E&O

EASTERN & ORIENTAL
BERHAD

ANNUAL REPORT 2012

The E&O Group

Eastern & Oriental Berhad (collectively referred to as 'The E&O Group' or 'E&O') is listed on the Main-Board of Bursa Malaysia. Its reputation as a premier luxury lifestyle property developer with a proven track record for delivering innovative concepts and high standards of quality, is built across a series of exclusive addresses in Kuala Lumpur (KL) and Penang Island.

The Group's past signature projects include the high-end **Dua Residency** Condominium in the KL city centre and **Idamansara** and **Seventy Damansara** exclusive landed homes in upscale Damansara Heights. E&O's newest completed development in the heart of KL, **St Mary Residences**, is styled after Manhattan's iconic loft apartments and represents the latest in urbane and elegant city living. On Penang Island, E&O's masterplanned seafront development **Seri Tanjung Pinang** is one of the most sought-after residential addresses on the island, especially with its latest launch, the **Quayside and Andaman seafront resort condominiums**. The neighbouring **Straits Quay** festive retail marina brings to life the holistic concept of living by-the-sea for residents of Seri Tanjung Pinang.

In Johor, E&O has embarked on a new joint-venture project with the wholly-owned subsidiaries of Khazanah Nasional Berhad and Temasek Holdings (Private) Limited to develop the 210-acre **Medini Integrated Wellness Capital** in Iskandar Malaysia.

E&O's core of property development is supported by a cachet of complementary lifestyle elements. In the hotel space, E&O is known for its iconic heritage hotels such as the **Eastern & Oriental Hotel** in George Town, Penang and the **Lone Pine Hotel**, the first beach front hotel on Penang's famed Batu Ferringhi tourist strip. **E&O Residences Kuala Lumpur** in the city's Golden Triangle, which is targeted to open late 2012, represents E&O's extension of its hospitality expertise into the management of serviced residences. E&O's business in the lifestyle F&B space is represented via its 100% ownership of **The Delicious Group**, comprising 10 restaurants in Kuala Lumpur, Penang and Singapore. These elements as well as the Performing Arts Centre of Penang and Straits Quay Convention Centre reinforce E&O's position as a true lifestyle property development Group.

Expect Nothing Ordinary

Enriched by our Heritage, Crafting Legacies for the Future

Our inheritance of values such as grace, refinement and appreciation of beauty, has emboldened us to seek fresh interpretations of the old to forge ahead and create anew

10-Year Group Financial Highlights

(RM'000)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
STATEMENTS OF COMPREHENSIVE INCOME										
Revenue	492,151	271,271	352,375	304,449	516,399	518,444#	270,301#	21,130	117,882	33,449
Profit/(Loss) before tax **	171,172	48,154	93,276	(38,124)	194,565	91,618#	12,536#	13,088	15,295	(34,821)
Income tax expense	(43,273)	(12,617)	(18,630)	6,067	(34,789)	(22,654)#	(2,332)#	1,174	(403)	(1,111)
Profit/(Loss) attributable to owners of the parent	123,456	32,211	70,765	(37,276)	128,854	61,178	23,058	15,341	20,553	(32,269)
STATEMENTS OF FINANCIAL POSITION										
Issued and Paid-up capital	1,133,463	842,592	761,644	591,995	419,061	358,961	232,472	232,472	232,472	232,472
Weighted Average Number of stock units	1,093,675	1,059,935	1,063,967	666,211	532,804	415,252	221,715	229,384	232,472	232,472
Shareholders' Fund	1,289,014	1,057,568	1,043,259	814,371	729,686	606,733	347,121	388,171	391,816	373,515
RATIOS										
Net Earnings/(Loss) per stock unit (sen)	11.3	3.0	6.6	(5.6)	24.2	14.7	10.4	6.7	8.8	(13.9)
Net Dividend per stock unit (sen)	3.19^	1.50	2.85	–	3.70	2.92	1.4	1.4	0.7	0.7
Net Assets per stock unit attributable to owners of the parent (RM)	1.17*	1.21*	1.25*	1.25*	1.55*	1.41*	1.55	1.77	1.69	1.61

* In view of the share buy back during the financial year, net assets per stock unit is computed based on the number of ordinary stock units in issue at:
- 31.3.2012 of 1,104,023,810
- 31.3.2011 of 813,202,612
- 31.3.2010 of 753,979,637
- 31.3.2009 of 584,065,285
- 31.3.2008 of 416,531,076
- 31.3.2007 of 358,188,263

** Restated from FYE 2003 to FYE 2006 to include the Group's share of associates' tax.

In accordance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations, Putrajaya Perdana Berhad was a disposal group held for sale and accordingly was classified as Discontinued Operation. The comparatives of the Discontinued Operation from FYE 2006 to FYE 2007 have been reclassified and restated accordingly.

^ Proposed first and final dividend of 4.25 sen less 25% income tax per stock unit, to be approved by the stockholders at the forthcoming Annual General Meeting.

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Message From Our Chairman

TO OUR VALUED STAKEHOLDERS,

When working with the E&O team to chart plans for the future, I am often reminded of the parallels that lie between construction and business—much of a business' success lie in the foundations that are laid.

The last several years have been foundation-building years for E&O—we have worked hard to craft the building blocks for the future, anchored on a clear and long-term strategy that will effectively build both our business and the E&O brand.

2008-2010 were crisis years. Our focus then was to increase working capital and sustain current and future projects. These efforts paid off—we managed to ride out the storm, largely due to the benefits of E&O's strong and distinct branding, our collection of choice landbanks in Klang Valley and Penang, and our ready-to-market products like Quayside at Seri Tanjung Pinang and St Mary Residences in Kuala Lumpur.

St Mary Residences, Kuala Lumpur

2011 saw the Board and the E&O management team start to shift focus, taking a practical and pragmatic approach to ensuring long-term value preservation as well as being prepared for the next cycle of growth. Our efforts moved from being balance sheet-oriented to a more strategic stance that emphasised the building of partnerships that would in the longer term sustain the brand and drive profits.

We are now more intent on driving earnings, looking at opportunities for expansion or acquisitions and being prepared financially. In 2011, we set five clear targets and KPIs on how we will achieve this over the next two years, which include (1) building regional and international exposure of our brands, (2) forging strategic alliances and collaborations with well-renowned and international institutions, (3) developing new growth engines, (4) achieving significant bottom-line growth and sustainable profits, as well as (5) attracting and retaining top talents.

Primed in this direction—we have seen a turnaround in earnings performance and an improvement in shareholder earnings. 2011 year-on-year revenue increased 97%[1] and earnings are up by 260%, putting us well on track to achieving our KPI of RM250–300 million profit after tax by the end of financial year 2013. We are therefore pleased to announce a dividend of 4.25% for the financial year ended 31 March 2012.

Our forward momentum is also reflected in a number of milestones achieved across our property and lifestyle segments in 2011/2012. Significant among these were the strategic partnerships that we inked—a marketing collaboration agreement with Mitsui Real Estate Sales Co Ltd, the real estate brokerage arm of Japan's largest real estate developer Mitsui Fudosan Co Ltd; and a joint-venture with the wholly-owned subsidiaries of Khazanah Nasional and Temasek Holdings (Private) Limited to develop the 210-acre Medini Integrated Wellness Capital in Iskandar Malaysia. We also extended our presence beyond local shores—the first Delicious Café outside Malaysia was opened in Singapore and E&O debuted in London with the acquisition of Princes House, a prime freehold office cum retail building in central London earlier this year.

Our plans for 2012 have been carefully crafted to support and further build on the strong and solid foundation we have created. While we maintain a close tab on the global financial situation, we remain on track with our new developments, including our upcoming launch on Jalan Yap Kwan Seng, Kuala Lumpur and our maiden launch at Medini. We will also be handing over St Mary Residences to purchasers, marking the completion of our iconic development in the heart of metropolitan Kuala Lumpur while in Penang, resources are geared towards the handover of the first batch of Quayside condominiums early next year.

Today, we are well-positioned as a luxury lifestyle-driven group, with our core business in property development, supported by a strong lifestyle portfolio. The complementary pillars of this portfolio range from hotel to F&B, retail to serviced residences, and marina operations to convention centre.

"PROMISING LONG-TERM GROWTH PROSPECTS; E&O HAS POSITIONED ITSELF AS A PREMIUM AND NICHE PLAYER BY LEVERAGING ON ITS STRONG BRAND NAME AND EXPERTISE IN HIGH-END DEVELOPMENTS"

MIDF Research
21 March 2012

[1] After taking into consideration revenue generated after applying results for jointly-controlled entities.

Moving forward, our aim is to take E&O to the next level—to consciously build our corporate and property brands, to cement a more global position as the true property and lifestyle developer, to stand independently as a performance driven company. This will allow us to command a premium across all our businesses, further strengthening and enhancing shareholder value.

Sime Darby Berhad, Malaysia's biggest and oldest conglomerate, became our single largest shareholder and cornerstone investor in September 2011. Reflecting this, in November 2011, we welcomed Dato' Mohd Bakke bin Salleh, President & Group Chief Executive, Sime Darby Berhad and Dato' Abd Wahab bin Maskan, Group Chief Operating Officer, Sime Darby Berhad & Managing Director, Sime Darby Property Berhad to the Board of Eastern & Oriental Berhad as Non-independent, Non-executive Directors.

We continue to engage closely with existing and potential investors through our investor relation activities which include regular meetings and site visits involving foreign and local research houses, funds and investors during the 12 month period of financial year ended 31 March 2012. It is also noteworthy that we now have three additional research houses covering E&O, putting us firmly on the radar of investors and potential partners.

The foundations have been laid – E&O is on much stronger footing, poised to take advantage of future growth opportunities across all segments. It is time to spread our wings beyond our shores.

As we move forth, we continue to be thankful for the support of our valued customers, shareholders, business and banking partners, regulatory authorities and the media. Last but not least, our sincere appreciation goes to the dedicated and committed team of E&O staff members and management who have been instrumental in the Group's achievements.

