

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

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

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	Current Period Quarter Ended 31-Dec (RM'000)	Preceding Period Quarter Ended 31-Dec (RM'000)	Current 9 months Cumulative to date 31-Dec (RM'000)	Current 9 months Cumulative to date 31-Dec (RM'000)
Revenue	40,396	49,548	111,655	146,052
Operating Expenses	(37,273)	(49,156)	(124,705) **	(143,469)
Other Operating Income	55	258	792	357
Depreciation and amortisation	(850)	(739)	(2,515)	(2,597)
Finance Costs	(2,075)	(2,895)	(6,396)	(8,115)
Share of results of associates	(19)	1	(16)	(26)
Profit / (Loss) before tax	234	(2,983)	(21,185)	(7,798)
Taxation	(550)	(854)	(1,285)	(1,061)
Net loss for the period	(316)	(3,837)	(22,470)	(8,859)
Net loss Attributable to :				
Equity holders of the Parent	(348)	(3,897)	(22,378)	(8,795)
Non-controlling interests	32	60	(92)	(64)
	(316)	(3,837)	(22,470)	(8,859)
Basic losses per share (sen)	(0.04)	(0.45)	(2.61)	(1.02)
Diluted earning per share	N / A	N / A	N / A	N / A

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

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

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2016

	<u>2016</u> Current Period Quarter Ended 31-Dec (RM'000)	<u>2015</u> Preceding Period Quarter Ended 31-Dec (RM'000)	<u>2016</u> Current 9 months Cumulative to date 31-Dec (RM'000)	<u>2015</u> Preceding Year Period Ended 31-Dec (RM'000)
Net loss for the period	(316)	(3,837)	(22,470)	(8,859)
Items that may be reclassified subsequently to profit or loss :				
Exchange differences on translating foreign operations	1,305	(859)	2,524	2,177
Net changes in fair value of Available-for-sale	9	2	27	(1)
Total comprehensive profit /(loss) for the period	<u>998</u>	<u>(4,694)</u>	<u>(19,919)</u>	<u>(6,683)</u>
Total Comprehensive profit /(loss) Attributable to :				
Equity holders of the Parent	966	(4,754)	(19,827)	(6,619)
Non-controlling interests	<u>32</u>	<u>60</u>	<u>(92)</u>	<u>(64)</u>
	<u>998</u>	<u>(4,694)</u>	<u>(19,919)</u>	<u>(6,683)</u>

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

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	As at 31-Dec-16 (RM'000) (Unaudited)	As at 31-Mar-16 (RM'000) (Audited)
ASSETS:		
Non Current Assets		
Property, plant & equipment	243,165	245,094
Investment property	3,749	3,779
Goodwill arising on consolidation	19,714	19,714
Investment in Associates	5	21
Available-for-sales financial assets	363	396
Deferred and development expenditure	12	11
Land held for development	67,877	67,789
Deferred tax assets	0	172
Total Non Current Assets	<u>334,885</u>	<u>336,976</u>
Current Assets		
Inventories	18,457	19,474
Trade and other receivables	40,210	58,270
Development properties	42,924	40,207
Fixed and call deposits	10,930	16,547
Cash and bank balances	4,126	4,508
Total Current Assets	<u>116,647</u>	<u>139,006</u>
Asset held for sale	23,910	23,910
TOTAL ASSETS	<u>475,442</u>	<u>499,892</u>
EQUITY AND LIABILITIES:		
Equity attributable to equity holders of the parent:		
Share capital	171,710	171,710
Other Reserves	95,299	92,748
Retained Profit	32,190	54,568
Attributable to equity holders of the parent	<u>299,199</u>	<u>319,026</u>
Non-controlling interest	6,099	6,191
TOTAL EQUITY	<u>305,298</u>	<u>325,217</u>
Non-Current Liabilities:		
Term Loan	73,643	76,404
Hire purchase	232	360
Deferred tax liabilities	4,195	4,195
Total Non-Current Liabilities	<u>78,070</u>	<u>80,959</u>
Current Liabilities		
Trade and other payables	36,001	27,632
Short term borrowings	55,917	65,937
Hire purchase	155	144
Taxation	1	3
Total Current Liabilities	<u>92,074</u>	<u>93,716</u>
TOTAL LIABILITIES	<u>170,144</u>	<u>174,675</u>
TOTAL EQUITY AND LIABILITIES	<u>475,442</u>	<u>499,892</u>

