

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 30 JUNE 2011

	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	Current Period Quarter Ended Jun 30 (RM'000)	Preceding Year Quarter Ended Jun 30 (RM'000)	Current 3 months Cumulative to date Jun 30 (RM'000)	Preceding Year Period Ended Jun 30 (RM'000)
Revenue	64,033	121,760	64,033	121,760
Operating Expenses	-60,494	-118,812	-60,494	-118,812
Other Operating Income	96	1,697	96	1,697
Depreciation and amortisation	-899	-1,030	-899	-1,030
Finance Costs	-2,329	-3,182	-2,329	-3,182
Share of results of associates	-12	0	-12	0
Profit before tax	395	433	395	433
Taxation	-193	-278	-193	-278
Profit for the period	202	155	202	155
Profit Attributable to :				
Owner of the Parent	237	-64	237	-64
Non-controlling interest	-35	219	-35	219
	202	155	202	155
Basic earnings/(losses) per share (sen)	0.03	(0.01)	0.03	(0.01)
Diluted earning per share	N / A	N / A	N / A	N / A

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2011)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2011

	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	Current Period	Preceding Year	Current 3 months	Preceding Year
	Quarter Ended	Quarter Ended	Cumulative to date	Period Ended
	Jun 30	Jun 30	Jun 30	Jun 30
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Profit for the period	202	155	202	155
Exchange differences on translating foreign operations	234	334	234	334
Net changes in fair value of Available-for-sale	19	-3,653	19	-3,653
Total comprehensive loss for the period	<u>455</u>	<u>-3,164</u>	<u>455</u>	<u>-3,164</u>
Total Comprehensive Loss Attributable to :				
Owner of the Parent	490	-3,383	490	-3,383
Non-controlling interest	<u>-35</u>	<u>219</u>	<u>-35</u>	<u>219</u>
	<u>455</u>	<u>-3,164</u>	<u>455</u>	<u>-3,164</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2011)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	As at Jun 30, 11 (RM'000) (Unaudited)	As at Mar 31, 11 (RM'000) (Audited)
ASSETS:		
Non Current Assets		
Property, plant & equipment	235,904	234,927
Investment property	1,861	1,867
Goodwill arising on consolidation	30,123	20,542
Investment in Associates	71	83
Available-for-sales financial assets	628	606
Deferred and development expenditure	473	527
Land held for development	81,215	76,695
Deferred tax assets	57	54
Total Non Current Assets	<u>350,332</u>	<u>335,301</u>
Current Assets		
Inventories	22,785	22,806
Trade and other receivables	144,147	148,092
Development properties	7,998	0
Fixed and call deposits	15,764	15,762
Cash and bank balances	3,782	35,037
Total Current Assets	<u>194,476</u>	<u>221,697</u>
TOTAL ASSETS	<u>544,808</u>	<u>556,998</u>
EQUITY AND LIABILITIES:		
Equity attributable to owners of the Parent:		
Share capital	171,710	171,710
Other Reserves	98,147	97,894
Retained Profit	72,883	72,646
Attributable to equity holders of the parent	342,740	342,250
Non-controlling interest	5,456	5,491
TOTAL EQUITY	<u>348,196</u>	<u>347,741</u>
Non-Current Liabilities:		
Term Loan	66,833	66,458
Hire purchase	163	171
Deferred tax liabilities	539	537
Total Non-Current Liabilities	<u>67,535</u>	<u>67,166</u>
Current Liabilities		
Trade and other payables	33,168	42,921
Short term borrowings	55,689	58,916
Collateralised Loan Obligation (CLO)	40,000	40,000
Hire purchase	55	55
Taxation	165	199
Derivative financial liabilities	0	0
Total Current Liabilities	<u>129,077</u>	<u>142,091</u>
TOTAL LIABILITIES	<u>196,612</u>	<u>209,257</u>
TOTAL EQUITY AND LIABILITIES	<u>544,808</u>	<u>556,998</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2011)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2011**

