSETS

Before the income statement and the balance sheet of the Group and of the Company were made out, the directors have taken reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records, have been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the respective financial statements of the Group and of the Company misleading.

Directors' report...cont'd.

VALUATION OF ASSETS AND LIABILITIES

At the date of this report, the directors are not aware of any circumstances that have arisen which render adherence to the existing methods of valuation of assets and liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person other than as disclosed in Note 34 to the financial statements; or
- ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS AND THEIR SHAREHOLDINGS

The directors in office since the date of the last report and at the date of this report are as follows:

Dato' Gan Eng Kwong
Datin Irene Tan
Tan Sri Dato' Seri Abdul Rahim Bin Dato' Tak
Dato' Mukhriz Mahathir
Dato' Abdul Rahim Bin Osman
Lim Guan Chin

Directors' report...cont'd.

DIRECTORS AND THEIR SHAREHOLDINGS (Cont'd.)

In accordance with the registers required to be kept under Section 134 of the Companies Act 1965, the directors' interest in shares in the Company in respect of directors who were in office at the end of the financial year are as follows:

	Number of ordinary shares of RM1 each			
	Balance as at 1.4.2006	Bought	Sold	Balance as at 31.3.2007
Direct Holdings:				
Dato' Gan Eng Kwong	119,950	1,450,000	-	1,569,950
Dato' Mukhriz Mahathir	1,250,000	-	-	1,250,000
Tan Sri Dato' Seri Abdul Rahim Bin Dato' Tak	50,750	-	10,000	40,750
Dato' Abdul Rahim Bin Osman	80,500	-	-	80,500
Indirect Holdings:				
Dato' Gan Eng Kwong	92,460,939	2,000,000	1,450,000	93,010,939
Datin Irene Tan	92,580,889	3,450,000	1,450,000	94,580,889
Dato' Mukhriz Mahathir	7,783,497	-	-	7,783,497
Lim Guan Chin	205,750	-	25,000	180,750

By virtue of their substantial interest in the Company, Dato' Gan Eng Kwong, Datin Irene Tan and Dato' Mukhriz Mahathir are deemed to have an interest in the shares in the subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, the directors do not have any other interest in shares in the Company or in shares in its related companies.

Directors' report...cont'd.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS

The significant events during the financial year are as disclosed in Note 38 to the financial statements.

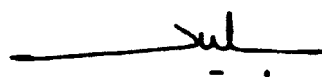
CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, that would render any amount stated in the respective financial statements misleading.

AUDITORS

The auditors, AljeffriDean have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors,



Datin Irene Tan
Director



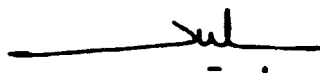
Dato' Mukhriz Mahathir
Director

Kuala Lumpur,
Date: 9 July 2007

STATEMENT BY DIRECTORS

We, **Datin Irene Tan** and **Dato' Mukhriz Mahathir**, being the directors of **Reliance Pacific Berhad**, do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 30 to 91 are properly drawn up in accordance with the applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board, and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2007 and of the results and the cash flows for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors,



Datin Irene Tan
Director



Dato' Mukhriz Mahathir
Director

Kuala Lumpur,
Date: 9 July 2007

STATUTORY DECLARATION

I, **Chong Set Fui**, being the officer primarily responsible for the financial management of **Reliance Pacific Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 30 to 91 are to the best of my knowledge and belief correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by **Chong Set Fui**)
at Wilayah Persekutuan Kuala Lumpur)
on this day of 9 July 2007)



Chong Set Fui

Before me,



Commissioner for Oaths

Level 16, Menara Asia Life
189 Jalan Tun Razak
50400 Kuala Lumpur

REPORT OF THE AUDITORS TO THE MEMBERS OF

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 30 to 91 of **Reliance Pacific Berhad**. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with applicable approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we consider necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) the financial statements have been prepared in accordance with the applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965 so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company as at 31 March 2007 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, which are indicated in Note 6 to the financial statements, being financial statements which are included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification or any adverse comment made under Subsection (3) of Section 174 of the Act.



AljeffriDean

AF 1366

Chartered Accountants (Malaysia)



Dato' Syed Amin Aljeffri

No.: 703/06/08(J/PH)

Kuala Lumpur,
Date: 9 July 2007

BALANCE SHEET

AS AT 31 MARCH 2007

	NOTE	GROUP		COMPANY	
		2007	As restated 2006	2007	2006
		RM	RM	RM	RM
NON-CURRENT ASSETS					
Property, plant and equipment	5	160,997,430	456,166,694	584,450	825,020
Subsidiary companies	6	-	-	59,689,000	59,689,000
Investment properties	7	14,537,517	1,767,460	-	-
Investments	8	11,569,919	11,610,458	328,010	328,010
Goodwill arising on consolidation	9	6,796,423	3,958,472	-	-
Deferred expenditure	10	264,974	380,943	-	-
Land held for development	11	21,555,087	21,509,157	-	-
Deferred tax assets	12	5,215,265	6,600,851	-	-
CURRENT ASSETS					
Development properties	11	3,875,551	2,186,196	-	-
Inventories	13	8,925,182	9,273,313	-	-
Trade and other receivables	14	167,873,674	162,313,896	4,905,076	5,312,618
Amount due from subsidiaries	15	-	-	248,602,194	278,258,288
Fixed and call deposits		42,445,692	37,600,895	38,000,000	9,788,115
Cash and bank balances		38,866,311	16,751,496	1,108,226	73,340
		261,986,410	228,125,796	292,615,496	293,432,361
CURRENT LIABILITIES					
Trade and other payables	16	36,701,852	60,842,478	2,952,394	1,842,522
Short term borrowings	17	63,692,122	39,690,613	50,010,461	5,101,546
Bonds issued	18	-	49,016,160	-	49,016,160
Hire purchase payables	19	118,667	157,965	19,989	80,004
Provision for taxation		1,129,348	1,024,731	150,000	6,300
		101,641,989	150,731,947	53,132,844	56,046,532
NET CURRENT ASSETS					
		160,344,421	77,393,849	239,482,652	237,385,829
		381,281,036	579,387,884	300,084,112	298,227,859

The notes set out on pages 38 to 91 form an integral part of, and should be read in conjunction with these financial statements.

RELIANCE PACIFIC BERHAD 244521 A
(Incorporated in Malaysia)

Balance Sheet...cont'd.

		GROUP		COMPANY	
	NOTE	2007 RM	As restated 2006 RM	2007 RM	2006 RM
EQUITY					
Share capital	20	171,710,350	171,710,350	171,710,350	171,710,350
Reserves	21	104,921,644	88,667,947	43,339,241	36,446,036
Equity attributable to equity holders of the parent		276,631,994	260,378,297	215,049,591	208,156,386
Minority interest	22	(3,006,969)	(5,089,798)	-	-
TOTAL EQUITY		273,625,025	255,288,499	215,049,591	208,156,386
NON-CURRENT AND DEFERRED LIABILITIES					
Deferred tax liabilities	12	127,537	141,874	34,521	51,484
Hire purchase payables	19	154,153	100,299	-	19,989
Advance from joint venture shareholder	23	13,674,321	67,842,817	-	-
Term loan	24	93,700,000	256,014,395	85,000,000	90,000,000
		381,281,036	579,387,884	300,084,112	298,227,859

The notes set out on pages 38 to 91 form an integral part of, and should be read in conjunction with these financial statements.

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

		GROUP		COMPANY	
	NOTE	2007 RM	As restated 2006 RM	2007 RM	2006 RM
CONTINUING OPERATIONS					
Revenue	25	386,080,518	382,025,943	18,447,884	18,728,985
Cost of sales	25	(304,873,476)	(302,045,049)	-	-
Gross profit		81,207,042	79,980,894	18,447,884	18,728,985
Other operating income		5,428,993	6,570,665	7,877,808	1,290,050
Administrative expenses		(49,156,330)	(51,634,026)	(1,960,352)	(2,574,022)
Profit from operations	26	37,479,705	34,917,533	24,365,340	17,445,013
Finance costs	27	(14,075,404)	(13,710,930)	(10,917,525)	(11,302,573)
Profit from continuing operations before taxation		23,404,301	21,206,603	13,447,815	6,142,440
Taxation	28	(3,107,492)	(1,984,376)	(373,037)	87,416
Profit from continuing operations		20,296,809	19,222,227	13,074,778	6,229,856
DISCONTINUED OPERATION					
Net profit/(loss) from discontinued operation, net of tax	39	16,288,311	(2,250,263)	-	-
Net profit for the year		36,585,120	16,971,964	13,074,778	6,229,856
Attributable to:					
Equity holders of the parent		34,502,291	18,389,159	13,074,778	6,229,856
Minority interest	22	2,082,829	(1,417,195)	-	-
		36,585,120	16,971,964	13,074,778	6,229,856
Basis earnings/(losses) per share (sen)					
From continuing operations	29	11.3	11.4		
From discontinued operation		8.8	(0.7)		
		20.1	10.7		
Dividends per share (sen)					
	30	5.0	1.0		

The notes set out on pages 38 to 91 form an integral part of, and should be read in conjunction with these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

GROUP	Note	Non-Distributable				Distributable			Total Equity RM
		Share Capital RM	Share Premium Reserve RM	Share Buy-Back Reserve RM	Foreign Currency Translation Reserve RM	Accumulated Profit RM	Total RM	Minority Interest RM	
Balance as at 1.4.2005 - as previously reported		171,710,350	19,910,712	8,930,000	26,870,875	29,358,806	256,780,743	(2,786,780)	253,993,963
Changes in accounting policies	31	-	-	-	-	(1,113,064)	(1,113,064)	(885,823)	(1,998,887)
Balance as at 1.4.2005 - as restated		171,710,350	19,910,712	8,930,000	26,870,875	28,245,742	255,667,679	(3,672,603)	251,995,076
Currency translation differences		-	-	-	(12,442,226)	-	(12,442,226)	-	(12,442,226)
First and final dividend	30	-	-	-	-	(1,236,315)	(1,236,315)	-	(1,236,315)
Net profit for the year		-	-	-	-	18,389,159	18,389,159	(1,417,195)	16,971,964
Balance as at 31.3.2006 - as restated but before opening balance adjustment		171,710,350	19,910,712	8,930,000	14,428,649	45,398,586	260,378,297	(5,089,798)	255,288,499
Effect of adopting FRS 3, adjusted prospectively		-	-	-	-	2,837,951	2,837,951	-	2,837,951
Balance as at 1.04.2006 - as restated		171,710,350	19,910,712	8,930,000	14,428,649	48,236,537	263,216,248	(5,089,798)	258,126,450
Currency translation differences		-	-	-	(14,904,972)	-	(14,904,972)	-	(14,904,972)
First and final dividend	30	-	-	-	-	(6,181,573)	(6,181,573)	-	(6,181,573)
Net profit for the year		-	-	-	-	34,502,291	34,502,291	2,082,829	36,585,120
Balance as at 31.3.2007		171,710,350	19,910,712	8,930,000	(476,323)	76,557,255	276,631,994	(3,006,969)	273,625,025

The notes set out on pages 38 to 91 form an integral part of, and should be read in conjunction with these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

← *Non-Distributable* → *Distributable*

COMPANY			Share	Share	Accumulated	
	Note	Share	Premium	Buy-Back	Profit	Total
		Capital	Reserve	Reserve	RM	RM
		RM	RM	RM		
Balance as at 1.4.2005		171,710,350	19,910,712	8,930,000	2,611,783	203,162,845
First and final dividend	30	-	-	-	(1,236,315)	(1,236,315)
Net profit for the year		-	-	-	6,229,856	6,229,856
Balance as at 31.3.2006		171,710,350	19,910,712	8,930,000	7,605,324	208,156,386
First and final dividend	30	-	-	-	(6,181,573)	(6,181,573)
Net profit for the year		-	-	-	13,074,778	13,074,778
Balance as at 31.3.2007		171,710,350	19,910,712	8,930,000	14,498,529	215,049,591

The notes set out on pages 38 to 91 form an integral part of, and should be read in conjunction with these financial statements.