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

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2016

	← Attributable to Equity Holders of the Parent →						Distributable Reserves	Non-Controlling Interest	Total Equity	
	← Non Distributable Reserves →									
	Share Capital (RM'000)	Share Premium Reserve (RM'000)	Share Buy-back Reserve (RM'000)	Foreign Currency Translation Reserve (RM'000)	Available-for-sale Reserve (RM'000)	Revaluation Reserve (RM'000)				Retained Profits (RM'000)
9 months quarter ended 31 December 2016										
Balance at beginning of year as at 1 Apr. 2016	171,710	19,911	8,930	(871)	(4,677)	69,455	54,568	319,026	6,191	325,217
Total comprehensive income/ (loss) for the period	0	0	0	2,524	27	0	(22,378)	(19,827)	(92)	(19,919)
Balance at end of period	171,710	19,911	8,930	1,653	(4,650)	69,455	32,190	299,199	6,099	305,298
9 months quarter ended 31 December 2015										
Balance at beginning of year as at 1 Apr. 2015	171,710	19,911	8,930	3,172	(4,696)	69,455	78,668	347,150	6,348	353,498
Total comprehensive income/ (loss) for the period	0	0	0	2,177	(1)	0	(8,795)	(6,619)	(64)	(6,683)
Balance at end of period	171,710	19,911	8,930	5,349	(4,697)	69,455	69,873	340,531	6,284	346,815

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

RELIANCE PACIFIC BERHAD (244521 A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2016

	2016	2015
	9 months	9 months
	ended	ended
	31-Dec	31-Dec
	(RM'000)	(RM'000)
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(21,185)	(7,798)
Adjustment :-		
Non-cash items	5,029	2,594
Non-operating items (which are investing / financing)	6,386	7,943
Operating profit before changes in working capital	<u>(9,770)</u>	<u>2,739</u>
Changes in working capital		
Net Change in current assets	16,310	4,866
Net Change in current liabilities	8,369	1,419
Cash generated from operations	<u>14,909</u>	<u>9,024</u>
Interest paid	(6,396)	(8,115)
Tax Paid	(1,333)	(1,153)
Net cash flows generated from operating activities	<u>7,180</u>	<u>(244)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Other investment	70	172
Proceeds from disposal of investment / land/ property, plant and equipment	1,821	226
Purchase of property, plant and equipment	(575)	(774)
Purchase of land held for development	(1,333)	(533)
Net cash flows used in investing activities	<u>(17)</u>	<u>(909)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net Bank Borrowings	(7,958)	11,726
Net cash flows (used in) / generated from financing activities	<u>(7,958)</u>	<u>11,726</u>
Net change in cash & cash equivalents	(795)	10,573
Cash & cash equivalents at beginning of period	(19,201)	(31,600)
Effects of exchange rate changes on cash & cash equivalents at end of period	(265)	(139)
Cash & cash equivalents at end of period	<u>(20,261)</u>	<u>(21,166)</u>
Cash & cash equivalents comprise the following:		
Fixed and call deposits	10,930	17,147
Cash and bank balances	4,126	4,736
Bank overdraft	(35,317)	(43,049)
	<u>(20,261)</u>	<u>(21,166)</u>

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

RELIANCE PACIFIC BERHAD

(Company no. 244521 A)

Notes

Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with IAS 34 Interim Financial Reporting, Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of- the Group since the year ended 31 March 2016.

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 March 2016 under the Malaysian Financial Reporting Standards (MFRS) framework.

A2 Audit Report of Preceding Annual Financial Statement

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

A3 Seasonal or Cyclical Factors

The Group is principally engaged in the following business operations:

- a) Hotel
- b) Property
- c) Tourism

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

A4 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

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

A5 Accounting Estimates

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

A6 Issuance or Repayment of Debt and Equity Securities

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

A7 Dividend Paid

There were no dividends paid during the period under review.