	← Attributable to Equity Holders of the Parent →						Distributable Reserves	Non-Controlling Interest	Total Equity	
	← Non Distributable Reserves →									
	Share Capital (RM'000)	Share Premium Reserve (RM'000)	Share Buy-back Reserve (RM'000)	Foreign Currency Translation Reserve (RM'000)	Available-for-sale Reserve (RM'000)	Revaluation Reserve (RM'000)				Retained Profits (RM'000)
3 months quarter ended 30 June 2011										
Balance at beginning of year as at 1 Apr. 2011 - as previously reported	171,710	19,911	8,930	465	-4,523	73,111	72,646	342,250	5,491	347,741
Total comprehensive income/ (loss) for the period	0	0	0	234	19	0	237	490	-35	455
Balance at end of period	171,710	19,911	8,930	699	-4,504	73,111	72,883	342,740	5,456	348,196
3 months quarter ended 30 June 2010										
Balance at beginning of year as at 1 Apr. 2010 - as previously reported	171,710	19,911	8,930	-3,150	0	79,171	63,674	340,246	-650	339,596
Effect of adopting FRS 139							751	751		751
Balance as at 1 Apr 2010 - as restated	171,710	19,911	8,930	-3,150	0	79,171	64,425	340,997	-650	340,347
Total comprehensive income/ (loss) for the period	0	0	0	334	-3,653	0	-64	-3,383	219	-3,164
Balance at end of period	171,710	19,911	8,930	-2,816	-3,653	79,171	64,361	337,614	-431	337,183

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2011)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2011

	2011	2010
	3 months	3 months
	ended	ended
	Jun 30	Jun 30
	(RM'000)	(RM'000)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	395	433
Adjustment :-		
Non-cash items	884	1,013
Non-operating items (which are investing / financing)	-38	-89
Operating profit before changes in working capital	<u>1,241</u>	<u>1,357</u>
Changes in working capital		
Net Change in current assets	4,136	37,379
Net Change in current liabilities	-12,397	2,804
Cash used in operations	<u>-7,020</u>	<u>41,540</u>
Tax Paid	-180	-227
Net cash flows from operating activities	<u>-7,200</u>	<u>41,313</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Other investment	9	11
Purchase of property, plant and equipment	-1,391	-2,222
Purchase of land held for development	-4,520	-67
Net cash outflow from acquisition of subsidiary	-12,937	0
Net cash flows from investing activities	<u>-18,839</u>	<u>-2,278</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net Bank Borrowings	-1,968	-6,716
Net cash flows from financing activities	<u>-1,968</u>	<u>-6,716</u>
Net change in cash & cash equivalents	-28,007	32,319
Cash & cash equivalents at beginning of year	12,311	-14,498
Effects of exchange rate changes on cash & cash equivalents at end of year	-20	219
Cash & cash equivalents at end of period	<u>-15,716</u>	<u>18,040</u>
Cash & cash equivalents comprise the following:		
Fixed and call deposits	15,764	22,021
Cash and bank balances	3,782	14,687
Bank overdraft	-35,262	-18,668
	<u>-15,716</u>	<u>18,040</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2011)

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2011

	2011 3 months ended Jun 30 (RM'000)
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before taxation	395
Adjustment :-	
Non-cash items	884
Non-operating items (which are investing / financing)	-38
Operating profit before changes in working capital	<u>1,241</u>
Changes in working capital	
Net Change in current assets	4,136
Net Change in current liabilities	-12,397
Cash used in operations	<u>-7,020</u>
Tax Paid	-180
Net cash flows from operating activities	<u>-7,200</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Other investment	9
Purchase of property, plant and equipment	-1,391
Purchase of land held for development	-4,520
Net cash outflow from acquisition of subsidiary	-12,937
Net cash flows from investing activities	<u>-18,839</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Net Bank Borrowings	-1,968
Net cash flows from financing activities	<u>-1,968</u>
Net change in cash & cash equivalents	-28,007
Cash & cash equivalents at beginning of year	12,311
Effects of exchange rate changes on cash & cash equivalents at end of year	-20
Cash & cash equivalents at end of period	<u>-15,716</u>
Cash & cash equivalents comprise the following:	
Fixed and call deposits	15,764
Cash and bank balances	3,782
Bank overdraft	-35,262
	<u>-15,716</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2011)

RELIANCE PACIFIC BERHAD

(Company no. 244521 A)

Notes

NOTES TO THE INTERIM FINANCIAL REPORT

A1 Accounting Policies

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2011.

A2 Changes in Accounting Policies

The significant accounting policies adopted in the interim financial statements are consistent with those adopted by the Group in the audited financial statements for the year ended 31 March 2011 except for the adoption of new FRSs, amendments and IC interpretations that are mandatory for the Group for the financial year beginning 01 July 2010 and 01 January 2011. The adoption of these FRSs, amendments and interpretations do not have a material impact on the interim financial information of the Group except for the adoption of the followings FRSs as set out below:

FRS 3 *Business Combinations* and Amendment to FRS 127 *Consolidated and Separate Financial Statements*

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 01 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendment to FRS 127 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

Other consequential amendments have been made to FRS 107 *Statement of Cash Flows*, FRS 112 *Income Taxes*, FRS 121 *The Effects of Changes in Foreign Exchange Rates*, FRS 128 *Investments in Associates* and FRS 131 *Interests in Joint Ventures*. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with non-controlling interests.