DATUK AZIZAN BIN ABD RAHMAN
Chairman, Eastern & Oriental Berhad
July 2012

Managing Director's Operational Review

FINANCIAL PERFORMANCE

The Group achieved revenue of RM492.15 million for the financial year ended 31 March 2012 as compared to RM271.27 million in the previous financial year, which represented an increase of RM220.88 million or 81%. The increase in revenue is mainly attributable to the Group's property segment, its main business driver, which registered an increase in revenue of RM208.07 million. The hospitality and restaurants segment recorded an increase of RM13.35 million.

The joint-venture projects, St Mary Residences (with The Lion Group) and the second phase of the Villas by-the-sea bungalows (with CIMB Mapletree and Al-Salam Bank) in Penang, contributed recognised revenue totaling RM355.60 million for the financial year ended 31 March 2012 (financial year ended 31 March 2011: RM159.05 million) which was not included in the Group consolidated revenue. After incorporating the revenue recognised for the jointly-controlled projects, the Group recorded adjusted revenue of RM847.75 million (financial year ended 31 March 2011: RM430.32 million).

2 Bedroom Suite, Andaman at Quayside

The Group posted a pre-tax profit of RM171.17 million compared to RM48.15 million in the previous year ended 31 March 2011. This represented an increase in pre-tax profit of RM123.02 million or 255%. The increase in pre-tax profit reflected a higher contribution from the property division on the back of higher revenue recognised, higher share of profits in jointly-controlled entities and the fair value gain on an investment property disposed.

While global economic conditions remain uncertain, the Malaysian economy continues to register moderate growth. The Group maintains a cautiously optimistic outlook that is supported by its strong brand positioning, which has translated into encouraging take-up rates for its new property launches. Projects that are nearing completion like St Mary Residences and Quayside are expected to make a higher contribution to the Group's earnings.

CORPORATE DEVELOPMENTS

Sales & Marketing Collaboration with Mitsui

On 15 June 2011, the Group signed a marketing collaboration agreement with Mitsui Real Estate Sales Co Ltd, the real estate brokerage arm of Mitsui Fudosan Co Ltd, Japan's largest real estate developer. Under the agreement, Mitsui will market E&O's properties to its high net worth clientele in Japan. Mitsui Fudosan is one of Japan's corporate giants and is listed on the First Section of the Tokyo & Osaka Stock Exchange. This is a first step that marks the beginning of efforts to bring the homegrown E&O brand to the Japanese market and forms the foundation for potential collaboration in other areas between the two parties in the future.

Strategic JV to Develop Wellness Township in Medini

E&O entered into a shareholders' agreement with Pulau Indah Ventures Sdn Bhd (Pulau Indah) on 28 June 2011 to undertake the development of an iconic wellness township in the Heritage Cluster in Medini Central of the Nusajaya flagship zone of Iskandar Malaysia. The 210-acre land for the proposed development is strategically located 15 minutes from the Tuas Second Link to Singapore.

E&O via its indirect wholly-owned subsidiary, Galaxy Prestige Sdn Bhd (Galaxy Prestige) had entered into the agreement with Pulau Indah to establish a 50/50 joint venture company named Nuri Merdu Sdn Bhd. Pulau Indah is a 50/50 commercial joint venture between Teluk Rubiah Ventures Sdn Bhd, a wholly-owned subsidiary of Khazanah Nasional Berhad, and Aneto Investments Pte. Ltd, an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited.

E&O will be extending its expertise to conceptualise and develop the wellness-themed enclave, a mixed development comprising, amongst others, terrace and semi-detached houses, bungalows, serviced apartments and condominiums, wellness centre(s), and retail and commercial properties.

On 5 January 2012 the Prime Ministers of both Malaysia and Singapore and their respective ministerial delegations were briefed on the concept for the development.

E&O Realises Land Value with RM134 mil Sale

The Group disposed a parcel of land and building at Seri Tanjung Pinang, Penang for a cash consideration of RM134 million, on an “as-is-where-is” basis, to Soaring Profit Sdn Bhd on 11 July 2011. The disposal involved the sale of a freehold land parcel of about 27,743.7 sq m situated on the east side of Jalan Tanjung Tokong within E&O’s 240-acre Seri Tanjung Pinang masterplanned development as well as the building onsite currently occupied by TESCO hypermarket.

The move was timely and enabled the Group to realise the value of the land earlier. It was also in line with the Group’s strategy of preserving capital value and strengthening the balance sheet via realising cash resources. The bulk of the proceeds will be channelled to productive projects and investments to maximise returns for the Group and if necessary, facilitate repayment of borrowings.

Conglomerate Sime Darby Becomes E&O’s Single Largest Shareholder

In September 2011, Sime Darby Berhad (Sime Darby), Malaysia’s biggest and oldest conglomerate, became E&O’s single largest shareholder after acquiring 30% of the Group’s shares from several of E&O’s major shareholders. This was followed by the appointment of two Sime Darby representatives to the E&O Board; Dato’ Mohd Bakke Salleh, President & Group Chief Executive, Sime Darby Berhad and Dato’ Abd Wahab Maskan, Group Chief Operating Officer, Sime Darby Berhad & Managing Director, Sime Darby Property Berhad. These appointments took effect on 29 November 2011.

Conversion of Outstanding ICSLS

E&O exercised its rights of mandatory conversion for the 10-year irredeemable convertible secured loan stocks 2009/2019 (ICSLS) on 27 November 2011.

The ICSLS was issued on 17 November 2009 at RM0.65 each and offered a coupon of 8% per annum payable annually. Pursuant to the terms and conditions of the ICSLS, ICSLS holders have the option to convert to E&O shares on a 1-on-1 basis anytime within the 10-year tenure while E&O has the option to convert all unconverted ICSLS into new ordinary E&O stock units of RM1.00 each after two years of issuance provided that the 3-month VWAP (volume weighted average price) for E&O shares immediately preceding the conversion exceeds RM1.00. The VWAP just before the conversion announcement stood at RM1.5167.

Purchase of Princes House
Prime Freehold Property in London

On 23 April 2012, E&O made its debut in London with the proposal to acquire Princes House, a prime freehold office cum retail building in the Borough of Westminster for £20.25 million (approximately RM100.91 million). The acquisition was completed on 15 June 2012.

Constructed in the early 1920's, Princes House is a significant mixed-use building comprising approximately 46,087 square feet (4,281 square meters) of office and retail/showroom space. It commands a prime position on the west side of Kingsway in the heart of London's Midtown.

Princes House is close to renowned London landmarks like Covent Garden, the Royal Opera House, famous hotels and theatres such as The Waldorf, The Savoy, the Theatre Royal and the Lyceum Theatre. The property is also located close to the historic Inns of Court (Lincoln's Inn, Inner Temple, Middle Temple and Gray's Inn), the Royal Court of Justice and the Old Bailey. Within the vicinity of Princes House is the London School of Economics as well as the corporate offices of Goldman Sachs, British American Tobacco, Deloitte and BBC.

Princes House enjoys excellent accessibility via two principal road connections; the High Holborn at the north and Strand from the south; two principal road connections between the city and the west end. In addition to that, it is within 9 minutes' walk from six major underground lines, namely the Central, Piccadilly, Circle, District, Northern and Bakerloo lines. The upcoming new Crossrail link through Tottenham Court Road station is expected to transform the connectivity and further enhance the quality of accessibility to the area.

Presently, a section of the property is already tenanted by a well-known retail brand and is immediately generating rental income.

Princes House, London

PROPERTY DEVELOPMENT

The property development arm recorded strong performance in 2011/12 chalking up sales of RM786.78 million while unbilled sales were close to RM1 billion as at 31 March 2012. Key contributors to the sales position include Quayside Seafront Resort Condominiums at Seri Tanjung Pinang, Penang and St Mary Residences in Kuala Lumpur's central business district.

Both projects are on track with St Mary due for handover in July 2012 and the first phase of Quayside, in the first quarter of 2013. Leasing activities are already underway for St Mary Place, the 2-storey retail annexe at St Mary which will comprise an intimate enclave of shops and restaurants for city-dwellers and residents.

The well-received Quayside—currently more than 90% sold—was followed by the release of Andaman at Quayside in February 2012, which is presently more than 70% taken up. Backed by this encouraging response, we are targeting to launch the second of the three Andaman towers in the second half of 2012. We are confident that the appeal of Andaman—well-appointed units, exceptional views of the vast sea and the famous Gurney Drive coupled with the spectacular 4.5 acre private waterpark—will continue to be a strong draw for the second tower.

We have drawn out the development masterplan for the 210-acre Medini Integrated Wellness Capital in Iskandar Malaysia and are engaging with the regulatory authorities on this. Concurrently, we have met with a number of potential international wellness consultants/partners from Asia and Europe who have been shortlisted and invited to an RFP (request for proposal exercise). The shortlisted consultants/partners have been briefed and we expect to review their preliminary proposals soon.

Looking ahead, a signature E&O project in the Kuala Lumpur city centre is at advanced planning stages and expected to be unveiled by 2013. We are also very excited about our overseas debut that saw us acquiring the prime Princes House building in London's Westminster Borough in April 2012, which is slated for conversion into residential apartments or serviced suites.