A8 Segmental Reporting

a) Revenue

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 31 Dec 2016 (RM'000)	Current Quarter Ended 31 Dec 2015 (RM'000)	Current Year Ended 31 Dec 2016 (RM'000)	Current Quarter Ended 31 Dec 2015 (RM'000)
Continuing Operations				
Hotel	11,275	10,919	29,059	30,065
Property	3,142	8,442	8,401	20,222
Tourism	25,057	29,423	71,806	93,939
RPB & others	922	764	2,389	1,826
Grand Total	40,396	49,548	111,655	146,052

b) Profit/(Loss) before taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 31 Dec 2016 (RM'000)	Current Quarter Ended 31 Dec 2015 (RM'000)	Current Year Ended 31 Dec 2016 (RM'000)	Current Quarter Ended 31 Dec 2015 (RM'000)
Continuing Operations				
Hotel	1,656	1,191	630	2,267
Property	347	(18)	(352)	(1,464)
Tourism	(665)	(3,074)	(9,507)	(4,654)
RPB & others	(1,085)	(1,083)	(11,940)	(3,921)
Share of results of associates	(19)	1	(16)	(26)
Grand Total	234	(2,983)	** (21,185)	(7,798)

**** Included impairment of assets / financial assets, provision for and write off of receivables amounting to RM15.35 million**

A9 Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the current financial period ended 31 December 2016 and up to the date of this report.

A10 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial period ended 31 December 2016 and up to the date of this report other than the following:

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

A11 Significant related party transactions

Significant related party transactions which were entered into on agreed terms and prices for the current period ended 31 December 2016 are set out below. The relationship of the related parties are disclosed in the audited financial statements for the financial year ended 31 March 2016 and the approved shareholders' mandate in the circular dated 28 August 2015 for recurrent related party transactions.

	Current Year Ended 31 Dec 2016 (RM'000)
Services rendered to the companies controlled by certain directors	923
Services rendered by the companies controlled by certain directors	126
Purchases from the companies controlled by certain directors	282
Sales to the companies controlled by certain directors	3,239

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

B1 Review of Performance of the Company and its Principal Subsidiaries

Group Revenue performance compared to the preceding year's quarter has reduced by 18.5%. The lower revenue was mainly due to:

- a) Lower revenue registered by the Tourism Division due to slow down in tourist arrival to Hong Kong and Singapore.
- b) Lower revenue registered by the Property Division as a result of the deferment in the launching of the Phase 2 project in Desa Impian, Johor. The deferment was mainly due to external factors beyond our control.

The Group registered a consolidated profit before tax of RM0.234 million as compared to loss of RM2.983 million in preceding year same quarter. The losses registered in preceding year same quarter was mainly due to the negative yield registered by the Tourism Division as a result of high cost of sale and currency fluctuation.

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

The Group consolidated revenue for the reporting quarter has increased by 6.4% in comparison to the preceding quarter. The improved in revenue was mainly derived from the Hotel Division due to the the change in marketing strategy.

The Group consolidated profit before tax for the 3rd quarter under review was RM0.234 million as compared to loss of RM18.028 million in the preceding quarter. The losses in preceding quarter was mainly due to the impairment of assets/financial assets, provision for and write off of receivables amounting RM15.35million.

B3 Variance from Profit Forecast

Not applicable.

B4 Commentary on Prospect

As previously reported, the Group underwent major organizational and management changes. These changes, including new strategies and initiatives will require time, constant and sustained monitoring to produce the desired results. Nonetheless, we are beginning to see some positive effects this quarter. After two consecutive quarters of losses, the Group has registered a small profit before tax.

Against a respectable growth of 4.5% in the last quarter of 2016, the Malaysian economy seems to indicate that the growth is sustainable in 2017 supported by domestic demand and private consumption. The Group is hopeful this will translate into improved business and operating environment. We are poised to capitalize on this and grow our sales and revenue especially for the Hotel and Travel Divisions.

