

AVILLION BERHAD (244521 A)

(formerly known as Reliance Pacific Berhad)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	<u>2017</u> Current Period Quarter Ended 30-Sep (RM'000)	<u>2016</u> Preceding Period Quarter Ended 30-Sep (RM'000)	<u>2017</u> Current 6 months Cumulative to date 30-Sep (RM'000)	<u>2016</u> Preceding Year Cumulative to date 30-Sep (RM'000)
Revenue	32,948	37,967	68,417	71,259
Operating Expenses	(31,383)	(53,589)	(65,024)	(87,432)
Other Operating Income	32	175	446	737
	<u>1,597</u>	<u>(15,447)</u>	<u>3,839</u>	<u>(15,436)</u>
Depreciation and amortisation	(2,502)	(1,714)	(4,333)	(2,565)
Finance Costs	(1,740)	(1,784)	(3,641)	(4,321)
Share of results of associates	0	17	0	3
Loss before tax	<u>(2,645)</u>	<u>(18,928)</u>	<u>(4,135)</u>	<u>(22,319)</u>
Taxation	(553)	(442)	(951)	(735)
Net loss for the period	<u>(3,198)</u>	<u>(19,370)</u>	<u>(5,086)</u>	<u>(23,054)</u>
Net loss Attributable to :				
Equity holders of the Parent	(3,043)	(19,337)	(4,835)	(22,930)
Non-controlling interests	(155)	(33)	(251)	(124)
	<u>(3,198)</u>	<u>(19,370)</u>	<u>(5,086)</u>	<u>(23,054)</u>
Basic losses per share (sen)	<u>(0.35)</u>	<u>(2.25)</u>	<u>(0.56)</u>	<u>(2.67)</u>
Diluted earning per share	N / A	N / A	N / A	N / A

(The Condensed Consolidated Income Statement should be read in conjunction with
the Audited Financial Statements for the year ended 31st March 2017)

AVILLION BERHAD (244521 A)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	<u>2017</u> Current Period Quarter Ended 30-Sep (RM'000)	<u>2016</u> Preceding Period Quarter Ended 30-Sep (RM'000)	<u>2017</u> Current 6 months Cumulative to date 30-Sep (RM'000)	<u>2016</u> Preceding Year Period Ended 30-Sep (RM'000)
Net loss for the period	(3,198)	(19,370)	(5,086)	(23,054)
Items that may be reclassified subsequently to profit or loss :				
Exchange differences on translating foreign operations	(1,701)	700	(2,475)	1,219
Net changes in fair value of Available-for-sale	2	19	(7)	18
Total comprehensive loss for the period	<u>(4,897)</u>	<u>(18,651)</u>	<u>(7,568)</u>	<u>(21,817)</u>
Total Comprehensive loss Attributable to :				
Equity holders of the Parent	(4,742)	(18,618)	(7,317)	(21,693)
Non-controlling interests	<u>(155)</u>	<u>(33)</u>	<u>(251)</u>	<u>(124)</u>
	<u>(4,897)</u>	<u>(18,651)</u>	<u>(7,568)</u>	<u>(21,817)</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2017)