Artist's impression, St Mary Residences Penthouse

ST MARY RESIDENCES

www.stmaryresidences.com

Type	:	Serviced Apartments | 2 high-rise towers
Location	:	Jalan Tengah, Kuala Lumpur
Description	:	Built-up of ~1,135 sq ft to ~6,704 sq ft
Units	:	457
Launch Date	:	June 2009
Status	:	Completed 2012

- Styled after Manhattan's iconic loft apartments but with a unique Malaysian character
- Comprises two majestic towers, commanding impressive views of the Petronas Twin Towers, KL Tower, Bukit Nanas Nature Reserve and the vibrant Kuala Lumpur central business district skyline
- Spread across three levels, St Mary's palatial penthouse suites, each with private rooftop pools represent the very pinnacle of luxurious city living
- 8-minute walk to the KLCC and surrounded by the best of the city's shopping and dining outlets
- A refreshing 1.2 acre fully-turfed central park, provides an urban sanctuary for dwellers
- 2-storey residents-only clubhouse, gym and function rooms on its northern fringe, with a manicured lawn flowing seamlessly to the edge of the swimming pool
- Within the St Mary development is a third tower, the E&O Residences serviced suites complete with 5-star hospitality and concierge services, which will also be accessible to St Mary residents as pay-on-demand services

Seri Tanjung Pinang

www.seritanjungpinang.com

A 2.2km promenade fringes the development

Actual photo of Seri Tanjung Pinang with Quayside and Andaman condominiums superimposed

- Located along Penang's northeast coast, this masterplanned development sits strategically between the UNESCO World Heritage City of George Town and the renowned beaches of Batu Ferringhi

- Developed in two phases, the 240-acre first phase of this remarkable development has evolved into a mature, vibrant community of locals and expatriates from more than 13 countries

- Approval-in-principle for the 760-acre Phase Two has been obtained from the Penang State Government in 2011 and masterplan details are being finalised

- Residences here range from 3-storey courtyard terraces in Penang's unique straits-eclectic architecture to luxury suites and from resort seafront condominiums to grand seafronting villas reminiscent of Caribbean plantation manors

- The Straits Quay festive retail mall and marina in Seri Tanjung Pinang infuses the essence of living by-the-sea for residents, visitors and tourists alike

QUAYSIDE SEAFRONT RESORT CONDOMINIUMS

www.quaysideresort.com

Type	:	Condominiums | 2 high-rise and 2 low-rise towers
Location	:	Seri Tanjung Pinang, Penang Island
Description	:	Built-up of ~1,137 sq ft to ~7,159 sq ft
Units	:	698
Launch Date	:	February 2010 | August 2010 | February 2011 | June 2011
Status	:	Completing 2013

- Touted as a one-of-its-kind development in the region, Quayside is a luxury seafront condominium featuring a 4.5 acre, RM20 million signature private waterpark made up of an interconnected collection of pools over seven distinct activity areas to suit all ages and moods


4.5 acre waterpark at Quayside

ANDAMAN AT QUAYSIDE

Type	:	Condominiums | 3 high-rise towers
Location	:	Seri Tanjung Pinang, Penang Island
Description	:	Built-up of ~914 sq ft to ~4,847 sq ft
Units	:	169 (first tower launched)
Launch Date	:	February 2012
Status	:	Completing 2015

- Sited on 21-acres of the final, most-prime plot on Seri Tanjung Pinang, Andaman is conceptualised to celebrate the best facets of island living in Penang with 75% of all suites meticulously aligned to provide unobstructed views of the sea, the famous Gurney Drive and the marina of neighbouring Straits Quay

ANDAMAN AT QUAYSIDE

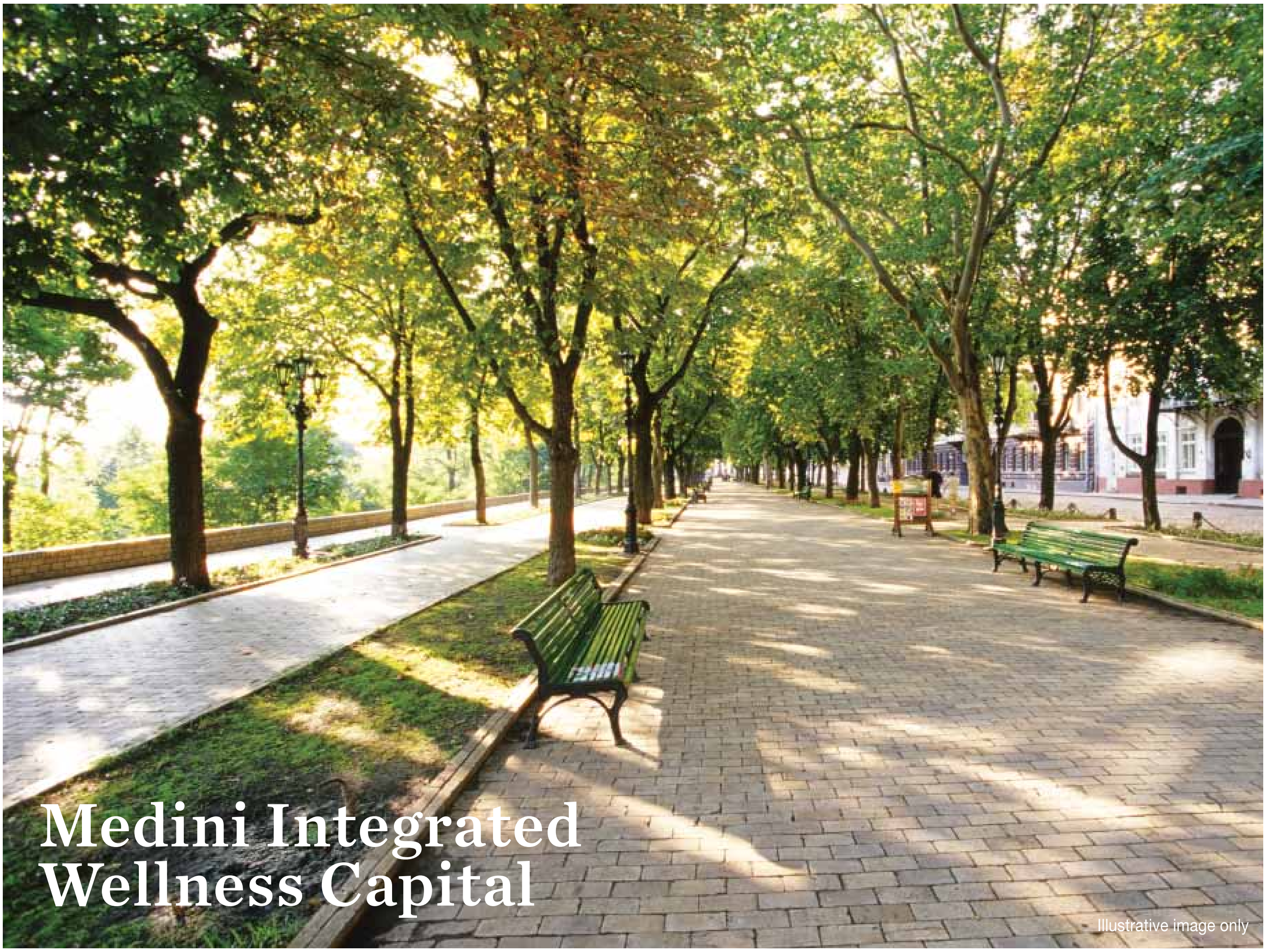
Eight meticulously planned layouts offer a range of living choices to match every purchaser's personal character. From expansive penthouse suites with tension-edged lap pools draped over the horizon, to spacious 3-bedroom suites for larger families, to chic 1-bedroom units designed for the modern jet setter. Each one, the perfect setting for residents to claim their private piece of the Andaman Sea.

ONE BEDROOM SUITE

915 sq ft (85 sq m)

TWO BEDROOM SUITE
2,047 sq ft (190 sq m)

THREE BEDROOM SUITE
2,824 sq ft (262 sq m)



Medini Integrated Wellness Capital

Illustrative image only

- Developed by Nuri Merdu Sdn Bhd, a joint-venture between Galaxy Prestige Sdn Bhd (a wholly-owned subsidiary of Eastern & Oriental Berhad) and Pulau Indah Ventures Sdn Bhd (a 50/50 commercial joint venture between Teluk Rubiah Ventures Sdn Bhd, a wholly-owned subsidiary of Khazanah Nasional Berhad, and Aneto Investments Pte Ltd, an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited)
- Strategically located in Medini Central at Iskandar Malaysia's Flagship Zone B (Nusajaya)
- Conceptualised as a sanctuary premised on the ideology of 'Prolonging Active Years' which encourages optimum wellbeing and guides the masterplanning of the entire 210 acres
- Comprises two main components; Medini Estate and Medini Sanctuary
- The Estate refers to the broader, overall development, that is fringed by a natural mangrove forest and includes internal and external spaces of landed residences, condominiums, service apartments and commercial village, set within a gentle terrain that is securely gated and guarded
- The Sanctuary is the pulse of wellbeing with areas designated for purpose-built facilities to promote wellness
- Excellent accessibility via a comprehensive network of routes and expressways, seamlessly connecting this world-class locale to metropolitan Singapore, Kuala Lumpur, Sultan Ismail International Airport (Senai) and Johor Bahru city centre

Wellness Centre	12.6 acres
Bungalow	96 units
Semi-D	168 units
Terrace	458 units
Condominium	2,419 units
Service Apartment	720 units
Commercial	17.95 acres

"WE ARE ALSO EXCITED OVER THE PROJECT'S PROSPECTS AS IT SHOULD PROVIDE LONGER TERM EARNINGS GROWTH AND… EXPOSURE INTO JOHOR."