The Group anticipates sustained positive effects in the proceeding quarters arising from the new strategies, initiatives, improvements to operational efficiency and lower operational cost implemented in the preceding six months. Consequently, we remain cautiously optimistic about the Group's performance in the coming quarters.

B5 Profit before taxation

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

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 31 Dec 2016 (RM'000)	Current Quarter Ended 31 Dec 2015 (RM'000)	Current Year Ended 31 Dec 2016 (RM'000)	Current Quarter Ended 31 Dec 2015 (RM'000)
Interest income	(34)	(153)	(70)	(172)
Gain on disposal of investment /land/Property, plant & equipment	0	0	(574)	(29)
Impairment of assets / financial assets, provision for and write off of receivables	0	0	15,350	0

B6 Taxation

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 31 Dec 2016 (RM'000)	Current Quarter Ended 31 Dec 2015 (RM'000)	Current Year Ended 31 Dec 2016 (RM'000)	Current Quarter Ended 31 Dec 2015 (RM'000)
a) Income Tax				
i) Current taxation	550	854	1,113	1,061
ii) Deferred Taxation	0	0	172	0
b) Total	550	854	1,285	1,061

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

B7 Corporate proposals

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

B8 Group Borrowings

a) Banking Facilities

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
a) Short term borrowings			
i. Overdraft	33,385	1,932	35,317
ii. Revolving Credit	13,500	-	13,500
iii. Long term borrowings repayable within twelve months	7,100	-	7,100
iv. Hire Purchase repayable within 12 months	155	-	155
v. Total	<u>54,140</u>	<u>1,932</u>	<u>56,072</u>
b) Long term borrowings			
i. Long term loans	80,743	-	80,743
Less portion of long term loans payable within 12 months	<u>(7,100)</u>	<u>-</u>	<u>(7,100)</u>
	<u>73,643</u>	<u>0</u>	<u>73,643</u>
ii. Hire purchase	387	-	387
Less portion of Hire Purchase payable within 12 months	<u>(155)</u>	<u>-</u>	<u>(155)</u>
	<u>232</u>	<u>0</u>	<u>232</u>
iii. Total	73,875	0	73,875
c) Total borrowings	128,015	1,932	129,947

b) Foreign currency borrowings included in the above in Ringgit Malaysia equivalent as at 31 December 2016 was in Hong Kong Dollar for RM9.703 million.

B9 Derivative Financial Instruments

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

B10 Material Litigation

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

B11 Earnings Per Share

a) Basic

Basic earnings/(losses) per share is calculated by dividing the net profit attributable to the shareholders for the current financial period ended 31 December 2016 as follows:

	Individual Quarter		Cumulative Year-to-date	
	Current Quarter Ended 31 Dec 2016 (RM'000)	Current Quarter Ended 31 Dec 2015 (RM'000)	Current Year Ended 31 Dec 2016 (RM'000)	Current Quarter Ended 31 Dec 2015 (RM'000)
Net loss attributable to Equity holders of the Parent (RM'000)	(348)	(3,897)	(22,378)	(8,795)
Basic ('000)				
Total Weighted average number of ordinary shares	858,552	858,552	858,552	858,552
Basic losses per share(sen)	(0.04)	(0.45)	(2.61)	(1.02)

b) Diluted

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue as at the end of the current financial period ended 31 December 2016.

B12 Realised and Unrealised Profits or Losses

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

	As at 31 Dec 2016 (RM'000)	As at 31 Dec 2015 (RM'000)
Retained profits of the Company and its subsidiaries :		
Realised	36,702	70,550
Unrealised	(4,195)	(376)
Total Retained profits of the Company and its subsidiaries	32,507	70,174
Total share of Retained profits from associated companies :		
Realised	(317)	(301)
Total Group Retained profits as per consolidated accounts	32,190	69,873

BY ORDER OF THE BOARD
LEE YOONG SHYUAN (MAICSA NO: 7064817)

Secretary

Kuala Lumpur
Date: 27 February 2017