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

		GROUP		COMPANY	
	NOTE	2007 RM	As restated 2006 RM	2007 RM	2006 RM
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before taxation					
- continuing operations		23,404,301	21,206,603	13,447,815	6,142,440
- discontinued operation		16,288,311	(2,250,263)	-	-
Total profit before taxation	25	39,692,612	18,956,340	13,447,815	6,142,440
Adjustments for :					
Depreciation of property, plant and equipment		4,394,481	4,543,763	260,802	255,344
Loss on disposal of property, plant and equipment		1,837	54,111	-	-
Gain on disposal of property, plant equipment		(14,137,806)	(3,679,769)	-	-
Gain on disposal of investment properties		(3,343,155)	-	-	-
Gain on disposal of subsidiary company		-	(234,600)	-	(234,600)
Property, plant and equipment written off		254	4,591	-	-
Deferred expenditure written off		178,484	2,303,346	-	-
Interest income		(1,114,253)	(1,842,086)	(307,003)	(1,055,450)
Gain on disposal of investment		(3,187)	-	-	-
Investment income		-	-	(14,587,844)	(11,185,844)
Gross dividend income		(6,658)	(8,525)	-	-
Provision for doubtful debts		254,008	24,000	-	-
Bad debt written off		-	102,525	-	-
Unrealised gain on foreign exchange		-	(261)	-	-
Amortisation of goodwill		-	261,804	-	-
Amortisation of CLO incidental cost		565,000	360,000	565,000	360,000
Amortisation of bond discount value		983,840	2,951,520	983,840	2,951,520
Amortisation of bond incidental cost		112,206	336,618	112,206	336,618
Operating profit/(loss) before working capital changes		27,577,663	24,133,377	474,816	(2,429,972)
Decrease in inventories		348,131	542,454	-	-
(Increase)/Decrease in receivables		(6,749,125)	(5,670,790)	29,746,466	(9,322,846)
(Decrease)/Increase in payables		(21,681,711)	11,126,377	1,109,872	103,646
Decrease in advance from joint venture shareholder		(57,505,624)	(7,551,354)	-	-
(Increase)/Decrease in development properties		(1,689,358)	668,813	-	-
Increase in deferred expenditure		(62,515)	(155,172)	-	-
Cash (used in)/generated from operating activities		(59,762,539)	23,093,705	31,331,154	(11,649,172)
Tax paid		(1,371,626)	(519,568)	(246,300)	(80,201)
Net cash (used in) /generated from operating activities		(61,134,165)	22,574,137	31,084,854	(11,729,373)

The notes set out on pages 38 to 91 form an integral part of, and should be read in conjunction with these financial statements.

Cash Flow Statements...cont'd.

		GROUP		COMPANY	
	NOTE	2007 RM	As restated 2006 RM	2007 RM	2006 RM
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		315,563,229	5,394,910	-	-
Proceeds from disposal of investments		44,840	285,600	-	285,602
Proceeds from disposal of investment properties		1,508,667	-	-	-
Net investments in subsidiary company		-	-	-	(10,059,000)
Purchase of property, plant and equipment	32	(3,246,666)	(2,732,131)	(20,232)	(77,876)
Purchase of investment properties		(13,830,471)	-	-	-
Acquisition of land held for development		-	(460,143)	-	-
Net dividend income		4,794	6,658	14,227,808	10,965,808
Dividend paid		(6,181,573)	(1,236,315)	(6,181,573)	(1,236,315)
Interest income		1,114,253	1,842,086	307,003	1,055,450
Net cash generated from investing activities		294,977,073	3,100,665	8,333,006	933,669
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from long term borrowings		49,000,000	45,000,000	40,000,000	45,000,000
Proceeds from short term borrowings		-	5,000,000	-	5,000,000
Repayment of term loan		(176,237,745)	(1,960,800)	-	-
Repayment of short term borrowings		(12,100,000)	(2,660,800)	-	-
Bond redemption		(50,000,000)	(35,000,000)	(50,000,000)	(35,000,000)
Repayment of hire purchases		(245,444)	(173,130)	(80,004)	(80,004)
Net cash (used in)/generated from financing activities		(189,583,189)	10,205,270	(10,080,004)	14,919,996

The notes set out on pages 38 to 91 form an integral part of, and should be read in conjunction with these financial statements.

Cash Flow Statements...cont'd.

	NOTE	GROUP		COMPANY	
		2007	As restated 2006	2007	2006
		RM	RM	RM	RM
Net increase in cash and cash equivalents		44,259,719	35,880,072	29,337,856	4,124,292
Cash and cash equivalents at the beginning of year		49,044,178	14,960,448	9,759,909	5,635,617
Effects of exchange rate changes on cash and cash equivalents		(13,984,016)	(1,796,342)	-	-
Cash and cash equivalents at the end of year	33	79,319,881	49,044,178	39,097,765	9,759,909

The notes set out on pages 38 to 91 form an integral part of, and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiary companies are set out in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad.

The Board of Directors authorised these financial statements for issue on 9 July 2007.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared on a historical cost convention, and are drawn up in accordance with the applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965.

Notes to the financial statements...cont'd.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Changes and Adoption of Financial Reporting Standards

In the current financial year, the Group and the Company has adopted all the new and revised FRSs issued by the MASB that are relevant to its operations and effective for the Group's financial year beginning on 1 April 2006 as follows:

Standard	Title
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operation
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effect of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of these new/revised FRSs has resulted in some changes in the detailed application of the accounting policies and some modifications to financial statements presentation. Other than FRS 3, FRS 5, FRS 101 and FRS 140, the adoption of the above FRS does not have significant impact on the Group. The principal effects of the changes on accounting policies resulting from the adoption of the new/revised FRSs are discussed below:

i) FRS 3: Business Combination

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Notes to the financial statements...cont'd.

ii) FRS 5 : Non-Current Assets Held for Sale and Discontinued Operation

Assets and liabilities of disposal groups held for sale are presented separately on the face of the balance sheet, and the results of discontinued operation is presented separately in the income statement. The assets and liabilities of disposal groups are those in which the amounts will be recovered principally through a sale transaction rather than through continuing use. The change in accounting policy is made in accordance with their transitional provisions. Certain comparative of the Group have been represented due to current year's discontinued operation. This change in accounting policy does not have impact on earnings per share.

iii) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interest is now presented within equity. In the consolidated income statement, profit or loss attributable to minority interest is presented as an allocation of profit or loss for the year. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current year's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current year's presentation.

iv) FRS 140: Investment Property

The adoption of FRS 140 has resulted in a reclassification of a property amounting to RM14,537,517 (2006: RM1,767,460) which was previously included in property, plant and equipment to investment property. The Group will continue to apply the cost model as previously for such property and hence there will be no financial implication arising from the adoption of FRS 140.

b) Accounting Standards Not Yet Effective

The Group and the Company has not applied the following FRSS that have been issued but are not effective until future periods:

Standard	Title	Effective Date
FRS 117	Leases	1 October 2006
FRS 124	Related Party Disclosures	1 October 2006
FRS 139	Financial Instruments: Recognition and Measurement	MASB has yet to announce the effective date

Notes to the financial statements...cont'd.

The Group and the Company do not expect that the adoption of the above pronouncements will have a significant impact on the financial statements other than the presentation of leasehold land.

c) Functional And Presentation Currency

The financial statements of the Group and of the Company are presented in Ringgit Malaysia, which is the functional and presentation currency of the Group and of the Company.

d) Basis of Consolidation

The consolidated financial statements include the audited financial statements of the subsidiary companies made up to the end of the financial year.

The total profit and losses of subsidiary companies are included in the Group's income statement. The proportion of the profit or loss applicable to minority interests is deducted in activity at the profit attributable to the shareholders of the Company.

All the subsidiary companies are consolidated on the acquisition method of accounting where the results of the subsidiary companies acquired or disposed of during the financial year are included from the date on which control is transferred to the Group and are no longer consolidated from the date on which the control ceases. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements. The profit or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets.

The total assets and liabilities of subsidiary companies are included in the Group's balance sheet and the interests of minority shareholders are stated separately. All significant inter-company transactions and balance are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiary companies to ensure consistency of accounting policies with those of the Group.

Goodwill on acquisition, being the difference between the cost of acquisition and the underlying net asset value of the subsidiary companies at the date of acquisition. Goodwill is carried at cost less impairment and is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. The impairment loss of goodwill is recognised immediately in the consolidated Income Statement and is not reversed in a subsequent period. Previously, goodwill is netted-off against reserves arising on consolidation and the excess is amortised using the straight line method over a period of 25 years.

Notes to the financial statements...cont'd.

e) Subsidiary Companies

Subsidiary companies are the companies in which the Group has long term equity interest of more than 50% or has power to exercise control over the financial and operating policies as to obtain benefits from their activities.

Investment in subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost, less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(h).

f) Property, Plant and Equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(h). Land and buildings of the Group have not been revalued since some of them were first revalued in 1984. The Group does not adopt a regular revaluation policy on its property, plant and equipment.

Freehold land is not depreciated. No depreciation is provided for freehold office lots as the directors are of the opinion that its market value is far greater than the carrying value and that the non-compliance will have no material effect on the financial statements. Depreciation is also not provided on the hotel property or those properties with an unexpired lease period of 50 years or more. As for the hotel property, it is the Company's practice to maintain the property in such condition that the residual value is at least equal to its book value such that depreciation would be insignificant. The related maintenance expenditure is charged to the Income Statement.

Software development in progress will be depreciated over 5 years once the software is ready to use. Depreciation of other property, plant and equipment is computed on a straight line method at rates calculated to write off the cost of assets over their estimated useful lives.

The principal annual rates used are as follows:

	%		%
Motor vehicles	10-20	Electrical installation	10
Furniture and fittings	10	Office equipment	10
Renovations	10	Boats	15
Data processing equipment	20	Motor vehicles workshop	10

Notes to the financial statements...cont'd.

g) Investment Property

Investment property is property which are held either to earn rental income or for capital appreciation or both. The Group measured its investment properties at cost less accumulated depreciation and any impairment losses. However, no depreciation is provided for freehold office lots as the directors are of the opinion that its market value is far greater than the carrying value and that the non-compliance will have no material effect on the financial statements. Freehold land is not depreciated as it has an infinite life.

In the previous year, investment properties were classified as property, plant and equipment. The adoption of revised FRS 140 has resulted in a change in the accounting policy relating to classification of landed properties held to earn rental income and/or capital appreciation as investment properties. The reclassification has been accounted for retrospectively and corresponding comparative figures have been reclassified.

h) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts. Recoverable amounts are the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the assets are carried at a revalued amount. Any impairment losses of revalued assets are treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same assets. Reversal of impairment losses recognised in previous years for assets other than goodwill are recorded when the impairment losses recognised for the assets no longer exist or have decreased.

i) Land Held for Development and Development Properties

Land held for development representing lands held for future development are stated at cost of acquisition including all related costs incurred subsequent to the acquisition on activities necessary to prepare the land for its intended use.

Such assets are transferred to development properties when significant development work is to be undertaken and is expected to complete within the normal operating cycle.

Notes to the financial statements...cont'd.

j) Investments

Investments in quoted and unquoted shares held on a long-term basis are stated at cost unless, in the opinion of the directors, a permanent diminution in value of investment has arisen in which event provision is made for the diminution in value.

k) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of trading merchandise and consumables comprise of the original cost of purchase plus the cost of bringing the inventories to location. Cost is determined on the First-In-First-Out basis.