Inter-Pacific Research
30 June 2011

DUA RESIDENCY
Condominiums,
Jalan Tun Razak

SEVENTY DAMANSARA
3-Storey Detached Homes,
Damansara Heights

IDAMANSARA
3-Storey Semi-Detached
and Detached Homes,
Damansara Heights

ARIZA
Terraced Homes,
Seri Tanjung Pinang

AVALON & ACACIA
3-Storey Semi-Detached
and Detached Homes,
Seri Tanjung Pinang

CAYMAN & CASPIAN
Super Semi-Detached
Homes, Seri Tanjung
Pinang

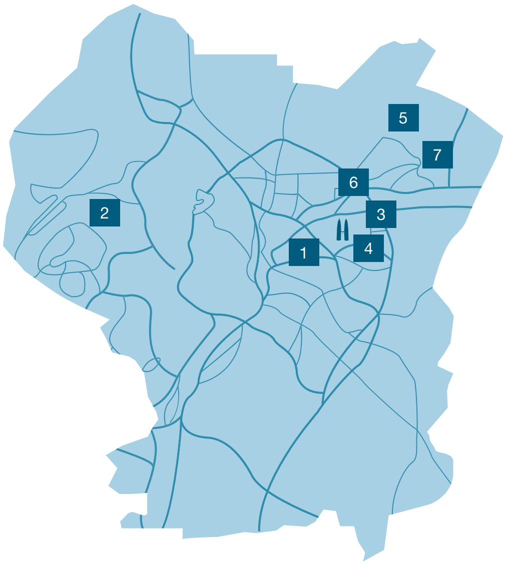
SKYE & ABREZZA
3-Storey
Villas By-The-Sea ™,
Seri Tanjung Pinang

MARTINIQUE
2-Storey
Villas By-The-Sea ™,
Seri Tanjung Pinang

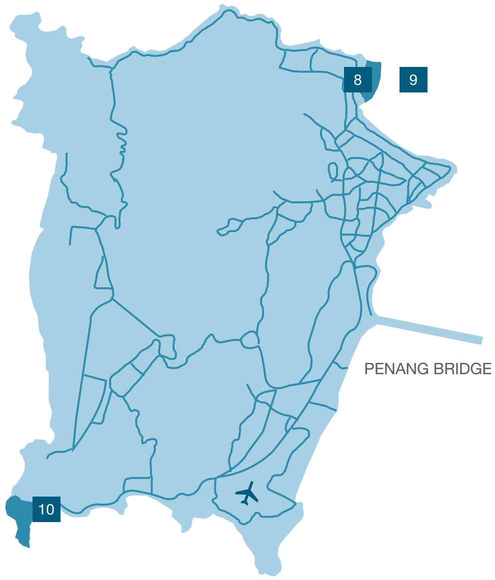
SUITES AT STRAITS QUAY
1- and 2-bedroom
Serviced Residence,
Seri Tanjung Pinang

LIST OF MAJOR LANDBANKS

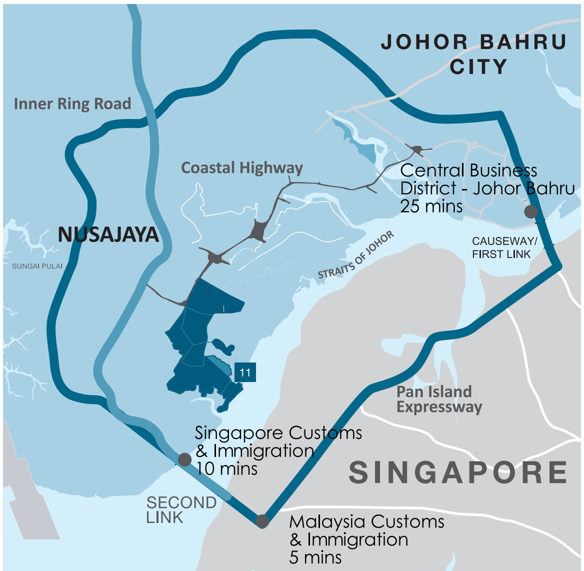
LANDBANKS	ACRES
KLANG VALLEY	
1. St. Mary's land at Jalan Tengah, Kuala Lumpur (JV with The Lion Group)	4.1
2. Jalan Teruntung, Damansara Heights, Kuala Lumpur (The Peak)	3.9
3. Jalan Yap Kwan Seng, Kuala Lumpur	1.3
4. Jalan Conlay, Kuala Lumpur	1.4
5. Kemensah Heights, Ulu Kelang, Kuala Lumpur	309.5
6. Jalan Liew Weng Chee (Off Jalan Yap Kwan Seng), Kuala Lumpur	0.9
7. Ukay Heights, Ulu Kelang, Kuala Lumpur	9.4
	330.5



LANDBANKS	ACRES
PENANG ISLAND	
8. Seri Tanjung Pinang, Tanjung Tokong, Penang, Phase One	240.0
9. Seri Tanjung Pinang, Tanjung Tokong, Penang, Phase Two	760.0
10. Gertak Sanggul, Penang Island	365.0
	1,365.0



LANDBANKS	ACRES
JOHOR	
11. Medini Integrated Wellness Capital, Iskandar Malaysia	210.0
TOTAL	**1,905.5**



PROPERTY INVESTMENT

E&O's Property Investment arm was formed to realise optimal gains in capital appreciation over the medium-term from investments in residential units and commercial/retail space developed by the E&O Group. In the longer term, the division enables E&O to have a direct role in nurturing the concept realisation of its developments whilst upholding the established E&O brand across its products.

The Property Investment division also benefits from sustained income streams from leased commercial and tenanted retail space from E&O's growing portfolio of investment properties. This includes the Dua Annexe retail block, alongside E&O's Dua Residency condominium development within the vicinity of the Kuala Lumpur City Centre (KLCC) which began operations in 2008. Occupying approximately an acre of land fronting Jalan Tun Razak, Dua Annexe has approximately 25,000 sq ft in net floor area, housed in a 3-storey modern glass and steel cube structure. This lifestyle-driven boutique complex of niche retail, F&B and service outlets caters to Dua Residency residents as well as the surrounding affluent community.

At Seri Tanjung Pinang, the 270,000 sq ft (net lettable area) Straits Quay festive retail marina is another E&O property investment asset, which has become one of Penang's must-visit destinations. Officiated in November 2011 by the Chief Minister of Penang, Yang Amat Berhormat Lim Guan Eng, Straits Quay has brought a host of familiar and new, local and international, retail and dining brands to Penang. It is also home Royal Selangor's second signature Visitors Centre in the country as well as the 30,000 sq ft


Actual photo of Straits Quay with Andaman at Quayside superimposed

Performing Arts Centre of Penang. These coupled with the 40-pontoon berth Straits Quay Marina and the picturesque seafront setting bring to life the holistic concept of living by-the-sea to the residents of Seri Tanjung Pinang.

Straits Quay also features a well-equipped MICE facility, the Straits Quay Convention Centre (SQCC). Opened in end-2011, SQCC brings an additional 30,000 sq ft of conference and banqueting space to Penang. The hall is ideal for exhibitions and conventions and accommodates 1,500 pax banquets and a plenary hall setting for 2,500 pax.

Planned for the second half of 2012 is the opening of St Mary Place, a 2-storey retail annexe of close to 35,000 sq ft net lettable area at St Mary Residences in Kuala Lumpur city centre. Comprising an intimate enclave of service outlets and restaurants, it will provide residents with a snap shot of the city right at their doorstep. Towards the end of 2102, we expect to open 5,200 sq ft of retail space at the new wing of the E&O Hotel, the soon-to-be-opened Victory Annexe. This retail space will include the E&O Social History Gallery, a unique project put together by the hotel and Think City Sdn Bhd (which manages the George Town Grants Programme) to relate the story of Penang—its history as well as social and cultural milestones through the course of more than a century—as seen through the eyes of the E&O Hotel.

HOSPITALITY & LIFESTYLE

The E&O Group is supported by a cachet of hospitality and lifestyle elements which include hotels, F&B, retail, merchandising, concierge services, marina operations, performing arts and convention facilities. These elements bring to life E&O's positioning as a premier lifestyle property development group.

Eastern & Oriental Hotel

www.eohotels.com

- Established by the famed Sarkies Brothers in 1885, whose architectural landmarks also include the Raffles Hotel in Singapore, the 100 all-suite E&O Hotel is the only hotel in the heart of the George Town UNESCO World Heritage Site that possesses prime sea frontage. It stands as the grand dame of heritage hotels, its distinctive classic elegance and grace of service enhanced with time.

- The adjacent annexe block is currently being fitted out and scheduled for completion in late 2012. The 15-storey building will be named the Victory Annexe, its namesake being an old block of the hotel, so named after the British victory in World War I. It will add a further 139 suites, all sea-fronting, to the present 100, complemented by new restaurants, meeting rooms, pool, spa, and niche retail outlets.

- To distinguish between the two hotel sections, the existing hotel building will be known as the Heritage Wing. This historical heart of the E&O Hotel with its Moorish minarets and soaring echo-dome lobby provide the backdrop for khaki-clad doormen and pith-helmeted bellhops to welcome guests. Over its 127-year history, the E&O's Heritage Wing has played host to some of the world's most celebrated artists, writers and heads of state.

- The Sarkies Corner, one of Penang's best-loved eateries, which used to be at the Heritage Wing has moved to the sea-fronting ground floor of the Victory Annexe. Now simply called Sarkies, the restaurant continues to serve a wide selection of delicious local and international fare alongside its world-renowned buffet spread.

- The recent accolades earned by the hotel and its outlets include "Top 25 Hotels in Malaysia – Top in Penang" in the TripAdvisor Travellers' Choice 2012 Awards; "2011 Malaysia's Best Restaurants" Malaysia Tatler magazine readers' award for the hotel's 1885 fine-dining restaurant; "Top Hotels (Heritage) at the INPenang Awards 2012 and "Best Hotel Bar in Malaysia 2012" for Farquhar Bar by Expatriate Lifestyle Magazine.

Lone Pine Hotel

www.lonepinehotel.com

- The Lone Pine Hotel is the first hotel along the picturesque Batu Ferringhi coastline. Established in 1948, it is known to this day for its unpretentious accommodation and genuine hospitality.

- The Lone Pine Hotel was given a new lease of life after undergoing extensive refurbishment and expansion in 2009/2010. It reopened in 2010 with an additional 40 rooms (bringing the total to 90) and an upgraded swimming pool, wellness spa, shop and gym, business centre and meeting rooms.

- Guests, especially loyal longtime followers of Lone Pine, were relieved to see that the hotel retained its quintessential charm and character, including its signature casuarinas trees and lawn.

- The successful refurbishment and expansion of Lone Pine was recognised by the architect fraternity at the Malaysian Institute of Architects (PAM) bi-annual awards for architectural design excellence. The PAM Gold Award in the commercial category went to GDP Architects Sdn Bhd for their work on Lone Pine.

- Other recent accolades bagged by the hotel include TripAdvisor® Top 10 Boutique Beach Resorts in the World 2011; and Top 25 Trendiest Hotel in Malaysia, Trip Advisor Traveller's Choice® 2012.

E&O Residences Kuala Lumpur

www.eoresidences.com

- E&O was selected by the Synod of the Diocese of West Malaysia (the Synod) through an international tender process to manage this single tower of serviced residences within the St Mary development.