AVILLION BERHAD (244521 A)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	As at 30-Sep-17 (RM'000) (Unaudited)	As at 31-Mar-17 (RM'000) (Audited)
ASSETS:		
Non Current Assets		
Property, plant & equipment	232,593	236,700
Investment property	3,729	3,749
Goodwill arising on consolidation	19,714	19,714
Investment in Associates	5	5
Available-for-sales financial assets	372	379
Deferred and development expenditure	12	13
Land held for development	69,143	68,252
Trade and other receivables	6,735	8,007
Total Non Current Assets	<u>332,303</u>	<u>336,819</u>
Current Assets		
Inventories	16,996	17,827
Trade and other receivables	26,627	22,734
Development properties	45,269	43,629
Fixed and call deposits	11,862	12,808
Cash and bank balances	4,389	5,076
Total Current Assets	<u>105,143</u>	<u>102,074</u>
Asset held for sale	0	14,517
TOTAL ASSETS	<u>437,446</u>	<u>453,410</u>
EQUITY AND LIABILITIES:		
Equity attributable to equity holders of the parent:		
Share capital	200,551	200,551
Other Reserves	104,206	106,688
Retained Profit	(19,799)	(14,964)
Attributable to equity holders of the parent	<u>284,958</u>	<u>292,275</u>
Non-controlling interest	5,753	6,004
TOTAL EQUITY	<u>290,711</u>	<u>298,279</u>
Non-Current Liabilities:		
Term Loan	58,486	61,768
Hire purchase	146	212
Deferred tax liabilities	6,255	6,255
Total Non-Current Liabilities	<u>64,887</u>	<u>68,235</u>
Current Liabilities		
Trade and other payables	23,367	21,355
Amount owing to certain director	25	3,129
Short term borrowings	57,973	62,220
Hire purchase	133	140
Taxation	350	52
Total Current Liabilities	<u>81,848</u>	<u>86,896</u>
TOTAL LIABILITIES	<u>146,735</u>	<u>155,131</u>
TOTAL EQUITY AND LIABILITIES	<u>437,446</u>	<u>453,410</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2017)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	← Attributable to Equity Holders of the Parent →							Non-Controlling Interest	Total Equity	
	← Non Distributable Reserves →					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)			Total (RM'000)
6 months quarter ended 30 September 2017										
Balance at beginning of year as at 1 Apr. 2017	200,551	0	0	2,688	(4,634)	108,634	(14,964)	292,275	6,004	298,279
Total comprehensive income/ (loss) for the period	0	0	0	(2,475)	(7)	0	(4,835)	(7,317)	(251)	(7,568)
Balance at end of period	200,551	0	0	213	(4,641)	108,634	(19,799)	284,958	5,753	290,711
6 months quarter ended 30 September 2016										
Balance at beginning of year as at 1 Apr. 2016	171,710	19,911	8,930	(871)	(4,677)	108,634	9,557	313,194	5,940	319,134
Total comprehensive income/ (loss) for the period	0	0	0	1,219	18	0	(22,930)	(21,693)	(124)	(21,817)
Balance at end of period	171,710	19,911	8,930	348	(4,659)	108,634	(13,373)	291,501	5,816	297,317

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2017)

AVILLION BERHAD (244521 A)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	2017	2016
	6 months	6 months
	ended	ended
	30-Sep	30-Sep
	(RM'000)	(RM'000)
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(4,135)	(22,319)
Adjustments for :		
Non-cash items	3,834	5,160
Non-operating items (which are investing / financing)	3,621	4,345
Operating profit before changes in working capital	<u>3,320</u>	<u>(12,814)</u>
Changes in working capital :		
Net Change in current assets & receivables	(5,484)	15,595
Net Change in current liabilities	2,122	4,977
Cash generated from operations	<u>(42)</u>	<u>7,758</u>
Interest paid	(3,641)	(4,321)
Tax Paid	(761)	(951)
Net cash flows generated from operating activities	<u>(4,444)</u>	<u>2,486</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Other investment	20	36
Proceeds from disposal of investment in associate, net	14,893	0
Proceeds from disposal of investment / land/ property, plant and equipment	0	2,096
Purchase of property, plant and equipment	(199)	(322)
Purchase of land held for development	(891)	(549)
Net cash flows generated from investing activities	<u>13,823</u>	<u>1,261</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net Bank Borrowings	(6,948)	(5,170)
Repayment to certain director	(3,104)	0
Net cash flows used in financing activities	<u>(10,052)</u>	<u>(5,170)</u>
Net change in cash & cash equivalents	(673)	(1,423)
Cash & cash equivalents at beginning of period	(15,961)	(19,201)
Effects of exchange rate changes on cash & cash equivalents at end of period	(306)	(106)
Cash & cash equivalents at end of period	<u>(16,940)</u>	<u>(20,730)</u>
Cash & cash equivalents comprise the following:		
Fixed and call deposits	11,862	10,189
Cash and bank balances	4,389	3,934
Bank overdraft	(33,191)	(34,853)
	<u>(16,940)</u>	<u>(20,730)</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31st March 2017)

AVILLION BERHAD (244521 A) (formerly known as Reliance Pacific Berhad)

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of Preparation

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2017. 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 2017.