Cost of unsold completed properties comprises proportionate cost of land and development expenditure. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing and selling.

l) Deferred Expenditure

Cost incurred by foreign subsidiary companies engaged in hotel and resort management are deferred to the extent that the directors opinion such expenditure is expected to generate future economic benefits.

m) Taxation

Income tax on the profit or loss comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the enacted tax rates relevant to the financial years.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Notes to the financial statements...cont'd.

n) Currency Translation

The financial statements are stated in Ringgit Malaysia (RM).

i) Foreign currency transactions

Transactions in foreign currencies are translated into Ringgit Malaysia at rates ruling at transaction dates. At balance sheet date, monetary assets and liabilities resulting from foreign currency transactions are translated into Ringgit Malaysia at rate of exchange ruling at that date. Exchange differences are dealt with through the income statement.

ii) Financial statements of foreign operations

In the Group financial statements, assets and liabilities of foreign subsidiary companies are translated into Ringgit Malaysia at rates of exchange ruling at the balance sheet date. Revenue and expenses are translated monthly at the average exchange rates.

Exchange differences arising from the translation of the assets and liabilities and results of operation, and the restatement at year end rates of the opening net investments in foreign subsidiary companies are taken to foreign exchange reserve as a component of shareholders' equity.

The principal closing rates used in the translation of foreign currency amounts are as follows:

Foreign currency	31.3.2007 RM	31.3.2006 RM
1 Singapore Dollar (S\$)	2.2995	2.2522
1 Australia Dollar (AUD)	2.7430	2.6144
1 United States Dollar (USD)	3.4870	3.7550

o) Revenue Recognition

i) Travel service and tours

Revenue is recognised upon gross invoiced value on sales of group travel services and tours, hotel arrangements and air ticketing.

ii) Hotel and resort

Revenue from the provision of room, food and beverage sales from hotel operations are recognised based on the value invoiced to customer during the year.

Notes to the financial statements...cont'd.

iii) Income from design, artwork and other services

Revenue from the design, artwork and other services are recognised upon performance of services and customer acceptance, net of sales tax, discounts and allowances.

iv) Management fee

Management fee is recognised on an accrual basis.

v) Dividend income

Dividend income is accounted for in the income statements when the rights to receive have been established.

p) Secured Serial Bonds

The carrying value of the 4% secured serial bonds issued by the Company is the nominal value of the bonds. The discount on the bonds is amortised on a straight line basis over the duration of the bonds.

q) Employee Benefits

i) Short term benefits

Salaries, bonuses, allowances and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

ii) Defined contribution plans

The Group and the Company make contributions to the Employee Provident Fund ("EPF") as required by law in Malaysia. Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

r) Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash and cash equivalents are defined as cash on hand, demand deposits and deposits with licensed bank which are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

Cash and bank balances and short-term deposits which are held to maturity are carried at cost.

Notes to the financial statements...cont'd.

s) Financial Instruments

i) Financial instruments recognised on the balance sheet

The accounting policies for financial instruments recognised on the balance sheet are disclosed in the individual policy statements associated with each item.

ii) Financial instruments not recognised on the balance sheet

The Group, in managing its currency exposures, enters into forward exchange currency contracts to hedge its committed purchases in foreign currencies. This instrument is not recognised in the financial statements on inception.

iii) Fair value estimation for disclosure purposes

The fair value of publicly traded securities is based on quoted market prices at the balance sheet date. For non-traded financial instruments, the Group uses various methods and makes assumptions that are based on market conditions.

t) Provision for Liabilities

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

u) Discontinued Operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

Notes to the financial statements...cont'd.

v) Significant Accounting Estimates and Judgements

The estimated assumptions at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives and residual value of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives after deducting its residual value. The management exercises their judgement in estimating the useful lives and the residual value of the depreciable assets. The Group assesses annually the residual value and the useful lives of the property, plant and equipment and if the expectation differs from the original estimate, such difference will impact the depreciation in the period in which such estimate has been charged.

w) Receivables

Receivables are carried at anticipated realisable value. Debts considered to be uncollectible are written off while provision is made for debts considered to be doubtful of collection.

x) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operation of the Group is subject to a variety of financial risks. The Group overall financial risk management objective is to ensure that the Group creates value for its shareholders.

The main areas of financial risk faced by the Group are as follows:

i) Credit risk

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group. The Group's main exposure to credit risk is in respect of its trade and other receivables.

The Group manages the exposures to credit risk by performing credit evaluation on the major customers and outstanding debts are being monitored and pursued for full recovery.

Notes to the financial statements...cont'd.

ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met.

iii) Interest rate risk

Any increase in interest rates will increase the burden of the Group with respect to interest payments of its borrowings. There can be no assurance that the performance of the Group would remain favourable in the event of adverse changes in the interest rate. To mitigate the interest rate risk, the management of the Group constantly monitors the interest rate exposure.

iv) Foreign currency exchange risk

Foreign currency exchange rate risk arises as the Group engages in transactions that are denominated in foreign currencies, mainly Australia Dollar and Singapore Dollar. Exchange rate risk arises due to translation of financial statements of foreign subsidiary companies in the course of consolidation of financial statements of the Group. These exchange differences are taken to translation reserve instead of to the income statement.

Material transactions foreign exchange exposures are hedged, mainly with derivative financial instruments such as forward exchange currency contracts.

As at 31 March 2007, the Group had entered into the following forward exchange currency contracts to hedge its committed purchases in foreign currencies (FC):

Currency	Contract Amounts FC'000	Outstanding Contract Amount		Expiry
		FC'000	RM'000	
EUR	100,000	100,000	127,225	3 April 2007
EUR	100,000	100,000	175,580	23 April 2007
AUD	100,000	100,000	279,230	26 April 2007
EUR	100,000	100,000	454,000	30 April 2007
EUR	200,000	200,000	928,520	28 May 2007
EUR	100,000	100,000	463,300	6 June 2007

Notes to the financial statements...cont'd.

5. PROPERTY, PLANT AND EQUIPMENT

GROUP 2007	← Valuation/Cost →				
	As at 1-Apr-06 RM	Additions RM	Forex Fluctuation RM	Disposals RM	As at 31-Mar-07 RM
At 1984 Valuation					
Freehold office lots	1,911,072	-	-	-	1,911,072
At Cost					
Building	390,838,233	-	14,204,129	(302,969,874)	102,072,488
Freehold land	3,049,678	-	-	-	3,049,678
Leasehold land	39,320,280	-	-	-	39,320,280
Motor vehicles	7,692,882	552,338	30,235	(965,122)	7,310,333
Furniture and fittings	12,126,648	26,273	4,861	(128,793)	12,028,989
Office equipment	26,850,173	85,665	667,254	(14,221,233)	13,381,859
Data processing equipment	13,354,407	453,259	7,642	(116,843)	13,698,465
Electrical installation	1,288,408	37,570	-	(1,580)	1,324,398
Motor vehicles workshop	123,808	-	-	-	123,808
Renovations	6,139,137	2,242,763	-	(4,494)	8,377,406
Boat	1,662,346	-	-	-	1,662,346
Software development in progress	3,155,639	108,798	-	-	3,264,437
	507,512,711	3,506,666	14,914,121	(318,407,939)	207,525,559

Notes to the financial statements...cont'd.

5. PROPERTY, PLANT AND EQUIPMENT...(Cont'd.)

GROUP 2007	← Accumulated Depreciation →					Net Book Value 31-Mar-07 RM
	As at 1-Apr-06 RM	Additions RM	Forex fluctuation RM	Disposals RM	As at 31-Mar-07 RM	
At 1984 Valuation						
Freehold office lots	-	-	-	-	-	1,911,072
At Cost						
Building	3,374,082	2,404	-	-	3,376,486	98,696,002
Freehold land	-	-	-	-	-	3,049,678
Leasehold land	-	-	-	-	-	39,320,280
Motor vehicles	6,141,413	522,464	17,325	(953,414)	5,727,788	1,582,545
Furniture and fittings	9,342,827	854,868	3,000	(128,714)	10,071,981	1,957,008
Office equipment	14,240,388	1,960,390	333,464	(8,372,195)	8,162,047	5,219,812
Data processing equipment	12,635,822	259,694	4,880	(110,984)	12,789,412	909,053
Electrical installation	916,677	101,721	-	(1,238)	1,017,160	307,238
Motor vehicles workshop	11,187	-	-	-	11,187	112,621
Renovations	3,340,270	592,797	-	(4,493)	3,928,574	4,448,832
Boat	1,343,351	100,143	-	-	1,443,494	218,852
Software development in progress	-	-	-	-	-	3,264,437
	51,346,017	4,394,481	358,669	(9,571,038)	46,528,129	160,997,430

Notes to the financial statements...cont'd.

5. PROPERTY, PLANT AND EQUIPMENT...(Cont'd.)

GROUP 2006	Valuation/Cost					
	As at 1-Apr-05 RM	Additions RM	Forex Fluctuation RM	Transfer to investment properties (Note 7) RM	Disposals RM	As at 31-Mar-06 RM
At 1984 Valuation						
Freehold office lots	1,911,072	-	-	-	-	1,911,072
At Cost						
Building	422,979,768	-	(32,141,535)	-	-	390,838,233
Freehold office lots	3,222,776	-	-	(3,222,776)	-	-
Freehold land	3,049,678	-	-	-	-	3,049,678
Leasehold land	39,320,280	-	-	-	-	39,320,280
Motor vehicles	8,140,018	124,856	(25,921)	-	(546,071)	7,692,882
Furniture and fittings	11,896,075	287,235	(3,837)	-	(52,825)	12,126,648
Office equipment	27,272,104	1,149,375	(1,471,122)	-	(100,184)	26,850,173
Data processing equipment	13,295,119	265,885	(5,810)	-	(200,787)	13,354,407
Electrical installation	1,242,633	45,775	-	-	-	1,288,408
Motor vehicles workshop	123,808	-	-	-	-	123,808
Renovations	5,519,640	634,532	-	-	(15,035)	6,139,137
Boat	1,625,746	56,000	-	-	(19,400)	1,662,346
Software development in progress	2,987,166	168,473	-	-	-	3,155,639
	542,585,883	2,732,131	(33,648,225)	(3,222,776)	(934,302)	507,512,711

Notes to the financial statements...cont'd.

5. PROPERTY, PLANT AND EQUIPMENT...(Cont'd.)

GROUP 2006	← Accumulated Depreciation →					Net Book Value 31-Mar-06 RM
	As at 1-Apr-05 RM	Additions RM	Forex fluctuation RM	Disposals RM	As at 31-Mar-06 RM	
At 1984 Valuation						
Freehold office lots	-	-	-	-	-	1,911,072
At Cost						
Building	3,371,678	2,404	-	-	3,374,082	387,464,151
Freehold land	-	-	-	-	-	3,049,678
Leasehold land	-	-	-	-	-	39,320,280
Motor vehicles	5,786,330	517,843	(11,153)	(151,607)	6,141,413	1,551,469
Furniture and fittings	8,451,269	944,169	(2,288)	(50,323)	9,342,827	2,783,821
Office equipment	12,892,009	2,036,366	(607,006)	(80,981)	14,240,388	12,609,785
Data processing equipment	12,443,480	290,581	(3,353)	(94,886)	12,635,822	718,585
Electrical installation	806,741	109,936	-	-	916,677	371,731
Motor vehicles workshop	11,187	-	-	-	11,187	112,621
Renovations	2,813,866	527,532	-	(1,128)	3,340,270	2,798,867
Boat	1,247,819	114,932	-	(19,400)	1,343,351	318,995
Software development in progress	-	-	-	-	-	3,155,639
	47,824,379	4,543,763	(623,800)	(398,325)	51,346,017	456,166,694

Notes to the financial statements...cont'd.