- Slated to open in the fourth quarter of 2012, this will be the first serviced suites to share the name and pedigree of the legendary E&O Hotel, Penang.

- Located in the central business district along Jalan Tengah, the city's financial and commercial hub as well as key attractions and shopping destinations are literally at its doorstep.

- Offers chic, spacious, luxuriously appointed suites tailored for the global business or leisure traveller on an extended stay in Kuala Lumpur.

- Guests have a choice of one-bedroom and two-bedroom suites, beautifully furnished and fully equipped with everything needed to make their long- or short-term stay as comfortable as possible.

The Delicious Group

www.thedeliciousgroup.com

- The Delicious Group upon becoming a wholly-owned subsidiary of E&O in November 2011, embarked on a plan to expand and extend the brand. This began with the opening of Delicious Cafe outlets at Straits Quay, Penang; Sunway Pyramid and Scotts Square, Singapore in 2011. In 2012, another outlet was opened in Setia City Mall bringing the tally of outlets to eight.

- The opening of these new outlets will leverage on the success of the earlier Delicious Cafes in Kuala Lumpur—at Dua Annexe, Marc Residences, 1 Utama, Bangsar Village II and Mid Valley—which have garnered a strong reputation for quality, presentation and value.

- Complementing the Delicious Cafes is the no-frills fine dining steakhouse, DISH, located at Dua Annexe. In early 2012, Chef Steve Allen—who used to be head chef with Gordon Ramsay at Claridge's in London—joined DISH as Group Creative Chef and introduced a refreshed and revitalised menu to rave reviews from food critics, bloggers and foodies.

Delicious, Straits Quay

- The Group also runs Reunion, a Chinese restaurant named after the cornerstone family tradition of gathering at Chinese New Year Eve for a reunion dinner. It continues to gain positive endorsement for its authentic and innovative Hong Kong-style cuisine and distinctive ambience.

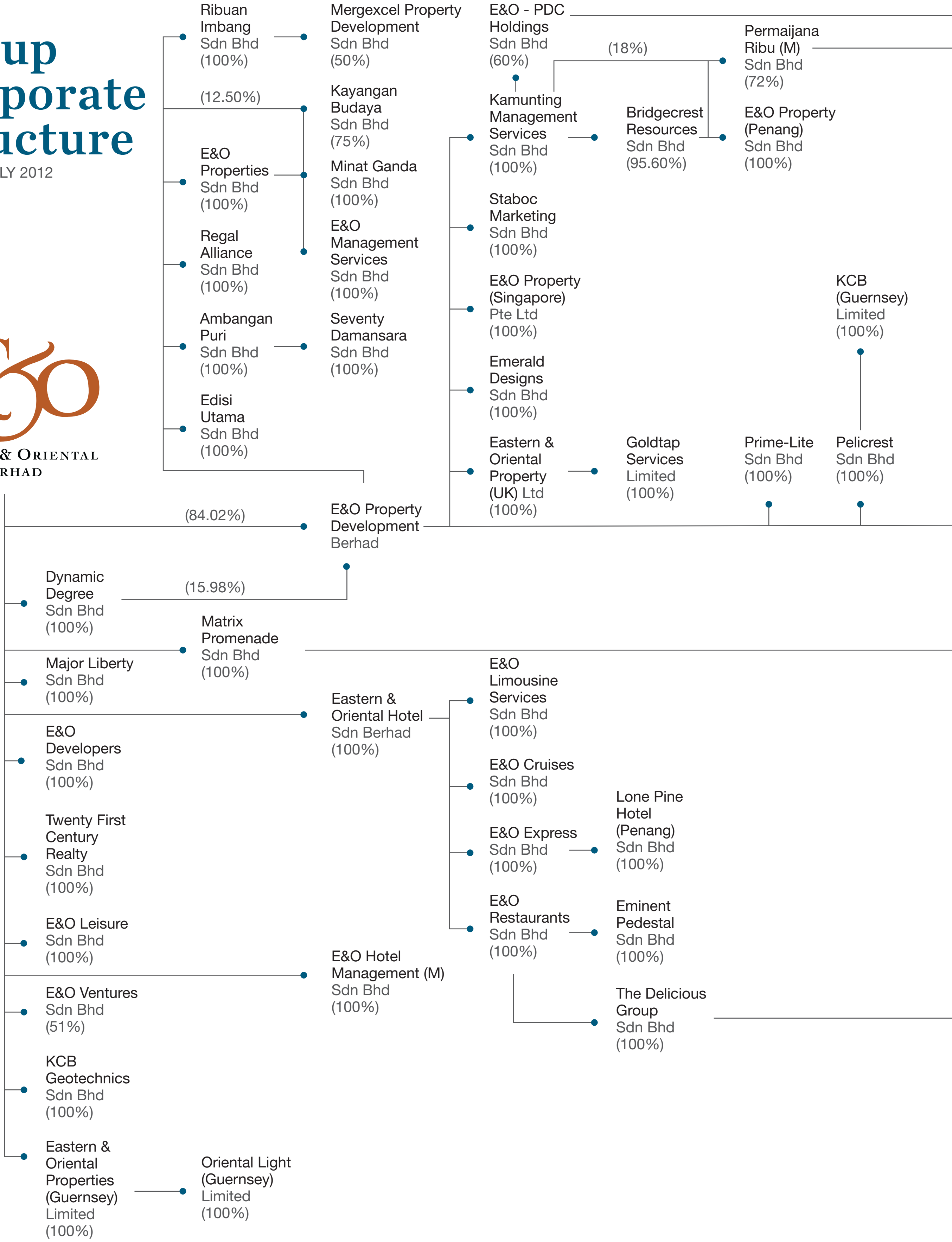
- The Delicious Group has progressed naturally and successfully into full-service catering operator known for its versatility in managing a wide-range of events and its extensive and flexible menu. Delicious Catering has grown and gained a reputation for delivering unique and specialised services, capable of handling cocktail parties to celebratory buffet spreads, BBQs to formal dinners, whether the occasion is a wedding, corporate launch or a family gathering.