IC Interpretation 15 *Agreements for the Construction of Real Estate*

This interpretation clarifies when and how the revenue and related expenses from the sale of a real estate unit sold should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 *Construction Contracts* or FRS 118 *Revenue*.

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of this Interpretation, the Group may be required to change its accounting policy to recognise such revenues at completion, or upon after delivery.

A3 Audit Report of Preceding Annual Financial Statement

The annual audited financial statement in the preceding year was not qualified.

A4 Seasonal or Cyclical Factors

The Group is principally engaged in the following business operations:

- a) Hotel
- b) Property
- c) Travel

The major festivities and school holidays generally affect the performance of Hotel & Travel Division. The performance of Property Division is affected by the sentiments of the property cycle, as the division's profitability is dependent on the sale of its properties.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group.

A6 Accounting Estimates

There were no changes in estimates of amounts reported in prior financial quarters of the current financial year or in prior financial years that have a material effect in the current financial quarter.

A7 Issuance or Repayment of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial year to date.

A8 Dividend Paid

There were no dividends paid during the period under review.

A9 Segmental Reporting

a) Revenue

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Jun 2011 (RM'000)	Preceding Quarter Ended 30 Jun 2010 (RM'000)	Current 3 months Ended 30 Jun 2011 (RM'000)	Preceding 3 months Ended 30 Jun 2010 (RM'000)
Hotel	7,914	13,429	7,914	13,429
Property	2,243	987	2,243	987
Travel	53,876	107,344	53,876	107,344
Total	64,033	121,760	64,033	121,760

b) Profit/(Loss) before taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Jun 2011 (RM'000)	Preceding Quarter Ended 30 Jun 2010 (RM'000)	Current 3 months Ended 30 Jun 2011 (RM'000)	Preceding 3 months Ended 30 Jun 2010 (RM'000)
Continuing Operations				
Hotel	1,577	1,979	1,577	1,979
Property	(45)	576	(45)	576
Travel	667	120	667	120
RPB	(1,792)	(2,242)	(1,792)	(2,242)
Share of results of associates	(12)	0	(12)	0
Total	395	433	395	433

A10 Valuation of Property, Plant and Equipment

Land and buildings of the Group have not been revalued for the current financial year to date.

A11 Subsequent Material Events

There were no material events subsequent to the end of the current quarter.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial year to date other than the following:

- (a) Meridian Haven Sdn Bhd, a wholly owned subsidiary of RPB acquired 100% of the total shares in a company called Golden Envoy (M) Sdn Bhd. This was announced on 31 March 2011 and completed during the quarter under review.
- (b) RPB Development Sdn Bhd, a wholly owned subsidiary of RPB purchased a shelf company called Vector Junction Sdn Bhd. This was announced on 20 May 2011.
- (c) Avillion Hotel Group Sdn Bhd, a wholly owned subsidiary of RPB incorporated a wholly-owned subsidiary company in Hong Kong called Avillion Private Collection Limited. This was announced on 10 August 2011.
- (d) RPB Development Sdn Bhd, a wholly owned subsidiary of RPB purchased a shelf company called Culmen Sdn Bhd (formerly known as Kuntuman Unggul Sdn Bhd) . This was announced on 16 August 2011.

A13 Contingent Liabilities and Contingent Asset

There were no contingent liabilities and contingent Asset for the current financial year to date.

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

B1 Review of Performance of the Company and its Principal Subsidiaries

The Group consolidated revenue for the current quarter has reduced by 47.4% as compared to the preceding year 1st quarter. The reduction in revenue was mainly due to the disposal of certain subsidiaries in Malaysia on 31st March 2011, the 4th quarter of the last financial year.

The Group consolidated profit before tax for the 1st quarter under review was RM0.395 million as compared to RM0.433 million in last financial year same quarter. Reason for the slight reduction in profit was mainly due to non profit contribution from Property Division in the 1st quarter. The new development for the Property Division is currently under the planning stage. This new development is targeted to contribute in the 2nd half of financial year 2011/12.

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

The Group consolidated revenue for the reporting quarter has reduced by 40.2% in comparison to the preceding quarter. The reduction in revenue was mainly due to the disposal of certain subsidiaries in Malaysia on 31st March 2011, the 4th quarter of the last financial year.

The Group consolidated profit before tax has reduced by 19.4% in comparison to the preceding quarter. This was mainly due to the positive impact of winding up and disposal of certain subsidiaries in the preceding quarter.