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 2017 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 Period	
	Current Quarter Ended 30.09.2017 (RM'000)	Preceding Quarter Ended 30.09.2016 (RM'000)	Current Year Ended 30.09.2017 (RM'000)	Preceding Year Ended 30.09.2016 (RM'000)
Continuing Operations				
Hotel	10,765	9,612	20,832	17,784
Property	3,348	3,497	5,731	5,259
Tourism	18,656	24,057	41,511	46,749
RPB & others	179	801	343	1,467
Grand Total	32,948	37,967	68,417	71,259

b) Profit/(Loss) before taxation

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.09.2017 (RM'000)	Preceding Quarter Ended 30.09.2016 (RM'000)	Current Year Ended 30.09.2017 (RM'000)	Preceding Year Ended 30.09.2016 (RM'000)
Continuing Operations				
Hotel	(42)	(1,049)	389	(1,926)
Property	(1,006)	(352)	(1,265)	(699)
Tourism	(293)	(8,070)	(837)	(8,842)
RPB & others	(1,304)	(9,474)	(2,422)	(10,855)
Share of results of associates	0	17	0	3
Grand Total	(2,645)	(18,928)	(4,135)	(22,319)

A9 Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the current financial period ended 30 September 2017 and up to the date of this report.

A10 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial period ended 30 September 2017 and up to the date of this report.

A11 Significant related party transactions

There were no significant related party transactions for the current financial period ended 30 September 2017 and up to the date of this report.

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

B1 Review of Performance of the Company and its Principal Subsidiaries

Group Revenue performance compared to the preceding year's same quarter has reduced by 13%. While the Hotel Division continue to register an improved performance, the lower revenue was mainly registered by the Tourism Division due to slow down of traveler to Hong Kong.

The Group registered a consolidated profit before Interest, tax, Depreciation and Amortization of RM1.597 million as compared to loss of RM15.447 million in preceding year same quarter. The improvement was as a result of:

- a) Higher Occupancy and improved yield achieved by the Hotel properties
- b) Lower operation cost at Tourism division due to cost rationalization.
- c) Impairment of assets/financial assets, provision for and write off of receivables amounting to RM15.35 million in preceding year same quarter.

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

The Group consolidated revenue for the reporting quarter has reduced by 7% in comparison to the preceding quarter.

The Group consolidated profit before Interest, tax, Depreciation and Amortization of RM1.597 million as compared to RM2.242 million in preceding quarter.

B3 Variance from Profit Forecast

Not applicable.

B4 Commentary on Prospect

Hotel Division

Riding on the momentum and recovery of the Hotel Division over the last two quarters, the division is expected to deliver its result in Financial Year 2017/2018. Intensified efforts to innovate, improve our sales and marketing strategies are showing the desired results. In addition, attention was given to yield, productivity and excellence in its services. The opening of Avillion Cameron Highlands in the 4th Quarter of Financial year 2017/18 will contribute positively in the final quarters.

The Group will continue to pursue new management contracts by leveraging on its internationally recognized hotel brand.

Property Division

The division is eagerly awaiting the launch of Phase 2; Desa Impian once the issues related to subdivision of the land is resolved with the State and Local Authorities. This will further enhance revenue and cash flows to the Group.

Tourism Division

The Group is cautiously confident the cost rationalization and restructuring of business and market focus for this division will begin to show some improvements in Financial Year 2017/2018. The division will intensify actions to enhance the linkages and synergies between the Tourism and Hotel Divisions to generate higher revenue.

