

## **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) 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.

#### **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 31.12.2017 (RM'000)	Preceding Quarter Ended 31.12.2016 (RM'000)	Current Year Ended 31.12.2017 (RM'000)	Preceding Year Ended 31.12.2016 (RM'000)
<b>Continuing Operations</b>				
Hotel	11,920	11,275	32,752	29,059
Property	3,385	3,142	9,116	8,401
Travel	18,916	25,057	60,427	71,806
Holding company & others	247	922	590	2,389
<b>Grand Total</b>	<b>34,468</b>	<b>40,396</b>	<b>102,885</b>	<b>111,655</b>

### b) Profit/(Loss) before taxation

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31.12.2017 (RM'000)	Preceding Quarter Ended 31.12.2016 (RM'000)	Current Year Ended 31.12.2017 (RM'000)	Preceding Year Ended 31.12.2016 (RM'000)
<b>Continuing Operations</b>				
Hotel	1,427	1,206	1,816	(720)
Property	(223)	347	(1,488)	(352)
Travel	(855)	(665)	(1,692)	(9,507)
Holding company & others	(1,235)	(1,085)	(3,657)	(11,940)
Share of results of associates	0	(19)	0	(16)
<b>Grand Total</b>	<b>(886)</b>	<b>(216)</b>	<b>(5,021)</b>	<b>** (22,535)</b>

**\*\* 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 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 31 December 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 31 December 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 15%. While the Hotel Division continue to register an improved performance, the lower revenue was mainly registered by the Travel Division due to slow down of traveler to Hong Kong.

The Group registered a consolidated profit before Interest, tax, Depreciation and Amortization of RM3.943 million as compared to RM3.178 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) Gain from the disposal of non-core asset

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

The Group consolidated revenue for the reporting quarter has improved by 5% in comparison to the preceding quarter.

The Group consolidated profit before Interest, tax, Depreciation and Amortization of RM3.943 million as compared to RM1.597 million in preceding quarter. The improvement in results was mainly due to higher occupancy and room rate achieved by the Hotel Division and Gain from disposal of non-core asset.

### **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 improved result in Financial Year 2017/2018. Intensified efforts to improve 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 on 16th January 2018 is expected to contribute positively to the Group's performance from the 4th quarter 2017/18 onwards.

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

#### **Property Division**

The division is expected to launch Phase 2A, Desa Impian by end of February 2018. This will further enhance revenue and cash flows to the Group.

#### **Travel Division**

The Group is cautiously confident the cost rationalization and restructuring of business and market focus for this Division will begin to show some improvement in the last quarter of Financial Year 2017/2018 and beyond. The Division will intensify actions to enhance the linkages and synergies between the Travel 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 31.12.2017 (RM'000)	Preceding Quarter Ended 31.12.2016 (RM'000)	Current Year Ended 31.12.2017 (RM'000)	Preceding Year Ended 31.12.2016 (RM'000)
Interest income	(55)	(34)	(75)	(70)
Gain on disposal of investment /land/ Property, plant & equipment	(1,117)	0	(1,117)	(574)
Impairment of assets / financial assets, provision for and write off of receivables	371	0	371	15,350
Gain on disposal of investment in associate	0	0	(376)	0
Rental income	(4)	0	(16)	0
Realised gain on foreign exchange	0	0	(10)	0

## B6 Taxation

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31.12.2017 (RM'000)	Preceding Quarter Ended 31.12.2016 (RM'000)	Current Year Ended 31.12.2017 (RM'000)	Preceding Year Ended 31.12.2016 (RM'000)
a) Income Tax				
i) Current taxation	623	550	1,574	1,113
ii) Under provision in prior years	57	0	57	0
iii) Deferred Taxation	0	0	0	172
<b>b) Total</b>	<b>680</b>	<b>550</b>	<b>1,631</b>	<b>1,285</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 31.12.2017			As at 31.12.2016		
	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
a) Short term borrowings						
i. Overdraft	29,143	1,998	31,141	33,385	1,932	35,317
ii. Revolving Credit	13,500	-	13,500	13,500	-	13,500
iii. Long term loans repayable within 12 months	8,547	-	8,547	7,100	-	7,100
iv. Hire Purchase repayable within 12 months	127	-	127	155	-	155
v. Total	<u>51,317</u>	<u>1,998</u>	<u>53,315</u>	<u>54,140</u>	<u>1,932</u>	<u>56,072</u>
b) Long term borrowings						
i. Long term loans	67,033	-	67,033	80,743	-	83,493
<b>Less</b> portion of long term loans payable within 12 months	<u>(8,547)</u>	<u>-</u>	<u>(8,547)</u>	<u>(7,100)</u>	<u>-</u>	<u>(7,100)</u>
	<u>58,486</u>	<u>0</u>	<u>58,486</u>	<u>73,643</u>	<u>0</u>	<u>73,643</u>
ii. Hire purchase	246	-	246	387	-	387
<b>Less</b> portion of Hire purchase payable within 12 months	<u>(127)</u>	<u>-</u>	<u>(127)</u>	<u>(155)</u>	<u>-</u>	<u>(155)</u>
	<u>119</u>	<u>0</u>	<u>119</u>	<u>232</u>	<u>0</u>	<u>232</u>
iii. Total	<u>58,605</u>	<u>0</u>	<u>58,605</u>	<u>73,875</u>	<u>0</u>	<u>73,875</u>
c) Total borrowings	109,922	1,998	111,920	128,015	1,932	129,947

- b) Foreign currency borrowings included in the above in Ringgit Malaysia equivalent as at 31 December 2017 was RM7.687 million (HKD14.795 million) and as at 31 December 2016 was RM9.703 million (HKD16.774 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 2017 as follows:

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31.12.2017 (RM'000)	Preceding Quarter Ended 31.12.2016 (RM'000)	Current Year Ended 31.12.2017 (RM'000)	Preceding Year Ended 31.12.2016 (RM'000)
<b>Net loss attributable to Equity holders of the Parent (RM'000)</b>	(1,578)	(798)	(6,413)	(23,728)
<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>	(0.18)	(0.09)	(0.75)	(2.76)

**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 2017.

**B12 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 12 February 2018.