5. PROPERTY, PLANT AND EQUIPMENT...(Cont'd.)

COMPANY 2007	← Valuation/Cost →			← Accumulated Depreciation →			Net Book Value 31-Mar-07 RM
	As at 1-Apr-06 RM	Additions RM	As at 31-Mar-07 RM	As at 1-Apr-06 RM	Additions RM	As at 31-Mar-07 RM	
Renovation	538,760	-	538,760	365,432	53,876	419,308	119,452
Electrical fittings	93,307	-	93,307	65,316	9,332	74,648	18,659
Data processing equipment	181,979	19,432	201,411	166,705	6,654	173,359	28,052
Furniture and fittings	949,989	-	949,989	669,585	92,040	761,625	188,364
Office equipment	207,644	800	208,444	144,717	20,409	165,126	43,318
Motor vehicles	844,576	-	844,576	579,480	78,491	657,971	186,605
	2,816,255	20,232	2,836,487	1,991,235	260,802	2,252,037	584,450

COMPANY 2006	← Valuation/Cost →			← Accumulated Depreciation →			Net Book Value 31-Mar-06 RM
	As at 1-Apr-05 RM	Additions RM	As at 31-Mar-06 RM	As at 1-Apr-05 RM	Additions RM	As at 31-Mar-06 RM	
Renovation	520,760	18,000	538,760	312,456	52,976	365,432	173,328
Electrical fittings	93,307	-	93,307	55,985	9,331	65,316	27,991
Data processing equipment	174,341	7,638	181,979	163,061	3,644	166,705	15,274
Furniture and fittings	947,751	2,238	949,989	576,783	92,802	669,585	280,404
Office equipment	207,644	-	207,644	124,117	20,600	144,717	62,927
Motor vehicles	794,576	50,000	844,576	503,489	75,991	579,480	265,096
	2,738,379	77,876	2,816,255	1,735,891	255,344	1,991,235	825,020

Notes to the financial statements...cont'd.

- a) In the financial year 2006, certain land and buildings of the Group with a carrying amount of RM132,270,966 are secured for the bond and the banking facilities. During the current financial year, the Bonds and the banking facilities have been fully repaid and have been uplifted and cleared all debentures and/or charges on the assets of the Group as disclosed in Note 18 to the financial statements.
- b) Had the revalued freehold office lots been stated in the financial statements at cost less accumulated depreciation, the net book value would have been as follows:

GROUP	2007 RM	2006 RM
Freehold office lots	132,388	320,724

The details of independent professional valuation of the property, plant and equipment are as follows:

Year of Valuation	Description of Property	Basis of Valuation
1984	Freehold office lots	Open Market Value

- c) No depreciation was provided for freehold office lots is due to that the directors are of the opinion that its market value is far greater than the carrying value and that the non-compliance will have no material effect on the financial statements. It is the Group practice to maintain these properties at a high standard and condition such that the residual values approximate to book values and, consequently depreciation would be insignificant.

Had the freehold office lots been stated in the financial statements at valuation less accumulated depreciation, the net book value would have been as follows:

Group	2007 RM	2006 RM
Freehold office lots - at valuation	968,507	1,004,377

Notes to the financial statements...cont'd.

6. SUBSIDIARY COMPANIES

COMPANY

	2007 RM	2006 RM
Unquoted shares at cost	<u>59,689,000</u>	<u>59,689,000</u>

The details of subsidiary companies are as follows:

Name of companies	Equity Interest		Principal Activities
	2007 %	2006 %	
<u>Travel Division/E-Commerce</u>			
a) <u>Incorporated in Malaysia</u>			
Reliance Shipping & Travel Agencies Sdn. Berhad	100	100	Travel services, outbound tours and other related services
Reliance Shipping & Travel Agencies (Penang) Sdn. Bhd.	100	100	Travel services, outbound tours and other related services
Reliance Shipping & Travel Agencies (Johore) Sdn. Bhd.	100	100	Travel services, outbound tours and other related services
Reliance Shipping & Travel Agencies (Malacca) Sdn. Bhd.	100	100	Travel services, outbound tours and other related services
Reliance Shipping & Travel Agencies (Damansara) Sdn. Bhd	100	100	Travel services, outbound tours and other related services
Reliance Shipping & Travel Agencies (Kuching) Sdn. Bhd.	100	100	Travel services, outbound tours and other related services

Notes to the financial statements...cont'd.

Name of companies	Equity Interest		Principal Activities
	2007 %	2006 %	
Reliance Shipping & Travel Agencies (BKI) Sdn. Bhd.	100	100	Travel services, outbound tours and other related services
Ideal Malaysian Support Sdn. Bhd.	100	100	Travel franchise business
Reliance Sightseeing Sdn. Bhd.	100	100	Inbound travel services and tours, coach hire and other related services
Reliance E-Com Sdn. Bhd.	100	100	Investment company in relation to electronic commerce
Traveleasi Sdn. Bhd.	100	100	Electronic commerce in relation to reservation services for airline tickets and tour packages via the internet and the development of related systems and products
Traveleasi Trips Sdn. Bhd.	100	100	Airline representative, travel services, tours and other related services
Xplonet Capital Sdn. Bhd.	100	100	Investment company in relation to electronic commerce
Columbus World Sdn. Bhd.	100	100	Dormant
M.I.C.E World Sdn. Bhd.	100	100	Dormant
Maricuti.Com Sdn. Bhd.	100	100	Dormant
Cuticuti.Com Sdn. Bhd.	100	100	Dormant

Notes to the financial statements...cont'd.

Name of companies	Equity Interest		Principal Activities
	2007	2006	
	%	%	
Go Around (Malaysia) Holidays Sdn Bhd	100	100	Dormant
Ticketworld Sdn. Bhd.	100	100	Dormant
Reliance Tourworld Sdn. Bhd.	100	100	Dormant
Reliance Cruiseworld Sdn. Bhd.	100	100	Dormant
Reliance Hotelworld Sdn. Bhd.	100	100	Dormant
Reliance Shipping & Travel Agencies (Perak) Sdn. Bhd.	100	100	Dormant
Reliance Shipping & Travel Agencies (Selangor) Sdn. Bhd.	100	100	Dormant
Reliance Shipping & Travel Agencies (Kuantan) Sdn. Bhd.	100	100	Dormant
Reliance Shipping & Travel Agencies (Kedah) Sdn. Bhd.	100	100	Dormant
Reliance Shipping & Travel Agencies (Miri) Sdn. Bhd.	100	100	Dormant
Reliance Shipping & Travel Agencies (N.S) Sdn. Bhd.	100	100	Dormant
Heritage Destination Holdings Sdn. Bhd.	100	100	Dormant
Mirage Travel Holdings Sdn. Bhd.	100	100	Dormant
* Streamline Express Sdn. Bhd.	100	100	Dormant
RPB Travel Holdings Sdn. Bhd.	100	100	Dormant
Relzone Online Sdn. Bhd.	100	100	Dormant

Notes to the financial statements...cont'd.

Name of companies	Equity Interest		Principal Activities
	2007	2006	
	%	%	
b) <u>Incorporated in Labuan</u>			
*Reliance Sightseeing (Labuan) Limited	100	100	Travel services and tours, coach hire and other related services
c) <u>Incorporated in Singapore</u>			
*Reliance Travel Agencies (S) Pte. Ltd.	100	100	Travel services, outbound tours and other related services
*Vacation Singapore DMC Pte. Ltd.	100	100	Travel services, rental of vehicles and other related services
<u>Hotel Division</u>			
a) <u>Incorporated in Malaysia</u>			
Fortune Valley Sdn. Bhd.	100	100	Development and management of hotels
RPB Hotel & Resort Management Sdn. Bhd.	60	70	Hotel and resort management
Gateway Inn Management Sdn. Bhd.	51	51	Hotel and resort management
Avillion Hotel Group Sdn. Bhd. (formerly known as Avillion Marketing Sdn. Bhd.)	100	100	Hotel and resort management
Avillion Hotels International Sdn. Bhd.	100	100	Hotel and resort management
Avillion Suite Hotel (PD) Sdn. Bhd.	100	100	Provision of management services for hotel suites and service apartments
Avillion Spa Sdn. Bhd.	100	100	Operate and manage spa and health centre

Notes to the financial statements...cont'd.

Name of companies	Equity Interest		Principal Activities
	2007	2006	
	%	%	
Avillion Hotel (KL) Sdn. Bhd. (formerly known as Avillion Marketing International Sdn. Bhd.)	100	100	Marketing for resorts and hotels
Layang-Layang Island Resort Sdn. Bhd.#	50	50	Diving and resort operation
RPB Management Services (Overseas) Sdn. Bhd.	100	100	Hotel and resort management
Avillion Hotel (Malacca) Sdn. Bhd.	100	100	Dormant
Avillion Resort (PD) Sdn. Bhd.	100	100	Dormant
 b) <u>Incorporated in British Virgin Islands</u>			
RPB Holdings (Overseas) Limited	100	100	Investment holding
RPB Development (BVI) Limited	100	100	Investment holding
Xplonet Investments Limited	100	100	Investment company in relation to electronic commerce
 c) <u>Incorporated in Australia</u>			
*Avillion Hotels International (Sydney) Pty. Ltd	51	51	Hotel operation and management
*Reliance - OSW (Nominees) Pty. Ltd.	51	51	Trustee company
*Reliance - OSW Investment Trust	51	51	Hotel property investment
*RPB Hotels International Services Pty. Ltd.	100	100	Hotel and resort management
*Avillion Hotels International (Aust) Pty. Ltd	100	100	Dormant

Notes to the financial statements...cont'd.

Name of companies	Equity Interest		Principal Activities
	2007	2006	
	%	%	
<u>Resort Development Division</u>			
<u>Incorporated in Malaysia</u>			
RPB Development Sdn. Bhd.	100	100	Hotel and resort development
Nesline Sdn. Bhd.	100	100	Investment holding
Admiral Cove Development Sdn. Bhd.	80	80	Property and resort development
Admiral Marina Berhad	100	100	Operation of a marina club including berthing facilities
ACD Project Management Services Sdn. Bhd.	100	100	Provision of project management services
Genius Field Sdn. Bhd.	100	100	Investment holding
Admiral Hill Hotel Sdn. Bhd.	80	80	Property and resort development
Festive Place Sdn. Bhd.	100	100	Development and management of tourism related projects
<u>Support Companies</u>			
<u>Incorporated in Malaysia</u>			
*RPB Capital Holdings Sdn. Bhd.	100	100	Investment holding
*READ Advertising Sdn. Bhd.	100	85	Advertising and media services
*OS Resources Sdn. Bhd.	100	100	Office services and administration
*ANV Production Services Sdn. Bhd.	100	85	Dormant

*Companies not audited by AljeffriDean

#Deemed to be a subsidiary by virtue of Section 5(1)(a)(i) of the Companies Act, 1965

Notes to the financial statements...cont'd.

7. INVESTMENT PROPERTIES

GROUP	Freehold land and office lots RM
2007	
Net book value 1.4.2006	1,767,460
Addition	13,830,471
Disposals	(1,060,414)
	<hr/>
Net book value 31.3.2007	14,537,517
	<hr/> <hr/>
As at 31.3.2007	
At cost	14,537,517
	<hr/>
Net book value	14,537,517
	<hr/> <hr/>
2006	
Transfer from property, plant and equipment (Note 5)	3,222,776
Disposals	(1,455,316)
	<hr/>
Net book value 31.3.2006	1,767,460
	<hr/> <hr/>
As at 31.3.2006	
At cost	1,767,460
	<hr/>
Net book value	1,767,460
	<hr/> <hr/>

Included in the above amount is investment property with a carrying amount of RM13,830,471 are secured for the banking facilities as stated in Note 24 to the financial statements.