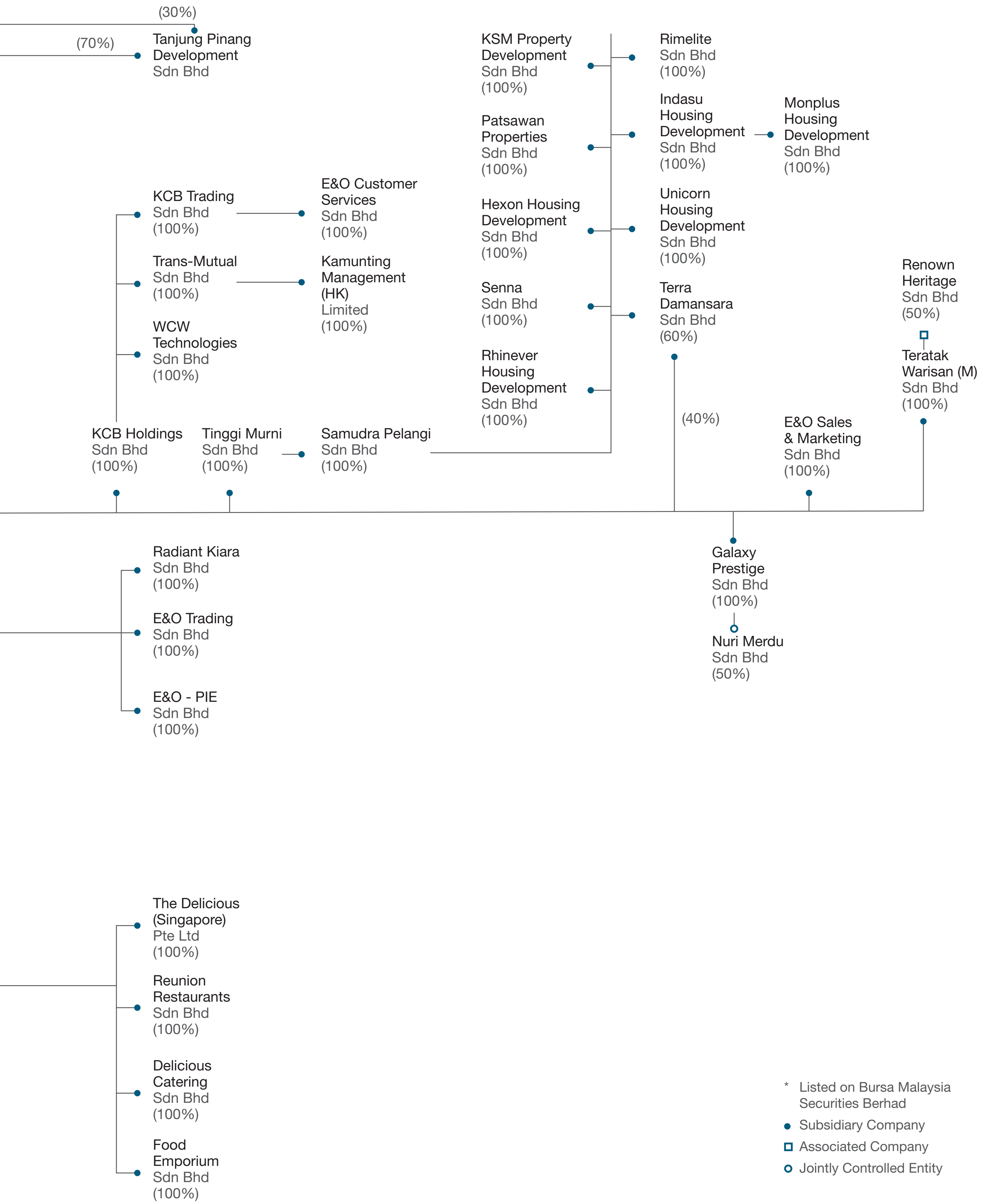
Reunion

Group Corporate Structure

AS AT 31 JULY 2012

EASTERN & ORIENTAL BERHAD




(30%)
(70%)
Tanjung Pinang Development Sdn Bhd
KSM Property Development Sdn Bhd (100%)
Rimelite Sdn Bhd (100%)
Patsawan Properties Sdn Bhd (100%)
Indasu Housing Development Sdn Bhd (100%)
Monplus Housing Development Sdn Bhd (100%)
KCB Trading Sdn Bhd (100%)
E&O Customer Services Sdn Bhd (100%)
Hexon Housing Development Sdn Bhd (100%)
Unicorn Housing Development Sdn Bhd (100%)
Trans-Mutual Sdn Bhd (100%)
Kamunting Management (HK) Limited (100%)
Senna Sdn Bhd (100%)
Terra Damansara Sdn Bhd (60%)
Renown Heritage Sdn Bhd (50%)
Teratak Warisan (M) Sdn Bhd (100%)
WCW Technologies Sdn Bhd (100%)
Rhinever Housing Development Sdn Bhd (100%)
(40%)
E&O Sales & Marketing Sdn Bhd (100%)
KCB Holdings Sdn Bhd (100%)
Tinggi Murni Sdn Bhd (100%)
Samudra Pelangi Sdn Bhd (100%)
Galaxy Prestige Sdn Bhd (100%)
Nuri Merdu Sdn Bhd (50%)
Radiant Kiara Sdn Bhd (100%)
E&O Trading Sdn Bhd (100%)
E&O - PIE Sdn Bhd (100%)
The Delicious (Singapore) Pte Ltd (100%)
Reunion Restaurants Sdn Bhd (100%)
Delicious Catering Sdn Bhd (100%)
Food Emporium Sdn Bhd (100%)
* Listed on Bursa Malaysia Securities Berhad
Subsidiary Company
Associated Company
Jointly Controlled Entity

Corporate Information

Directors
Datuk Azizan bin Abd Rahman – Chairman
Dato' Tham Ka Hon – Managing Director
Mr Chan Kok Leong – Deputy Managing Director
Mdm Kok Meng Chow – Finance Director
Datuk Henry Chin Poy Wu
Dato' Mohd Bakke bin Salleh
Dato' Abd Wahab bin Maskan
Encik Kamil Ahmad Merican
Mr Vijeyaratnam a/l V. Thamotharam Pillay
Mr Christopher Martin Boyd

Company Secretary
Ang Hong Mai (MAICSA REG No. 0864039)

Main Bankers
AmBank (M) Berhad
Affin Bank Berhad
Alliance Bank Malaysia Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad

Auditors
Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: 03-7495 8000 Fax: 03-2095 9076

Registrar
Metra Management Sdn Bhd
30.02, 30th Floor,
Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2698 3232 Fax: 03-2694 8571

Registered Office
Level 3A (Annexe)
Menara Milenium
8 Jalan Damanlela
Damansara Heights
50490 Kuala Lumpur
Tel: 03-2095 6868 Fax: 03-2095 9898

Stock Exchange Listing
Main Market of Bursa Malaysia Securities Berhad

Website
www.easternandoriental.com

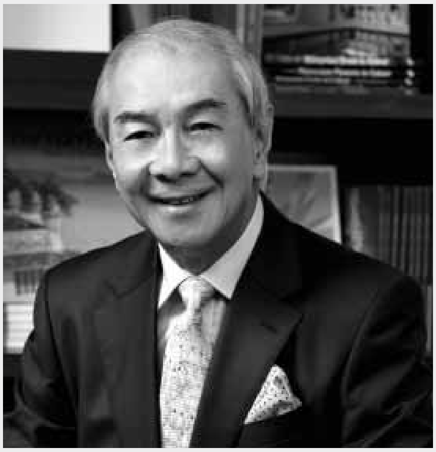
Directors' Profile

DATUK AZIZAN BIN ABD RAHMAN

DATO' THAM KA HON

MR CHAN KOK LEONG

MADAM KOK MENG CHOW



DATUK HENRY CHIN POY WU

DATO' MOHD BAKKE BIN SALLEH

DATO' ABD WAHAB BIN MASKAN

ENCIK KAMIL AHMAD MERICAN

MR VIJEYARATNAM A/L V. THAMOTHARAM PILLAY

MR CHRISTOPHER MARTIN BOYD

DATUK AZIZAN BIN ABD RAHMAN

Independent Non-executive Director/Chairman

Datuk Azizan bin Abd Rahman, a Malaysian, aged 62 was appointed as Independent Non-executive Director/Chairman of Eastern & Oriental Berhad on 6 November 2003. He is a member of the Audit Committee and Nomination Committee.

Datuk Azizan started his career as a Shipping Executive in Harper Gilfillan (M) Sdn Bhd after graduating from University of Malaya in 1973 with a degree in Bachelor of Arts. In 1975, he joined Pernas MISC Shipping Agencies Sdn Bhd as its first Branch Manager in the new Johor Port. He later became Penang Branch Manager and MISC Marketing Manager in Kuala Lumpur. In 1981, he was attached to Panocean Tankers Limited in London in their Chartering Department.

Datuk Azizan left MISC to join JF Apex Securities Berhad in 1982 as Director and shareholder and launched his career in stockbroking and finance. As a stockbroker, he was an active member of the stockbrokers fraternity and had held the post of President of the Association of Stockbroking Companies of Malaysia until he left the industry. Datuk Azizan joined the MBf Group in 2000 and currently is a Director of MBf Holdings Berhad. He is the Chairman of Ramunia Holdings Berhad and is also a Director of Apex Equity Holdings Berhad and TH Plantations Berhad. Datuk Azizan is also the Chairman of the Investment Panel of Lembaga Tabung Haji.

Datuk Azizan has no family relationship with any Director and/or major stockholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past 10 years.

DATO' THAM KA HON

Managing Director

Dato' Tham Ka Hon, a Malaysian, aged 59, is the Managing Director of Eastern & Oriental Berhad. He was appointed a Director and Managing Director of Eastern & Oriental Berhad on 16 May 1994.

Dato' Tham started his career as a Trainee Actuary with American International Assurance in Kuala Lumpur. Since 1980, his experience and expertise in property development and investment saw the highly profitable completion of Bandar Sri Damansara, when heading the property division at Land & General Berhad. In 1994, Dato' Tham took over Jack Chia Enterprise Berhad which was later renamed Eastern & Oriental Berhad and was responsible for several prestigious residential developments within Kuala Lumpur city centre such as 202 Desa Cahaya, Kampung Warisan and Sri Se-Ekar. He also spearheaded the restoration and refurbishment of two historic hotels on Penang island – the heritage 127-year old E&O Hotel in George Town and Lone Pine Hotel along Batu Ferringhi. He is currently the Managing Director of E&O Property Development Berhad and is also a Director of the Performing Arts Centre of Penang.

Dato' Tham is a substantial stockholder of the Company. He has no family relationship with any Director and/or major stockholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past 10 years.

MR CHAN KOK LEONG
Deputy Managing Director

Mr Chan Kok Leong, a Malaysian, aged 42, is the Deputy Managing Director of Eastern & Oriental Berhad. He was appointed as Executive Director of Eastern & Oriental Berhad on 11 May 2006 and was promoted to Deputy Managing Director on 11 May 2011. Mr Chan is a member of the Remuneration Committee and Option Committee.

Mr Chan has more than 20 years experience in corporate finance and financial investment, which also encompassed areas relating to property development and marketing. He holds a Master in Business Administration and is a member of the Malaysian Association of Certified Public Accountants. In May 2003, Mr Chan joined E&O Property Development Berhad as Director of Corporate & Investment and was subsequently appointed as Executive Director in May 2006. He is also a Director of the Performing Arts Centre of Penang.

Mr Chan has no family relationship with any Director and/or major stockholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past 10 years.

MADAM KOK MENG CHOW
Finance Director

Madam Kok Meng Chow, a Malaysian, aged 52, is the Finance Director of Eastern & Oriental Berhad. She was appointed to the Board of Eastern & Oriental Berhad on 11 August 2008. Madam Kok is a member of the Risk Management Committee and Option Committee.

Madam Kok holds a Bachelor of Economics (Accounting) degree from Monash University of Australia. She is a member of the Malaysian Institute of Accountants and a Fellow of the Institute of Chartered Accountants, Australia, as well as a certified member of the Financial Planning Association of Malaysia. Madam Kok has more than 30 years working experience, both local and in Australia, covering auditing, finance and accounting. Currently, she is the Finance Director of E&O Property Development Berhad and an Alternate Director of the Performing Arts Centre of Penang.

Madam Kok has no family relationship with any Director and/or major stockholder of the Company nor any conflict of interest with the Company. She has had no convictions for any offences within the past 10 years.

DATUK HENRY CHIN POY WU
Senior Independent Non-executive Director

Datuk Henry Chin Poy Wu, a Malaysian, aged 75, was appointed to the Board of Eastern & Oriental Berhad as an Independent Non-executive Director on 15 April 1994. Thereafter, he was appointed as Senior Independent Director on 28 July 2003. He is the Chairman of the Audit Committee and Risk Management Committee and is a member of the Nomination Committee.

Datuk Henry spent over 38 years of his career with The Royal Malaysian Police and was holding the position of Chief of Police, Kuala Lumpur when he retired in 1993 from government service. After his retirement, Datuk Henry continues to be actively involved in community services working for the benefit of education and welfare, and is a Board member of University Malaysia Sabah. Datuk Henry is the Vice Chairman of the Malaysia Crime Prevention Foundation. He also sits as a Board Member of the Kinabalu Foundation Sabah and Datuk Sheah Tee Sui Foundation, Sabah, both are non-profit organisations. He is also a Director of JT International Berhad, Glenealy Plantations (Malaya) Berhad and Hap Seng Consolidated Berhad.

Datuk Henry has no family relationship with any Director and/or major stockholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past 10 years.

DATO' MOHD BAKKE BIN SALLEH

Non-independent Non-executive Director

Dato' Mohd Bakke bin Salleh, a Malaysian, aged 58, a Non-independent Non-executive Director was appointed to the Board of Eastern & Oriental Berhad on 29 November 2011. He is a nominee director representing Sime Darby Berhad, a major stockholder of the Company.