B3 Commentary on Prospect

Looking ahead, the Government is optimistic that Malaysia will achieve a GDP growth of 6% for 2011 and the Economic Transformation Programme ("ETP") will be a vital component to spearhead this growth. While the global economy will continue to be unpredictable, the Group remains confident that China and India will continue to be the engine of economic growth for this region with its growth momentum projected at 9.6% and 8.4% for 2011 respectively. If present trends continue, we expect our financial results to improve in the new financial year 2011/12.

Barring any unforeseen rapid change in conditions, we remain confident in the future of the Hotel Division.

As for the property sector, we are developing a mid end township, the Golden Envoy.

B4 Variance from Profit Forecast

Not applicable.

B5 Taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Jun 2011 (RM'000)	Preceding Quarter Ended 30 Jun 2010 (RM'000)	Current 3 months Ended 30 Jun 2011 (RM'000)	Preceding 3 months Ended 30 Jun 2010 (RM'000)
a) Income Tax				
i) Current taxation	193	278	193	278
b) Total	193	278	193	278

The Group tax rate is higher than the statutory tax rate applicable due to the Provision of taxation on profit by certain subsidiary companies.

B6 Acquisition and Disposal of Unquoted Investment and Properties

There were no acquisition and disposal of unquoted investments during the current quarter.

B7 Available-for-sale

- a) There were no purchase and disposal of quoted securities during the Current quarter.
- b) Investments in quoted securities as at the end of the reporting period.
- | | RM'000 |
|---|---------------|
| Total investment at cost | <u>8,364</u> |
| Total investment at carrying value/book value | <u>508</u> |
| Total investment at market value | <u>508</u> |

B8 Corporate proposals

There were no other corporate proposals announced during the current quarter.

B9 Group Borrowings

a) Banking Facilities

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
a) Short term borrowings			
i. Overdraft	20,565	14,697	35,262
ii. Revolving Credit	5,000	3,500	8,500
iii. Long term borrowings repayable within twelve months	11,927	-	11,927
iv. Collaterised Loan obligation	-	40,000	40,000
v. Lease and Hire Purchase repayable within 12 months	55	-	55
vi. Total	<u>37,547</u>	<u>58,197</u>	<u>95,744</u>
b) Long term borrowings			
i. Long term loans	78,760	-	78,760
Less portion of long term loans payable within 12 months	<u>11,927</u>	<u>-</u>	<u>11,927</u>
	<u>66,833</u>	<u>0</u>	<u>66,833</u>
ii. Lease and Hire purchase	218	-	218
Less portion of Lease and Hire Purchase payable within 12 months	<u>(55)</u>	<u>-</u>	<u>(55)</u>
	<u>163</u>	<u>0</u>	<u>163</u>
iii. Total	66,996	0	66,996
c) Total borrowings	104,543	58,197	162,740

b) Foreign currency borrowings included in the above in Ringgit Malaysia equivalent as at 30 June 2011 were as follows:

	RM'000
<u>Foreign Currency</u>	
Singapore Dollar	2,080
Hong Kong Dollar	<u>2,627</u>
Total	<u>4,707</u>

B10 Derivative Financial Instruments

The Group is not a party to any financial instruments, which may have an effect to the derivative financial instruments at the date of this report.

B11 Material Litigation

There was no material litigation pending as at the date of this announcement.

B12 Basic Profit Per Share

a) Basic Profit per share

Basic Profit per share is calculated by dividing the net profit attributable to the shareholders for the current financial quarter ended 30 Jun 2011 are as follows:

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 30 Jun 2011 (RM'000)	Preceding Quarter Ended 30 Jun 2010 (RM'000)	Current 3 months Ended 30 Jun 2011 (RM'000)	Preceding 3 months Ended 30 Jun 2010 (RM'000)
Net Profit /(Loss) attributable to owner of the Parent (RM'000)	237	(64)	237	(64)
Basic ('000)				
Total Weighted average number of ordinary shares	858,552	858,552	858,552	858,552
Basic earnings per share(sen)	0.03	(0.01)	0.03	(0.01)

b) Diluted Profit per share

N/A.

B13 Realised and Unrealised Profits or Losses

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, is as follows:

	As at 30 Jun 2011 (RM'000)	As at 30 Jun 2010 (RM'000)
Retained profits of the Company and its subsidiaries :		
Realised	73,077	64,012
Unrealised	57	559
Total Retained profits of the Company and its subsidiaries	73,134	64,571
Total share of Retained profits from associated companies :		
Realised	(251)	(210)
Total Group Retained profits as per consolidated accounts	72,883	64,361

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

Secretary

Kuala Lumpur
Date: 25 August 2011