As at 31 March 2007, the fair value of the investment properties were estimated at RM16,950,000 based on the directors' estimation.

Notes to the financial statements...cont'd.

8. INVESTMENTS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Unquoted shares, at cost	79,500	79,500	-	-
Quoted in Malaysia:				
Shares	3,599,510	3,599,510	801,186	801,186
Quoted in Australia:				
Shares	8,364,085	8,364,085	-	-
Quoted in Singapore:				
Shares	-	40,539	-	-
	12,043,095	12,083,634	801,186	801,186
Less: Provision for diminution in value of investment	(473,176)	(473,176)	(473,176)	(473,176)
	11,569,919	11,610,458	328,010	328,010
Market value of quoted shares	8,364,930	7,653,765	99,660	83,805

9. GOODWILL ARISING ON CONSOLIDATION

GROUP	RM
Goodwill arising on consolidation	9,119,782
Less : Reserve arising on consolidation	(2,837,951)
Less : Accumulated amortisation	(2,323,359)
At 1 April 2006, as previously reported	3,958,472
Effect of adopting FRS 3	
- Reserve arising on consolidation	2,837,951
At 1 April 2006, as restated	6,796,423
Less : Accumulated amortisation	(2,323,359)
Effect of adopting FRS 3	2,323,359
At 31 March 2007	6,796,423

Notes to the financial statements...cont'd.

10. DEFERRED EXPENDITURE

GROUP	2007 RM	2006 RM
Balance as at 1 April	380,943	643,578
Addition	62,515	155,172
Transfer to refurbishment cost	-	(25,000)
	443,458	773,750
Less: Amount written off	(178,484)	(392,807)
Balance as at 31 March	264,974	380,943

11. LAND HELD FOR DEVELOPMENT AND DEVELOPMENT PROPERTIES

GROUP	2007 RM	2006 RM
Leasehold land	16,987,554	16,987,554
Development cost	8,443,084	6,707,799
	25,430,638	23,695,353
Less: Non-current portion, classified as land held for development	(21,555,087)	(21,509,157)
Current portion, classified as development properties	3,875,551	2,186,196

Included in the above are land held for development and development properties with carrying values of RM11,808,282 (2006: RM10,074,860) pledged as security for bank borrowings granted to the Group.

Notes to the financial statements...cont'd.

12. DEFERRED TAXATION

Analysis for financial reporting purposes

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Deferred tax assets	5,215,265	6,600,851	-	-
Deferred tax liabilities	(127,537)	(141,874)	(34,521)	(51,484)
Net position	5,087,728	6,458,977	(34,521)	(51,484)

Deferred tax assets	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Balance as at 1 April	6,600,851	7,397,429	-	-
Transfer to income statement (Note 28)	(1,385,586)	(796,578)	-	-
Balance as at 31 March	5,215,265	6,600,851	-	-

Deferred tax liabilities	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Balance as at 1 April	(141,874)	(222,449)	(51,484)	(127,534)
Transfer from income statement (Note 28)	15,378	79,875	16,963	76,050
Exchange differences	(1,041)	700	-	-
Balance as at 31 March	(127,537)	(141,874)	(34,521)	(51,484)

Notes to the financial statements...cont'd.

The components and movements of deferred tax liabilities and assets during the year are as follows:

Deferred Tax Assets - GROUP	Tax losses and unabsorbed capital allowances RM	Accelerated capital allowances RM	Total RM
At 1 April	10,930,015	(4,329,164)	6,600,851
Recognised in the income statement	(1,233,308)	(152,278)	(1,385,586)
At 31 March	9,696,707	(4,481,442)	5,215,265

Deferred Tax Liabilities - GROUP	Accelerated capital allowances RM	Total RM
At 1 April	(141,874)	(141,874)
Recognised in the income statement	15,378	15,378
Exchange differences	(1,041)	(1,041)
At 31 March	(127,537)	(127,537)

Deferred Tax Liabilities - COMPANY	Accelerated capital allowances RM	Total RM
At 1 April	(51,484)	(51,484)
Recognised in the income statement	16,963	16,963
At 31 March	(34,521)	(34,521)

Notes to the financial statements...cont'd.

13. INVENTORIES

GROUP	2007 RM	2006 RM
At cost:		
Promotional items	560,131	547,255
Trading merchandise	467,936	828,944
Unsold completed properties	7,897,115	7,897,114
	8,925,182	9,273,313

14. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables	141,174,050	131,837,378	-	-
Provision for doubtful debts	(615,304)	(370,615)	-	-
	140,558,746	131,466,763	-	-
Other receivables	27,850,540	31,373,426	4,848,206	5,255,748
Provision for doubtful debts	(592,482)	(583,163)	-	-
	27,258,058	30,790,263	4,848,206	5,255,748
Deposits	56,870	56,870	56,870	56,870
	167,873,674	162,313,896	4,905,076	5,312,618

The normal credit term of trade receivables range from 30 to 60 days.

15. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured and have no fixed terms of repayment. Interest at rates of ranging from 1.5% to 5.6% (2006: 1.5% to 5.6%) per annum is charged on amount owing of RM210,174,968 (2006: RM222,811,982) by certain subsidiaries. All other amounts are interest free.

Notes to the financial statements...cont'd.

16. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Trade payables	18,266,770	36,267,484	-	-
Other payables	13,115,513	20,579,599	2,952,394	1,842,522
Tour deposit received	5,319,569	3,995,395	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	36,701,852	60,842,478	2,952,394	1,842,522
	<hr/>	<hr/>	<hr/>	<hr/>

The normal trade credit term granted to the Group range from 30 to 90 days.

17. SHORT TERM BORROWINGS

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Bank Overdraft				
- Secured	1,971,131	1,107,444	-	-
- Unsecured	20,991	4,200,769	10,461	101,546
	<hr/>	<hr/>	<hr/>	<hr/>
	1,992,122	5,308,213	10,461	101,546
	<hr/>	<hr/>	<hr/>	<hr/>
Revolving Credit				
- Secured	12,400,000	22,921,600	5,000,000	5,000,000
- Unsecured	4,000,000	9,500,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	16,400,000	32,421,600	5,000,000	5,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
Term Loan (secured) *				
- Current portion (Note 24)	45,300,000	1,960,800	45,000,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	63,692,122	39,690,613	50,010,461	5,101,546
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the financial statements...cont'd.

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Secured by :				
i) A third party first legal charge over the certain property, plant and equipment of subsidiary companies	35,676,193	40,022,848	-	-
ii) Corporate guarantee by the Company	37,000,000	37,000,000	-	-

*Details of securities of term loans are disclosed in Note 24 to the financial statements.

The effective interest rate during the financial year ranged between 5.93% to 8.50% (2006: 4.00% to 8.25%) per annum.

18. BONDS ISSUED

GROUP AND COMPANY

	2007	2006
	RM	RM
Bond issued	100,000,000	100,000,000
Less: Unamortised discount	-	(983,840)
	<hr/>	<hr/>
Principal redemption	100,000,000 (100,000,000)	99,016,160 (50,000,000)
	<hr/>	<hr/>
	-	49,016,160
	<hr/>	<hr/>
Discount upon issuance	14,757,600	14,757,600
Amortised to date	(14,757,600)	(13,773,760)
	<hr/>	<hr/>
	-	983,840
	<hr/>	<hr/>

Notes to the financial statements...cont'd.

The RM100,000,000 nominal amount of fixed rate secured serial bonds are constitute by a trust deed, dated 11 July 2001 comprising three series as follows:

Series No.	Nominal Value (RM)	Maturity Date
1	15,000,000	Settled
2	35,000,000	Settled
3	50,000,000	Settled

The Bonds bear a fixed coupon rate of 4% per annum payable semi-annually in arrears with the last coupon payment of each series to be made on the maturity date of that particular Bonds series. During the current financial year, the Bonds have been fully settled and have been uplifted and cleared all debentures and/or charges on the assets of the Group.

19. HIRE PURCHASE PAYABLES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Minimum hire purchase payments				
- not later than 1 year	143,907	183,355	21,939	87,804
- later than 1 year and not later than 5 years	153,634	111,903	-	21,939
	297,541	295,258	21,939	109,743
Future finance charges on hire purchase	(24,721)	(36,994)	(1,950)	(9,750)
Present value of hire purchase liabilities	272,820	258,264	19,989	99,993
Present value of hire purchase liabilities				
- not later than 1 year	118,667	157,965	19,989	80,004
- later than 1 year and not later than 5 years	154,153	100,299	-	19,989
	272,820	258,264	19,989	99,993

Notes to the financial statements...cont'd.

20. SHARE CAPITAL

GROUP AND COMPANY	2007 RM	2006 RM
Ordinary shares of RM1 each:		
Authorised	500,000,000	500,000,000
Issued and fully paid-up	171,710,350	171,710,350

21. RESERVES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
<u>Non-distributable</u>				
Share Premium Reserve	19,910,712	19,910,712	19,910,712	19,910,712
Share Buy-Back Reserve	8,930,000	8,930,000	8,930,000	8,930,000
Foreign Currency Translation Reserve	(476,323)	14,428,649	-	-
	28,364,389	43,269,361	28,840,712	28,840,712
<u>Distributable</u>				
Accumulated Profit	76,557,255	45,398,586	14,498,529	7,605,324
	104,921,644	88,667,947	43,339,241	36,446,036

The Share Buy-Back reserve arose pursuant to the Company's purchased of its own shares. The Company has sufficient Section 108 tax credit to frank all of its distributable reserves if paid by way of dividends amounting RM10,203,607 (2006: RM10,471,660).

22. MINORITY INTEREST

The minority interest reflects a net debit balance due to losses borne by a minority corporate shareholder.

Notes to the financial statements...cont'd.

23. ADVANCE FROM JOINT VENTURE SHAREHOLDER

The advance is in the nature of a long term advance of that minority shareholder's proportionate contribution pertaining to a subsidiary's hotel development project in Australia and it is unsecured and bears no interest.

24. TERM LOAN

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Balance as at 31 March	139,000,000	257,975,195	130,000,000	90,000,000
Less:				
Payable within 12 months (short term borrowings - Note 17)	(45,300,000)	(1,960,800)	(45,000,000)	-
Payable after 12 months	93,700,000	256,014,395	85,000,000	90,000,000

Included in the above amount in the financial year ended 31 March 2006 is principal sum of RM168 million; AUD64.25 million granted to Reliance-OSW Investment Trust, which is the owner of Avillion Hotel, Sydney. The facility is secured by a first legal charge over the land and building of Avillion Hotel in Sydney, Australia. The loan facility of RM168 million; AUD64.25 million is guaranteed by the Company in proportion of its shareholdings of 51%. The balance 49% is guaranteed by IJM Corporation Bhd. During the current financial year, the loan facility has been fully settled.

Included in the above also is a term loan granted to a subsidiary company during the financial year. The term loan is obtained from a financial institution to part finance the purchase of a double storey office building as stated in Note 7 to the financial statements. The loan is repayable by 180 months commencing from the date of the first drawdown and bears an effective interest rate at 1.5% per annum above the Effective Cost of Funds (ECOF).

The loan is secured by the followings:

- i) First party first legal charge over the property; and
- ii) Corporate Guarantee by the ultimate holding company.

The Company has been granted a Collateralised Loan Obligation (CLO) from financial institutions for Unsecured Fixed Rate Term Loan facility of up to RM130,000,000 (2006: RM90,000,000). The purposes of the loan are to raise funds to primarily refinance the bank borrowings as well as for working capital requirements. The repayment is in one lump sum after 5 years of the first drawn down. The effective interest rate charged is ranging from 6.50% to 7.55% per annum.

Notes to the financial statements...cont'd.