Dato' Mohd Bakke holds a Bachelor of Science (Economics) degree from the London School of Economics, United Kingdom. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants.

Dato' Mohd Bakke is currently the President and Group Chief Executive of Sime Darby Berhad and a Director of Sime Darby Property Berhad. Dato' Mohd Bakke was formerly the Group President and Chief Executive Officer of Felda Global Ventures Holdings Sdn Bhd. He had also served as the Group Managing Director of Felda Holdings Berhad, Group Managing Director and Chief Executive Officer of Lembaga Tabung Haji and a Director, Property Division of Pengurusan Danaharta Nasional Berhad. He had previously worked with several subsidiaries within the Permodalan Nasional Berhad Group, namely, Managing Director of Federal Power Sdn Bhd, Managing Director of Syarikat Perumahan Pegawai Kerajaan Sdn Bhd and Group General Manager of Island & Peninsular Group.

Dato' Mohd Bakke has no family relationship with any Director and/or major stockholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past 10 years.

DATO' ABD WAHAB BIN MASKAN

Non-independent Non-executive Director

Dato' Abd Wahab bin Maskan, a Malaysian, aged 61, a Non-independent Non-executive Director was appointed to the Board of Eastern & Oriental Berhad on 29 November 2011. He is a nominee director representing Sime Darby Berhad, a major stockholder of the Company.

Dato' Abd Wahab holds a Bachelor of Science degree in Estate Management from the University of Reading, United Kingdom. He is a Fellow of both the Royal Institution of Chartered Surveyors (England and United Kingdom), a Fellow of the Royal Institution of Surveyors (Malaysia), a Fellow of the Incorporated Society of Planters and a Fellow of the Malaysian Institute of Management. Dato' Abd Wahab is currently the Group Chief Operating Officer of Sime Darby Berhad and the Managing Director of Sime Darby Property Berhad. He is also a Director of Kuala Lumpur Golf & Country Club Berhad and Pelaburan Hartanah Nasional Berhad. He has held various management and Board positions in companies in Malaysia, Europe and Asia covering plantation, property, engineering, construction and manufacturing.

Dato' Abd Wahab has no family relationship with any Director and/or major stockholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past 10 years.

ENCIK KAMIL AHMAD MERICAN

Non-independent Non-executive Director

Encik Kamil Ahmad Merican, a Malaysian, aged 62, a Non-independent Non-executive Director was appointed to the Board of Eastern & Oriental Berhad on 26 April 1999. He is a member of the Audit Committee, Nomination Committee, Remuneration Committee and Option Committee.

Encik Kamil graduated in Architecture from Universiti Teknologi Malaysia and the Architectural Association in London. He has worked in various architectural firms in London and Malaysia and possesses vast experience in the architectural field. He is currently the Chief Executive Officer of GDP Architects Sdn Bhd. Encik Kamil also serves as an external examiner for Universiti Teknologi Malaysia and Universiti Malaya. He also sits on the Board of E&O Property Development Berhad.

Encik Kamil has no family relationship with any Director and/or major stockholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past 10 years.

MR VIJEYARATNAM A/L V. THAMOTHARAM PILLAY
Independent Non-executive Director

Mr Vijeyaratnam a/l V. Thamotharam Pillay, a Malaysian, aged 60, an Independent Non-executive Director was appointed to the Board of Eastern & Oriental Berhad on 28 July 2003. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Mr Vijeyaratnam is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He has considerable experience covering auditing, financial planning, general management and corporate advisory in various business environments. He is currently the Managing Director of his own corporate advisory and consultancy firm. Mr Vijeyaratnam also sits on the Board of Multi-Purpose Holdings Berhad, Bandar Raya Developments Berhad and Mieco Chipboard Berhad.

Mr Vijeyaratnam has no family relationship with any Director and/or major stockholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past 10 years.

MR CHRISTOPHER MARTIN BOYD
Non-independent Non-executive Director

Mr Christopher Martin Boyd, a British citizen with permanent residence in Malaysia, aged 65, a Non-independent Non-executive Director was appointed to the Board of Eastern & Oriental Berhad on 11 August 2008. He is a member of the Risk Management Committee.

Mr Boyd is a Fellow of the Royal Institution of Chartered Surveyors and the Institution of Surveyors (Malaysia). He is also a member of the Singapore Institute of Surveyors and Valuers and an Associate of the Australian Property Institute. Mr Boyd was a partner of Jones Lang Wootton Malaysia from 1974 to 1981; a Director of Jones Lang Wootton Singapore from 1981 to 1985 and a partner of Knight Frank Baillieu Malaysia from 1986 to 1995. From 1995 to 2001, he was Managing Director of MUI Properties Berhad and remains on the board as a Non-Executive Independent Director. Currently, he is the Executive Chairman of CB Richard Ellis (Malaysia) Sdn Bhd, a firm engaged in property valuation, estate agency, property management and research.

Mr Boyd has no family relationship with any Director and/or major stockholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past 10 years.

Corporate Social Responsibility

CSR POLICY & OBJECTIVES

E&O Berhad's rich history and heritage, infused by its namesake, the E&O Hotel in Penang form the cornerstone for the Group's corporate social responsibility (CSR) initiatives. This is our guiding principle as we conduct our business in a manner that will enable us to contribute towards the preservation of the heritage, culture and arts within the communities we operate in. This is especially meaningful since George Town's inscription as a UNESCO World Heritage Site in 2008 as well as the recognition of the 127-year old E&O Hotel as a Penang heritage landmark.

At E&O Berhad, we demonstrate our commitment to and belief in CSR by conducting our business in an economically, socially and environmentally responsible manner while simultaneously balancing the interests of our diverse stakeholders.

PRESERVING CULTURE, HERITAGE & ARTS IN OUR COMMUNITIES

During the financial year, a significant portion of the E&O Group's limited available resources were allocated towards heritage and cultural activities supporting George Town as a UNESCO World Heritage Site, consistent with the Group's strong presence in Penang.

This included supporting the month-long George Town Festival (GTF) which is organised by the Penang State Government, Municipal Council of Penang Island, George Town World Heritage Incorporated and Penang Global Tourism to commemorate the city's inscription on the UNESCO World Heritage listing. Held from 15 June-15 July 2012, several of the GTF events were held at the Performing Arts Centre of Penang, Straits Quay.

The Group's collaboration with The Actors Studio (TAS), Malaysia's foremost performing arts group, to set up the Performing Arts Centre of Penang (*penangpac*) is seen as a positive step in providing Penangites and the northern region with greater access to the arts. With E&O providing the bulk of start-up financing and construction expertise complemented by TAS' years of expertise in theatrical management, *penangpac* was officially opened on 11 November 2011 by the Chief Minister of Penang, YAB Lim Guan Eng and started off with a month-long treat of free performances for the public.

Other ongoing CSR initiatives include contributions to underprivileged communities, charities and non-governmental organisations as well as facilitating the Community Recycling Centre in our Seri Tanjung Pinang masterplanned seafront development as part of the "Green Our World" initiative where proceeds from the sale of recyclable items were donated to charity. The Group also contributed to the Chinese New Year Cultural and Heritage celebrations that were held Penang-state wide with the participation of local associations and schools in the core heritage zone.

TRANSPARENCY IN THE MARKET PLACE

In maintaining transparency and accountability to our shareholders, the Group continually provides clear, transparent and timely information to the marketplace through regular press releases, roadshows, briefings, meetings and interviews with members of the media, investment community and analysts. Shareholders and invited participants like the Minority Shareholder Watchdog Group (MSWG) are briefed directly on the company's performance and plans at annual and extraordinary general meetings. Accessible in the public domain and regularly updated is the Group's corporate information at **www.easternandoriental.com**.

Directors' Responsibility Statement

IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made in accordance with applicable approved accounting standards and which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted and consistently applied appropriate accounting policies;
- made judgements and estimates that are prudent and reasonable; and
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and of the Group to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and of the Group and to prevent and detect fraud and other irregularities.

Corporate Governance Statement

The Board of Directors of Eastern & Oriental Berhad ("the Board") is committed to ensuring that a high standard of corporate governance is practised throughout the Group as a fundamental part of discharging its responsibilities to safeguard shareholders' investments and protect the interests of all stakeholders. Presently, the Board is making a transition from the prevailing regime to the adoption of the principles and recommendations highlighted in the Securities Commission's five-year Corporate Governance Blueprint 2011 and the Malaysian Code of Corporate Governance 2012, which are aimed at further enhancing the effectiveness of the corporate governance framework in Malaysia.

In the meantime though, set out below is a statement on how the Group has applied the principles and complied with the best practices as set out in the Malaysian Code of Corporate Governance (Revised 2007) ("the Code").

BOARD OF DIRECTORS

1. **Board Responsibility**

   The Board has overall responsibility for the proper conduct of the Group's businesses. This includes the setting of goals and strategic directions, establishing goals for management and monitoring the achievement of these goals, overseeing the process of evaluating the adequacy and integrity of internal controls, identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.

   The Board has established various Board Committees to assist the Board in the discharge of its duties. The composition and functions of these committees are presented on pages 53 to 54 of this Annual Report.

2. **Board Balance**

   The Board comprises ten (10) members, of whom three (3) are Executive Directors, three (3) are Independent Non-executive Directors and four (4) are Non-independent Non-executive Directors. The Company has complied with the requirement for one third (1/3) of its members to be independent as stated in Paragraph 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). There is no individual Director or group of Directors who dominates the Board's decision making.

   Datuk Azizan bin Abd Rahman is the Chairman of the Board whilst the Group Managing Director is Dato' Tham Ka Hon. The Chairman is responsible for ensuring Board effectiveness and standards of conduct while the Group Managing Director is responsible for the overall management of the Group, including the smooth running of the businesses and implementation of strategies and policies.

   A brief profile of each Director is presented on pages 42 to 47 of this Annual Report.

3. **Board Meetings**

   The Board meets at least five (5) times a year and additionally when circumstances required. Where appropriate, decisions are also made by way of circular resolutions in between scheduled meetings during the financial year.

   Senior management staff and/or external advisors may be invited to attend Board meetings to advise the Board and to furnish the Board with information and clarification needed on relevant items on the agenda to enable the Directors to arrive at a considered decision.

