

## **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)
<b>Continuing Operations</b>				
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
<b>Grand Total</b>	<b>32,948</b>	<b>37,967</b>	<b>68,417</b>	<b>71,259</b>

### 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)
<b>Continuing Operations</b>				
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
<b>Grand Total</b>	<b>(2,645)</b>	<b>(18,928)</b>	<b>(4,135)</b>	<b>(22,319)</b>

## **A9 Material events subsequent to the end of the financial period**

There were no material events subsequent to the end of the current financial period ended 30 September 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>b) Total</b>	<b>553</b>	<b>442</b>	<b>951</b>	<b>735</b>

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

## B7 Corporate proposals

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

## B8 Group Borrowings

### a) Banking Facilities

	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
<b>Less</b> 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
<b>Less</b> 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)
<b>Net loss attributable to Equity holders of the Parent (RM'000)</b>	(3,043)	(19,337)	(4,835)	(22,930)
<b>Basic ('000)</b>				
<b>Total Weighted average number of ordinary shares</b>	<b>858,552</b>	<b>858,552</b>	<b>858,552</b>	<b>858,552</b>
<b>Basic losses per share(sen)</b>	(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:

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

**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.