25. ANALYSIS OF GROUP'S RESULT, REVENUE AND COST OF SALES

Revenue of the Company represents gross dividend income, management fees and investment income. Revenue of the Group represents the gross invoiced value of tour operations, less discounts and returns and agency commission; income from other travel related services; proportionate sale value of development properties completed during the year; progress billings from design and artwork services rendered; fees from business computing solutions rendered and income from the operation of a marina club.

The revenue and cost of sales incurred in relation to revenue for the Group are as follows:

i) Revenue and cost of sales

Type of activity	Revenue	Cost of sales	Composition of cost of sales
GROUP	RM'000	RM'000	
2007			
Continuing operations:			
Tours operations and other travel related services	338,643	292,963	Purchases of tours, tickets, hire of coach, fuel, maintenance and upkeep of vehicles, and other related expenses.
Development properties	13,325	7,846	Development cost of properties and discount given to club members.
Hotel and resort management	34,112	4,064	Cost of material purchased and related overheads.
Total from continuing operations	<u>386,080</u>	<u>304,873</u>	
Discontinued operation (Note 39):			
Hotel and resort management	60,701	24,583	Cost of material purchased and related overheads.
Total from discontinued operation	<u>60,701</u>	<u>24,583</u>	
TOTAL	<u>446,781</u>	<u>329,456</u>	

Notes to the financial statements...cont'd.

Type of activity	Revenue	Cost of sales	Composition of cost of sales
GROUP	RM'000	RM'000	
2006 (As restated)			
Continuing operations:			
Tours operations and other travel related services	343,913	293,506	Purchases of tours, tickets, hire of coach, fuel, maintenance and upkeep of vehicles, and other related expenses.
Development properties	8,257	4,837	Development cost of properties and discount given to club members.
Hotel and resort management	29,856	3,702	Cost of material purchased and related overheads.
Total from continuing operations	382,026	302,045	
Discontinued operation (Note 39):			
Hotel and resort management	58,805	26,861	Cost of material purchased and related overheads.
Total from discontinued operation	58,805	26,861	
TOTAL	440,831	328,906	

Notes to the financial statements...cont'd.

ii) Summary of Group's results

	Continuing operations RM	Discontinued operation (Note 39) RM	Total RM
2007			
Revenue	386,080,518	60,700,526	446,781,044
Profit before gain on disposal of discontinued operation	23,404,301	2,248,085	25,652,386
Gain on disposal of discontinued operation - Avillion Hotel Sydney	-	14,040,226	14,040,226
Profit before taxation	23,404,301	16,288,311	39,692,612
Taxation	(3,107,492)	-	(3,107,492)
Net profit for the year	20,296,809	16,288,311	36,585,120
2006			
Revenue	382,025,943	58,805,528	440,831,471
Profit/(Loss) before taxation	21,206,603	(2,250,263)	18,956,340
Taxation	(1,984,376)	-	(1,984,376)
Net profit/(loss) for the year	19,222,227	(2,250,263)	16,971,964

Notes to the financial statements...cont'd.

26. PROFIT FROM OPERATIONS

Profit from operations is arrived at:

	GROUP		COMPANY	
	2007	As restated 2006	2007	2006
	RM	RM	RM	RM
After charging:				
Directors' remuneration:				
- fees - current year	184,600	216,875	70,000	70,000
- under provision in previous year	35,000	35,000	35,000	35,000
- other emoluments	3,133,110	2,689,342	595,654	446,205
Audit fees - continuing operations	174,590	176,415	10,000	10,000
- discontinued operation	137,150	171,680	-	-
Depreciation of property, plant and equipment				
- continuing operations	3,143,135	3,242,660	260,802	255,344
- discontinued operation	1,251,346	1,301,103	-	-
Rental of office premises	2,692,777	2,697,962	95,738	66,193
Provision for doubtful debts				
- continuing operations	136,383	24,000	-	-
- discontinued operation	117,625	-	-	-
Bad debts written off				
- continuing operations	-	28,276	-	-
- discontinued operation	-	74,249	-	-
Deferred expenditure written off				
- continuing operations	178,484	417,807	-	-
- discontinued operation	-	1,885,539	-	-
Loss on disposal of property, plant and equipment	1,837	54,111	-	-
Property, plant and equipment written off	254	4,591	-	-
Royalties expenses	208,596	193,605	-	-
Realised loss on foreign exchange	423,796	-	-	-
Amortisation of goodwill	-	261,804	-	-
Continuing operations:				
Staff costs - Short term benefits	17,567,324	17,250,813	608,625	600,031
- EPF contributions	1,479,466	1,464,857	88,400	79,791
Discontinued operation:				
Staff costs - Short term benefits	15,976,376	20,951,156	-	-

Notes to the financial statements...cont'd.

	GROUP		COMPANY	
	As restated			
	2007	2006	2007	2006
	RM	RM	RM	RM
And crediting:				
Gross dividend from:				
- Quoted shares in Malaysia	6,658	8,525	-	-
- Subsidiaries	-	-	14,587,844	11,185,844
Realised gain on foreign exchange	66	15,851	7,570,805	-
Unrealised gain on foreign exchange	-	261	-	-
Gain on disposal of investment	3,187	234,600	-	234,600
Interest income from:				
- Fixed deposit interest	273,408	142,433	269,173	138,696
- Repo interest income	803,866	802,424	37,830	36,040
- Authorised depository interest	-	880,714	-	880,714
- Others	36,979	16,515	-	-
Management fees from subsidiary companies	-	-	1,243,071	1,474,104
Rental income	623,564	512,811	-	-
Gain on disposal of property, plant and equipment	14,137,806	3,679,769	-	-
Gain on disposal of investment properties	3,343,155	-	-	-

Notes to the financial statements...cont'd.

27. FINANCE COSTS

	GROUP		COMPANY	
	As restated			
	2007	2006	2007	2006
	RM	RM	RM	RM
Loan interest	121,247	20,531	-	-
Bond interest	677,338	2,466,667	677,338	2,466,667
Overdraft interest	2,032,942	1,354,035	260,958	44,389
Revolving credit interest	1,912,733	1,671,330	421,884	293,733
Interest on inter company advance	-	-	244,999	312,596
Amortisation - Bonds Incidental Costs	112,206	336,618	112,206	336,618
Amortisation - Bonds Discount Value	983,840	2,951,520	983,840	2,951,520
Collateralised Loan Obligation (CLO) Interest	7,643,500	4,529,250	7,643,500	4,529,250
Amortisation - Collateralised Loan Obligation (CLO) upfront fee	565,000	360,000	565,000	360,000
Hire purchase interest	26,598	20,979	7,800	7,800
	14,075,404	13,710,930	10,917,525	11,302,573

Notes to the financial statements...cont'd.

28. TAXATION

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Tax expense for the year:				
Malaysian income tax	1,262,149	726,600	150,000	6,300
Foreign tax	190,859	207,207	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,453,008	933,807	150,000	6,300
Under/(Over) provision in previous years:				
Malaysian income tax	284,276	333,866	240,000	(17,666)
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax (Note 12):				
Malaysian	1,370,208	716,703	(16,963)	(76,050)
	<hr/>	<hr/>	<hr/>	<hr/>
Total tax expense/(income) for the Group and the Company	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	3,107,492	1,984,376	373,037	(87,416)

Malaysian income tax is calculated at the Malaysian statutory rate of 27% (2006: 28%) on the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Notes to the financial statements...cont'd.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company as follow:

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before taxation	39,692,612	18,956,340	13,447,815	6,142,440
Taxation at Malaysian statutory rate - at 27%	10,717,005	5,307,775	3,630,910	1,719,883
Tax effect on different tax rate in another country	(45,806)	(49,910)	-	-
Tax effect for subsidiary companies with lower tax rate	(3,461,177)	(4,980,304)	-	-
Tax effect on expenses that are not deductible for tax purposes	9,750,168	2,050,144	93,667	1,316,933
Income not subject to tax	(3,291,540)	(1,415,720)	(3,591,540)	(3,063,828)
Utilisation of previously unabsorbed capital allowances and unutilised business losses	(11,093,055)	(3,022,255)	-	(42,738)
Deferred tax asset not recognised during the year	247,621	3,763,680	-	-
Under/(Over) provision in prior year	284,276	333,866	240,000	(17,666)
Other items	-	(2,900)	-	-
Tax expenses/(income) for the year	3,107,492	1,984,376	373,037	(87,416)

Deferred tax assets have not been recognised in respect of the following items:

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Unabsorbed capital allowances	1,325,987	1,489,505	-	-
Unutilised business losses	170,822,842	167,224,105	-	-
	172,148,829	168,713,610	-	-

Deferred tax assets have not been recognised in respect of these items due to uncertainty of its recoverability.

Notes to the financial statements...cont'd.

As at 31 March 2007, the Group has unutilised investment tax allowance amounting to RM34,633,254 (2006: RM38,995,502).

The above unabsorbed capital allowances, unutilised business losses and investment tax allowance are available indefinitely for offset against future taxable profits, subject to the approval of the Inland Revenue Board.

29. EARNINGS/(LOSSES) PER SHARE

The basic earnings/(losses) per share have been calculated based on the Group's net profit for the financial year attributable to ordinary equity holders of the parent of RM34,502,291 (2006: RM18,389,159) divided by the weighted average number of 171,710,350 (2006: 171,710,350) ordinary shares of RM1 each in issue during the financial year.

The earnings/(losses) per share for the continuing and discontinued operation have been calculated based on the profit from continuing operations attributable to shareholders of RM19,315,642 (2006: RM19,536,793) and the profit/(loss) from discontinued operation attributable to shareholders of RM15,186,649 (2006: Loss of RM1,147,634) respectively.

30. DIVIDENDS PER SHARE

The first and final dividend paid is as follow:

GROUP AND COMPANY	2007		2006	
	Gross dividend per share SEN	Dividend less tax 28% RM	Gross dividend per share SEN	Dividend less tax 28% RM
First and final dividend	5	6,181,573	1	1,236,315

In respect of the financial year ended 31 March 2006, the Company paid a first and final dividend of 5% less tax 28% amounting to RM6,181,573 on 27 November 2006.

At the forthcoming Annual General Meeting, a first and final dividend of 6% less tax 27% amounting to RM7,520,913, in respect of the financial year ended 31 March 2007 based on the issued and fully paid up capital of 171,710,350 ordinary shares will be proposed for shareholder's approval. These financial statements do not reflect this final dividend, which will be accrued as a liability in the financial year ending 31 March 2008 when approved by shareholders.

Notes to the financial statements...cont'd.

31. CHANGES IN ACCOUNTING POLICIES AND COMPARATIVE FIGURES

a) Changes in Accounting Policies and Adoption of FRS

The changes in accounting policies relate to the accumulated amortisation expense of hotel operating equipment acquired in prior years and previously expensed in the income statement, financial liability recognised at amortised cost and write off of pre-opening expenses.

Due to the changes in accounting policies for deferred and development expenditure, the Group's has reversed back all the amortisation which has been taken into accounts in previous years.