B5 Profit before taxation

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

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.09.2017 (RM'000)	Preceding Quarter Ended 30.09.2016 (RM'000)	Current Year Ended 30.09.2017 (RM'000)	Preceding Year Ended 30.09.2016 (RM'000)
Interest income	(18)	(19)	(20)	(36)
Gain on disposal of investment /land/ Property, plant & equipment	0	(101)	0	(574)
Impairment of assets / financial assets, provision for and write off of receivables	0	15,350	0	15,350
Gain on disposal of investment in associate	0	0	(376)	0
Rental income	(6)	0	(12)	0
Realised gain on foreign exchange	0	0	(10)	0

B6 Taxation

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.09.2017 (RM'000)	Preceding Quarter Ended 30.09.2016 (RM'000)	Current Year Ended 30.09.2017 (RM'000)	Preceding Year Ended 30.09.2016 (RM'000)
a) Income Tax				
i) Current taxation	553	288	951	563
ii) Deferred Taxation	0	154	0	172
b) Total	553	442	951	735

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

	As at 30.09.2017			As at 30.09.2016		
	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
a) Short term borrowings						
i. Overdraft	31,243	1,948	33,191	33,311	1,542	34,853
ii. Revolving Credit	13,500	-	13,500	13,500	-	13,500
iii. Long term loans repayable within 12 months	11,282	-	11,282	8,850	-	8,850
iv. Hire Purchase repayable within 12 months	133	-	133	155	-	155
v. Total	<u>56,158</u>	<u>1,948</u>	<u>58,106</u>	<u>55,816</u>	<u>1,542</u>	<u>57,358</u>
b) Long term borrowings						
i. Long term loans	69,768	-	69,768	83,493	-	83,493
Less portion of long term loans payable within 12 months	<u>(11,282)</u>	<u>-</u>	<u>(11,282)</u>	<u>(8,850)</u>	<u>-</u>	<u>(8,850)</u>
	<u>58,486</u>	<u>0</u>	<u>58,486</u>	<u>74,643</u>	<u>0</u>	<u>74,643</u>
ii. Hire purchase	279	-	279	425	-	425
Less portion of Hire purchase payable within 12 months	<u>(133)</u>	<u>-</u>	<u>(133)</u>	<u>(155)</u>	<u>-</u>	<u>(155)</u>
	<u>146</u>	<u>0</u>	<u>146</u>	<u>270</u>	<u>0</u>	<u>270</u>
iii. Total	58,632	0	58,632	74,913	0	74,913
c) Total borrowings	114,790	1,948	116,738	130,729	1,542	132,271

- b) Foreign currency borrowings included in the above in Ringgit Malaysia equivalent as at 30 September 2017 was RM7.779 million (HKD14.372 million) and as at 30 September 2016 was as follows :

	RM'000
<u>Foreign Currency</u>	
Singapore Dollar	1,353 (SGD0.446 million)
Hong Kong Dollar	<u>9,234</u> (HKD17.273 million)
Total	<u>10,587</u>

B9 Derivative Financial Instruments

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

B10 Material Litigation

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

B11 Earnings Per Share

a) Basic

Basic earnings/(losses) per share is calculated by dividing the net profit attributable to the shareholders for the current financial period ended 30 September 2017 as follows:

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.09.2017 (RM'000)	Preceding Quarter Ended 30.09.2016 (RM'000)	Current Year Ended 30.09.2017 (RM'000)	Preceding Year Ended 30.09.2016 (RM'000)
Net loss attributable to Equity holders of the Parent (RM'000)	(3,043)	(19,337)	(4,835)	(22,930)
Basic ('000)				
Total Weighted average number of ordinary shares	858,552	858,552	858,552	858,552
Basic losses per share(sen)	(0.35)	(2.25)	(0.56)	(2.67)

b) Diluted

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue as at the end of the current financial period ended 30 September 2017.

B12 Realised and Unrealised Profits or Losses

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

	As at 30.09.2017 (RM'000)	As at 30.09.2016 (RM'000)
Retained profits of the Company and its subsidiaries :		
Realised	(13,227)	(8,880)
Unrealised	(6,255)	(4,195)
Total Retained profits of the Company and its subsidiaries	(19,482)	(13,075)
Total share of Retained profits from associated companies :		
Realised	(317)	(298)
Total Group Retained profits as per consolidated accounts	(19,799)	(13,373)

B13 Authorisation for Issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 November 2017.