The effects of changes in accounting policies are as follows:

GROUP	2005 RM'000
Effects on Retained Profits :	
At 1 April, as previously reported	29,359
Effects of changes in accounting policies	(1,113)
	<hr/>
At 1 April, as restated balance	28,246
	<hr/> <hr/>

Notes to the financial statements...cont'd.

b) Comparative Figures

Certain comparative figures have been changed due to changes in accounting policies and adoption of FRS 5 and 140 as follows :

GROUP	2006	
	As restated	As previously reported
	RM'000	RM'000
Effects on Balance Sheet :		
Property, plant and equipment*	456,167	457,934
Investment property*	1,767	-
Deferred expenditure#	381	2,930
Trade and other payables#	(60,842)	(61,209)
Minority interest#	5,090	4,020
Reserves*#	(88,668)	(89,781)
Effects on Income Statement :		
Revenue^	382,026	440,831
Cost of sales^	(302,045)	(328,906)
Gross profit^	79,981	111,925
Other operating income^	6,570	6,670
Administrative expenses^	(51,634)	(72,805)
Profit from operations^	34,917	45,790
Finance costs^	(13,711)	(26,834)
Profit from continuing operations before taxation^	21,206	18,956
Taxation^	(1,984)	(1,984)
Profit from continuing operations^	19,222	16,972
Net (loss)/profit from discontinued operation, net of tax^	(2,250)	-
Net profit for the year^	16,972	16,972
Effects on Cash Flow Statements :		
Increase in payables@	11,126	3,575
Decrease in advance from joint venture shareholder@	(7,551)	-

* Due to adoption of FRS 140

Due to changes in accounting policies

^ Due to adoption of FRS 5

@ Due to reclassification of accounts

Notes to the financial statements...cont'd.

32. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company made the following cash payment to purchase of property, plant and equipment:

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Purchase of property, plant and equipment	3,506,666	2,732,131	20,232	77,876
Financed by hire purchase arrangements	(260,000)	-	-	-
Cash payment to purchase of property, plant and equipment	<u>3,246,666</u>	<u>2,732,131</u>	<u>20,232</u>	<u>77,876</u>

33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Fixed and call deposits	42,445,692	37,600,895	38,000,000	9,788,115
Cash and bank balances	38,866,311	16,751,496	1,108,226	73,340
Bank overdrafts	(1,992,122)	(5,308,213)	(10,461)	(101,546)
	<u>79,319,881</u>	<u>49,044,178</u>	<u>39,097,765</u>	<u>9,759,909</u>

Included in the amount is an Authorised Depository with the financial institution pledged as security amounting to RM13,000,000 (2006: RM9,000,000).

Notes to the financial statements...cont'd.

34. CONTINGENT LIABILITIES

As at 31 March 2007, the Company and the Group, have contingent liabilities as follows:

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
a) Corporate guarantees given by the Company to banks and suppliers for credit facilities granted to subsidiary companies	-	-	97,048,750	174,597,860
b) Secured bank guarantees issued to third parties in the ordinary course of business	971,028	1,353,396	-	-
	<u>971,028</u>	<u>1,353,396</u>	<u>97,048,750</u>	<u>174,597,860</u>
c) A claim has been made against one of the subsidiary company by a main contractor for an alleged non-payment of debts of RM11.96 million. The said subsidiary company has counter-claimed for RM10.8 million, being loss of revenue and liquidated ascertained damages as stipulated in the contract. Both parties have agreed to resolve the dispute through an arbitration process.				

Notes to the financial statements...cont'd.

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

GROUP

	2007	2006
	RM	RM
a) Services rendered to the companies controlled by certain directors		
World Net Services Sdn Bhd (Incorporated in Malaysia)	182,052	181,352
Relvest Management Services Sdn Bhd (Incorporated in Malaysia)	12,363	12,363
Hotemart Travel Services Sdn Bhd (Incorporated in Malaysia)	257,242	208,272
Reliance Computer Centre Sdn Bhd (Incorporated in Malaysia)	68,130	68,129
	<hr/> <hr/>	<hr/> <hr/>
b) Services rendered by the companies controlled by certain directors		
Relvest Management Services Sdn Bhd	282,114	340,074
	<hr/> <hr/>	<hr/> <hr/>
c) Purchases from the company controlled by certain directors		
Jade Travel Limited (Incorporated in New Zealand)	-	308,227
Japan Insight Travel Inc. (Incorporated in Japan)	570,216	-
Australian Vacations Pty. Ltd. (Incorporated in Australia)	2,285,013	77,608
Vacation Asia (HK) Limited (Incorporated in Hong Kong)	512,458	527,612
Hotemart Travel Services Sdn Bhd (Incorporated in Malaysia)	2,180,703	12,071,307
Hotemart International Limited (Incorporated in Hong Kong)	3,841,330	126,035
Reliance Computer Centre Sdn Bhd (Incorporated in Malaysia)	2,752,762	1,500,898
Travel Save & Tours Sdn Bhd (Incorporated in Malaysia)	11,021,652	3,305,838
Hotemart Europe Ltd (Incorporated in United Kingdom)	22,786	-
Hotemart On-Line Sdn Bhd (Incorporated in Malaysia)	5,991,864	-
Hotemart International (Labuan) Limited (Incorporated in Malaysia)	55,508	-
Vacation Asia (Thailand) Co. Ltd (Incorporated in Thailand)	147,844	494,061
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements...cont'd.

	2007	2006
	RM	RM
d) Sales to the company controlled by certain directors		
Reliance Travel (Thailand) Ltd (Incorporated in Thailand)	8,740	587,529
Reliance Holidays (Thailand) Ltd (Incorporated in Thailand)	190,038	-
Hotemart Travel Services Sdn Bhd (Incorporated in Malaysia)	1,743,473	415,996
Vacation Asia (HK) Limited (Incorporated in Hong Kong)	79,727	-
Reliance Travel (Hong Kong) Limited (Incorporated in Hong Kong)	1,311	-
World.Net Services Ltd (Incorporated in Australia)	50,914	117,749
Reliance College Sdn Bhd (Incorporated in Malaysia)	-	1,247
Reliance Tour (UK) Limited (Incorporated in United Kingdom)	7,478	-
Hotemart Europe Ltd (Incorporated in United Kingdom)	-	42,132
Hotemart International Limited (Incorporated in Hong Kong)	5,145,875	9,032,629
Travel Save & Tours Sdn Bhd (Incorporated in Malaysia)	71,441	343,751
Japan Insight Travel Inc. (Incorporated in Japan)	137,803	75,649
Hotemart International (Labuan) Limited (Incorporated in Malaysia)	990,507	1,720,037
Hotemart On-Line Sdn Bhd (Incorporated in Malaysia)	124,396	-

The transactions have been entered into the normal course of business at terms mutually agreed between the parties.

Notes to the financial statements...cont'd.

36. SEGMENT INFORMATION

31 March 2007

	Travel RM	Resort Development RM	Hotel Development Malaysia RM	Overseas RM	Support RM	Group Management and Others RM	Consolidated RM
Revenue	338,643,063	13,324,963	34,112,492	-	-	-	386,080,518
Result							
Segment results	22,022,557	427,191	9,383,549	(21,746)	17,020	(8,424,270)	23,404,301
Taxation							(3,107,492)
Profit from continuing operations							20,296,809
Profit from discontinued operation (note 39)							16,288,311
Net profit for the year							36,585,120
Minority interest							(2,082,829)
Profit attributable to equity holder of the parent							34,502,291
Assets employed							
- Continuing operations	178,371,438	119,771,103	109,979,619	8,808,520	2,061,681	48,521,755	467,514,116
- Discontinued operation	-	-	-	17,201,660	-	-	17,201,660
	178,371,438	119,771,103	109,979,619	26,010,180	2,061,681	48,521,755	484,715,776

Notes to the financial statements...cont'd.

36. SEGMENT INFORMATION...(Cont'd.)

31 March 2006

	Travel RM	Resort Development RM	Hotel Development Malaysia RM	Overseas RM	Support RM	Group Management and Others RM	Consolidated RM
Revenue	343,912,718	8,256,950	29,856,275	-	-	-	382,025,943
Result							
Segment results	26,298,443	(4,782,945)	4,715,116	56,507	(231,428)	(4,849,090)	21,206,603
Taxation							(1,984,376)
Profit from continuing operations							19,222,227
Loss from discontinued operation (Note 39)							(2,250,263)
Net profit for the year							16,971,964
Minority interest							1,417,195
Profit attributable to equity holder of the parent							18,389,159
Assets employed							
- Continuing operations	180,087,146	101,279,286	109,679,133	8,788,596	1,592,795	20,033,276	421,460,232
- Discontinued operation	-	-	-	308,516,726	-	-	308,516,726
	180,087,146	101,279,286	109,679,133	317,305,322	1,592,795	20,033,276	729,976,958

Notes to the financial statements...cont'd.

37. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts of cash and cash equivalents, receivables, payables and short term borrowings including hire purchase payables approximate their fair values due to the relatively short term nature of these financial instruments.

In respect of amount due by subsidiaries, it is not practical to determine the fair values due to uncertainties of timing and repayment term and without incurring excessive costs. However, the directors do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the value that would eventually be received or settled.

The fair values of investment in quoted shares and investment properties are disclosed in Note 7 and 8 to the financial statements.

The fair values of all other financial assets and liabilities of the Group and of the Company as at 31 March 2007 are not materially different from their carrying amounts.

38. SIGNIFICANT EVENTS

- a) On 10 August 2006, Avillion Marketing Sdn. Bhd., a subsidiary company has changed its name to Avillion Hotel Group Sdn. Bhd.
- b) On 15 January 2007, Reliance-OSW (Nominees) Pty Limited and Avillion Hotels International (Sydney) Pty Limited, both 51% owned subsidiaries of the Company have signed the following agreements;
 - i) Business Sale Deed entered between Avillion Hotels International (Sydney) Pty Limited ("The Vendor"), Reliance-OSW (Nominees) Pty Limited ("The Owner") and Schwartz Family Co. Pty Limited ("The Purchaser") to sell the business of the Avillion Hotel, Sydney as a going concern basis.
 - ii) Contract for the Sale of Land entered between Reliance-OSW (Nominees) Pty Limited ("As Vendor") and Schwartz Family Co. Pty Limited ("As Purchaser") and Avillion Hotels International (Sydney) Pty Limited ("As Business Owner") to sell the Avillion Hotel, Sydney situated at 389 Pitt Street, Sydney NSW 2000, Australia.

The total consideration of the above transactions is AUD115 million.

Notes to the financial statements...cont'd.

39. DISCONTINUED OPERATION

The Group disposed of the Avillion Hotel, Sydney on 15 January 2007 as disclosed in Note 38 to the financial statements.

The effects of the disposal on the financial results of the Group for the financial year ended 31 March 2007 are as follows:

	2007 RM	As restated 2006 RM
Revenue	60,700,526	58,805,528
Cost of sales	(24,583,041)	(26,860,564)
Gross profit	36,117,485	31,944,964
Other operating income	-	-
Administrative expenses	(20,471,230)	(21,071,294)
Profit from operations (Note 26)	15,646,255	10,873,670
Finance cost	(13,398,170)	(13,123,933)
Profit/(Loss) from discontinued operation before taxation	2,248,085	(2,250,263)
Gain on disposal from discontinued operation	14,040,226	-
	16,288,311	(2,250,263)
Taxation	-	-
Net profit/(loss) from discontinued operation	16,288,311	(2,250,263)

The cash flow attributable to the discontinued operation is as follows:

	2007 RM	2006 RM
Net cash (used in)/generated from operating activities	(53,888,568)	1,070,301
Net cash generated from/(used in) investing activities	315,445,000	(29,167,232)
Net cash (used in)/generated from financing activities	(188,337,745)	30,843,695
Net cash generated from discontinued operation	73,218,687	2,746,764



List of Properties as at 31 March 2007

Location	Description Existing Use	Tenure	Age of Building	Size		Net Book Value (RM'000)	Revaluation Date/ Date of Acquisition
				Net Built-up Area	Land Area		
RELIANCE SHIPPING & TRAVEL AGENCIES SDN. BHD.							
Lots Nos. T079 to T084, 3 rd Floor, Sungei Wang Plaza, Jalan Sultan Ismail, 55100 Kuala Lumpur.	Retail Outlets in commercial complex	Freehold	31 years	4,822 sq ft	-	2,618	7.3.1984 (Date of Revaluation)
C.T. 12330 Lot 2067, Mukim Pasir Panjang, Daerah Port Dickson, Negeri Sembilan.	Agriculture Land for future development	Freehold	-	-	71,518 sq ft	1,425	23.12.1994
RELIANCE SHIPPING & TRAVEL AGENCIES (PERAK) SDN BHD							
Complex Unit No. 1-12, Bangunan Seri Kinta, Lot 4180 Geran 1639, Bandar Ipoh, Perak.	Retail outlets cum office located at commercial cum office complex	Freehold	25 years	1,386 sq ft	-	432	16.9.1981
FORTUNE VALLEY SDN BHD							
C.T. 5972, Lot 1273, 3 rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan	Avillion Port Dickson consists of 294 rooms, suites and water chalets	Freehold	9 years	-	15,507 sq ft	69,527	(Note 1)
H.S.(D) 12303, 15353 and 18191, 3 rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.		Leasehold (99 years expiry -2095)	10 years	-	44,640 sq.m		
C.T. 2977, Lot 312, 3 rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan	Car Park for Avillion Port Dickson	Freehold	-	-	1.156 hectares	5,814	29.8.1998
C.T. 4723 & C.T. 4718, Lot 1185 &1179, 9th Mile, Port Dickson, Negeri Sembilan	Vacant Land for future development	Freehold	-	-	3,895 sq.m	2,819	27.10.1998
ADMIRAL COVE DEVELOPMENT SDN. BHD.							
H.S.(D) 13641, 13642, 13643 and 19662, 5 th Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Admiral Cove Premier Integrated Marina Resort	Leasehold (99 years expiry-2094)	9 years	-	106,039 sq.m	70,657	2.12.1993
ADMIRAL HILL HOTEL SDN. BHD.							
H.S.(D) 24667 PT 215, 5 th Mile, Mukim Pekan, Teluk Kemang, Daerah Port Dickson, Negeri Sembilan	Vacant Land for future development	Leasehold (99 years expiry – 2102)	-	-	44,161 sq.m	4,431	6.6.2002
GENIUS FIELD SDN. BHD.							
H.S.(D) 18698 PT 3412, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Vacant Land for future development	Leasehold (99 years expiry – 2096)	-	-	21,037 sq.m	4,201	18.5.2004
H.S.(D) 18699 PT 3413, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Vacant Land for future development	Leasehold (99 years expiry – 2096)	-	-	100,081 sq.m	8,767	18.5.2004
				Date of Purchase			
Note 1:	C.T. 5972 Lot 1273, 3 rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan			25.1.1992			
	H.S.(D) 12303, 3 rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan			31.10.1996			
	H.S.(D) 15353, 3 rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan			26.11.1996			
	H.S.(D) 18191, 3 rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan			7.7.1997			



Analysis of Shareholdings as at 15 August 2007

Authorised Share Capital	:	RM500,000,000
Issued & Paid-up Capital	:	RM171,710,350
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights		
On show of hands	:	1 vote
On a poll	:	1 vote for each share held

DISTRIBUTION OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	Number of Shares	Percentage of Issued Capital
Less than 100	333	13,587	0.01
100 to 1,000	292	151,951	0.09
1,001 to 10,000	1,873	5,853,466	3.41
10,001 to 100,000	287	6,229,635	3.63
100,001 to less than 5% of issued shares	66	117,717,182	68.55
5% and above of issued shares	2	41,744,529	24.31
	<u>2,853</u>	<u>171,710,350</u>	<u>100.00</u>

REGISTER OF SUBSTANTIAL SHAREHOLDERS (Excluding Bare Trustees)

	Number of Shares	Percentage of Issued Capital	Number of Shares	Percentage of Issued Capital
	Direct		Indirect	
1. Reliance Holdings Sdn Bhd	6,743,360	3.93	76,743,629 (Note (a))	44.69
2. Dato' Gan Eng Kwong	2,567,900	1.50	92,012,989 (Note (b))	53.58
3. Datin Irene Tan	-	-	94,580,889 (Note (c))	55.08
4. Dato' Mukhriz Mahathir	1,250,000	0.73	7,783,497 (Note (d))	4.53
5. Thong Swe Cheong	215,325	0.12	11,582,425 (Note (e))	6.75

DIRECTORS' SHAREHOLDINGS

	Number of Shares	Percentage of Issued Capital	Number of Shares	Percentage of Issued Capital
	Direct		Indirect	
1. Dato' Gan Eng Kwong	2,567,900	1.50	92,012,989 (Note (b))	53.58
2. Datin Irene Tan	-	-	94,580,889 (Note (c))	55.08
3. Dato' Mukhriz Mahathir	1,250,000	0.73	7,783,497 (Note (d))	4.53
4. Tan Sri Dato' Seri Abdul Rahim Bin Dato' Tak	40,750	0.02	-	-
5. Dato' Abdul Rahim Bin Osman	50,500	0.03	-	-
6. Lim Guan Chin	180,750	0.11	- (Note (f))	-

Notes:-

- (a) Reliance Holdings Sdn Bhd is deemed to have an indirect interest held through nominees.
(b) Deemed interested by virtue of Section 6A(4) of the Companies' Act 1965 held through Reliance Holdings Sdn Bhd and nominees.
(c) Deemed interested by virtue of Section 122(A) of the Companies' Act 1965 being the spouse of Dato' Gan Eng Kwong and by virtue of Section 6A(4) of the Companies' Act 1965 held through Reliance Holdings Sdn Bhd and nominees.
(d) Deemed interested by virtue of Section 6A(4) of the Companies' Act 1965 held through Prestige Avenue (M) Sdn Bhd, nominees and M-Ocean Holdings Sdn Bhd and nominees.
(e) Deemed interested by virtue of Section 6A(4) of the Companies' Act 1965 held through nominees and Section 122(A) of the Companies' Act 1965 held through spouse.
(f) Deemed interested under Section 122(A) of the Companies' Act 1965 held through spouse

THIRTY LARGEST SHAREHOLDERS

	No of Shares	Percentage of Issued Capital
1. HLB Nominees (Tempatan) Sdn Bhd - Pledged securities account for Reliance Holdings Sdn Bhd	23,486,700	13.68
2. AMSEC Nominees (Tempatan) Sdn Bhd - AmBank (M) Berhad for Reliance Holdings Sdn Bhd	18,257,829	10.63
3. HSBC Nominees (Tempatan) Sdn Bhd - Pledged securities account for Reliance Holdings Sdn Bhd	8,311,500	4.84
4. CIMB Group Nominees (Tempatan) Sdn Bhd - Dato' Gan Eng Kwong for Reliance Holdings Sdn Bhd	8,100,000	4.72
5. Reliance Holdings Sdn Bhd	6,743,360	3.93
6. Mayban Nominees (Tempatan) Sdn Bhd - Pledged securities account for Reliance Holdings Sdn Bhd	6,627,950	3.86
7. Mayban Nominees (Tempatan) Sdn Bhd - Pledged securities account for Reliance Holdings Sdn Bhd	6,010,000	3.50
8. AMSEC Nominees (Tempatan) Sdn Bhd - AmBank (M) Berhad for Reliance Holdings Sdn Bhd	5,949,650	3.46
9. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB Bank for Dato' Gan Eng Kwong	5,130,000	2.99
10. AMSEC Nominees (Tempatan) Sdn Bhd - AmBank (M) Berhad for Chong Yen Yin	4,221,000	2.46
11. AmBank (M) Berhad - Pledged securities account for Thong Swe Cheong	3,871,250	2.25
12. AMSEC Nominees (Tempatan) Sdn Bhd - AmBank (M) Berhad for Prestige Avenue (M) Sdn Bhd	3,693,748	2.15
13. Citigroup Nominees (Asing) Sdn Bhd - UBS AG	3,350,000	1.95
14. Jane Wong Choong Ying @ Julia Binti Abdullah	3,134,900	1.83
15. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB Bank for Thong Swe Cheong	2,850,000	1.66
16. Tan Sin Chong	2,526,100	1.47
17. ALLIANCEGROUP Nominees (Tempatan) Sdn Bhd - Pledged securities account for Dato' Gan Eng Kwong	2,488,000	1.45
18. Jane Wong Choong Ying @ Julia Binti Abdullah	2,427,950	1.41
19. RHB Nominees (Tempatan) Sdn Bhd - Pledged securities account for Chan Chong Cheat @ Chan Chong Kiat	2,403,600	1.40
20. Dato' Gan Eng Kwong	2,304,950	1.34
21. AMSEC Nominees (Tempatan) Sdn Bhd - AmBank (M) Berhad for Prestige Avenue (M) Sdn Bhd	2,130,586	1.24
22. M&A Nominee (Tempatan) Sdn Bhd - Pledged securities account for Chan Chong Cheat @ Chan Chong Kiat	1,982,800	1.15
23. M-Ocean Holdings Sdn Bhd	1,959,163	1.14
24. AIBB Nominees (Tempatan) Sdn Bhd - Pledged securities account for Thong Swe Cheong	1,904,450	1.11
25. M & A Nominee (Tempatan) Sdn Bhd - Pledged securities account for Lee Pok Mun	1,710,000	1.00
26. Citigroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Thong Swe Cheong	1,648,100	0.96
27. Citigroup Nominees (Tempatan) Sdn Bhd - ING Insurance Berhad	1,638,750	0.96
28. M & A Nominee (Tempatan) Sdn Bhd - Pledged securities account for Chong Yen Yin	1,624,800	0.95
29. Chan Choy Har	1,462,100	0.85
30. OSK Nominees (Tempatan) Sdn Berhad - Pledged securities account for Chan Chong Cheat @ Chan Chong Kiat	1,458,900	0.85
	<u>139,408,136</u>	<u>81.19</u>



Proxy form

15th Annual
General Meeting

RELIANCE PACIFIC BERHAD (244521 A)
(Incorporated in Malaysia)

No. of Ordinary Shares Held

I/We

Name in Block Letters

of

Full Address

being (a) member (s) of **RELIANCE PACIFIC BERHAD**, HEREBY APPOINT

Mr/Mrs/Mdm/Miss

of

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the 15th Annual General Meeting of the Company to be held on Thursday 27 September 2007 at 3.00 p.m. and at any adjournment thereof, in the manner indicated below:

RESOLUTION NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1	Adoption of Audited Financial Statements and Reports of Directors and Auditors for the financial year ended 31 March 2007.		
2	Declaration of first and final dividend of 6% less 27% income tax for the financial year ended 31 March 2007.		
3	Re-election of Dato' Mukhriz Mahathir who is retiring by rotation pursuant to the Company's Articles of Association.		
4	Re-election of Datin Irene Tan who is retiring by rotation pursuant to the Company's Articles of Association.		
5	Retirement of Tan Sri Dato' Seri Abdul Rahim Bin Dato' Tak under Section 129(6) of the Companies' Act, 1965.		
6	Approval of Directors' fees for the financial year ended 31 March 2007		
7	Re-appointment of Messrs AljeffriDean as the Company's Auditors and to authorise the Directors to fix their remuneration.		
8	Approval of allotment and issue of shares pursuant to Section 132D of the Companies Act, 1965.		
9	Proposed renewal of Shareholders' Mandate on Recurrent Related Party Transactions of a revenue or trading nature.		

Please indicate with an "X" in the spaces provided how you wish your vote to be cast. In the absence of specific instructions, your Proxy will vote or abstain from voting as he/she thinks fit.

Signature :

Dated this day of 2007

NOTES:

1. Every member of the Company is entitled to appoint a proxy or in the case of a corporation, to appoint a representative to attend and vote in his stead. A proxy need not be a member of the Company.
2. The Proxy Form must be signed by the appointer or by his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.
4. The Proxy Form must be deposited at the Registered Office of the Company at Block A Unit A-5-3 Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

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AFFIX
STAMP
HERE

Reliance Pacific Berhad Company No. 244521 A
Block A Unit A-5-3, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia

Fold this flap for sealing