   During the year under review, six (6) meetings were held. All Directors have complied with the requirement in respect of board meeting attendance as provided for in the MMLR of Bursa Securities.

The details of Directors' attendances are set out below:

NAME OF DIRECTORS	TOTAL MEETINGS ATTENDED	%
Datuk Azizan bin Abd Rahman	6 out of 6	100
Dato' Tham Ka Hon	5 out of 6	83
Datuk Henry Chin Poy Wu	6 out of 6	100
Mr Chan Kok Leong	6 out of 6	100
Encik Kamil Ahmad Merican	6 out of 6	100
Mr Vijeyaratnam a/l V. Thamotharam Pillay	6 out of 6	100
Mdm Kok Meng Chow	6 out of 6	100
Mr Christopher Martin Boyd	6 out of 6	100
Mr Thomas Teo Liang Huat *(resigned on 29.11.2011)*	4 out of 4	100
Dato' Mohd Bakke bin Salleh *(appointed on 29.11.2011)*	2 out of 2	100
Dato' Abd Wahab bin Maskan *(appointed on 29.11.2011)*	2 out of 2	100

4. **Supply of Information**

The Board has full and unrestricted access to all information necessary to enable it to discharge its duties effectively. All Directors have access to the advice and services of the Company Secretary. Any Director who wishes to seek independent professional advice in the furtherance of his duties may do so at the Group's expense.

Notices of meetings, setting out the agenda and accompanied by the relevant Board papers, are given to the Directors in sufficient time before meetings to enable the Directors to study, obtain additional information and/or seek further clarification on matters to be deliberated.

5. **Appointment and Re-election of Directors**

The Nomination Committee comprises entirely of Non-executive Directors, a majority of whom are independent. The Nomination Committee recommends new appointments of Directors to the Board. The Nomination Committee will assess the suitability of an individual to be appointed to the Board, taking into account amongst others the individual's skills, knowledge, expertise, experience, professionalism and integrity.

The Board has an on-going evaluation process to assess the effectiveness of the Board as a whole. In respect of the assessment for the financial year ended 31 March 2012, the Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively. The Board considers that its present composition is optimal based on the Group's operations and that it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group.

In accordance with the Company's Articles of Association, at least one third (1/3) or the number nearest to one third (1/3) of the Directors, including the Managing Director, shall be subject to retirement by rotation once in every three (3) years. In accordance with Section 129(6) of the Companies Act, 1965, Directors over the age of seventy (70) are required to retire annually. All retiring Directors shall be eligible for re-election or re-appointment.

6. **Directors' Training**

The following are the courses and training programmes attended by the Directors during the financial year ended 31 March 2012:

NAME OF DIRECTORS	SEMINARS/WORKSHOPS/COURSES
Datuk Azizan bin Abd Rahman	– The Securities Commission's Corporate Governance Blueprint 2011
Dato' Tham Ka Hon	– The Securities Commission's Corporate Governance Blueprint 2011
Datuk Henry Chin Poy Wu	– Board Intelligence & Agility: Strategic Foresight & Governance – Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know for Listed Companies – Financial Reporting Standard Framework – Optimising IFRS Convergence
Mr Chan Kok Leong	– The Securities Commission's Corporate Governance Blueprint 2011
Encik Kamil Ahmad Merican	– The Securities Commission's Corporate Governance Blueprint 2011
Mr Vijeyaratnam a/l V. Thamotharam Pillay	– Business Continuity Planning
Mdm Kok Meng Chow	– The Breakfast Talk on Women In The Boardroom – Computing Deferred Taxation Under FRS 112 – Simplified Strategic Planning – The Securities Commission's Corporate Governance Blueprint 2011
Mr Christopher Martin Boyd	– Amendments to the Valuers, Appraisers and Estate Agents Act, 1981 – Developing Corporate Merger & Acquisition Plan
Dato' Mohd Bakke bin Salleh *(appointed on 29.11.2011)*	– Avoiding Minefields Amidst a Changing Anti-Corruption Landscape – Code of Conduct: Practical Experiences of a Multinational Corporation – Sime Darby Lecture Series featuring HE Shaukat Aziz – International Green Technology & Eco Products Exhibitions and Conference (IGEM) – CIMB Asean Conference – Sime Darby Workshop with Jonathon Porritt (Forum for Future) – Palm Oil Economic Review and Outlook Seminar 2012 – Bursa Malaysia Derivatives Berhad's 23rd Annual Palm & Laurics Oils Conference
Dato' Abd Wahab bin Maskan *(appointed on 29.11.2011)*	– Sime Darby Lecture Series featuring HE Shaukat Aziz – Khazanah Megatrends Forum 2011 – Sime Darby Workshop with Jonathon Porritt (Forum for Future)

7. **Whistle Blowing-Policy**

The Group has established a whistle-blowing policy so that any officer or employee of the Group can seek guidance and express concerns on the possible improprieties in matters of financial reporting and compliance and other malpractices. Reports can be made anonymously and without fear of retaliation to the Senior Independent Non-executive Director. Procedures are in place for independent investigations and appropriate follow-up action.

BOARD COMMITTEES

The Board delegates certain responsibilities to Board Committees, each with defined terms of reference and responsibilities. These Committees report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

1. **Audit Committee**
   The Audit Committee comprises four (4) Non-executive Directors. The membership, terms of reference and its activities during the year are detailed in the Audit Committee Report of this Annual Report.

2. **Risk Management Committee**
   The Risk Management Committee comprises two (2) Non-executive Directors and one (1) Executive Director, they being as follows:

   Datuk Henry Chin Poy Wu
   (Independent and Non-executive Director)

   Mdm Kok Meng Chow
   (Executive Director)

   Mr Christopher Martin Boyd
   (Non-independent and Non-executive Director)

   The committee is responsible for fomulating and overseeing the implementation of risk management policies and strategies. The committee manages key risk exposures by ensuring that management has taken necessary steps to address such risks. The committee also communicates to the Board of any present and potential risks that the Group faces.

3. **Nomination Committee**
   The Nomination Committee comprises four (4) Non-executive Directors, three (3) of whom are independent, they being as follows:

   Datuk Henry Chin Poy Wu
   (Independent and Non-executive Director)

   Datuk Azizan bin Abd Rahman
   (Independent and Non-executive Director)

   Mr Vijeyaratnam a/l V. Thamotharam Pillay
   (Independent and Non-executive Director)

   Encik Kamil Ahmad Merican
   (Non-independent and Non-executive Director)

   The committee is responsible for proposing to the Board suitable candidates for appointment as Directors and members of Board Committees.

4. **Remuneration Committee**
   The Remuneration Committee comprises two (2) Non-executive Directors and one (1) Executive Director, they being as follows:

   Mr Vijeyaratnam a/l V. Thamotharam Pillay
   (Independent and Non-executive Director)

   Encik Kamil Ahmad Merican
   (Non-independent and Non-executive Director)

   Mr Chan Kok Leong
   (Executive Director)

   The Remuneration Committee reviews and recommends to the Board the remuneration of Executive Directors. In the case of Non-executive Directors, the determination of their remuneration is a matter for the Board as a whole. Individual Directors do not participate in the decisions regarding his or her individual remuneration.

   The remuneration of the Executive Directors is linked to the performance of the individual Director and performance of the Group.

The aggregate remuneration of the Executive Directors and Non-executive Directors for the financial year ended 31 March 2012 is as follows:

	SALARIES / FEES	OTHER EMOLUMENTS (INCLUDING BONUS, ALLOWANCES, BENEFITS-IN-KIND)	TOTAL
	RM	RM	RM
Executive Directors	2,065,065	8,807,710	10,872,775
Non-executive Directors	516,393	40,576	556,969
Total	2,581,458	8,848,286	11,429,744

The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration are appropriately served by the band disclosure made in Note 10 of the Financial Statements, which is also in compliance with the disclosure requirements stipulated in the MMLR of Bursa Securities.

5. **Option Committee**

The Option Committee comprises one (1) Non-executive Director and two (2) Executive Directors, they being as follows:

Encik Kamil Ahmad Merican
(Non-independent and Non-executive Director)

Mr Chan Kok Leong
(Executive Director)

Mdm Kok Meng Chow
(Executive Director)

The committee is responsible for implementing, allocating and administering the Group's Employees' Share Option Scheme ("ESOS") in accordance with such powers and duties conferred upon it under the By-Laws of the ESOS. The By-Laws have been approved by the shareholders of the Company.

RELATION WITH SHAREHOLDERS

1. **Dialogue with Shareholders and Investors**

The Group maintains regular and proactive communication with its shareholders and investors. The Group has a Group Communications & Investor Relations Department, which provides an avenue for two-way communication between the Group and the shareholders/investors/media.

During the financial year, the Group's investor relations programmes included:

- Stakeholders engagement through conferences and roadshows conducted locally and overseas;
- Meetings and discussions with research analysts and fund managers;
- Press conferences and press releases to inform the public about the Group's corporate actions, financial performances and product launches;
- Briefings and site visits with research analysts and fund managers; and
- Half yearly analysts briefings.

The Group maintains a corporate website at **www.easternandoriental.com** which provides information relating to financial results, press releases, announcements, analyst reports and investor presentations. The public can also direct queries through the dedicated email contact provided in the said website.

2. Annual General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. Notices of AGM and annual reports will be sent to the shareholders within the period prescribed by the Company's Articles of Association. Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed and the operations of the Group. A press conference is held immediately after the AGM where the Chairman and the Executive Directors will clarify and explain issues raised by the media and analysts.

ACCOUNTABILITY AND AUDIT

1. Financial Reporting

The Board aims to present a balanced and understandable assessment of the Group's financial position and prospects in the annual financial statements and quarterly announcements.

2. Internal Controls

The Board is responsible for the Group's system of internal controls, risk management and the review of the system's adequacy and integrity. While acknowledging their responsibility for the system of internal controls, the Directors are aware that such a system is designed to manage rather than eliminate all risks and therefore cannot provide an absolute assurance against material misstatement or loss.

The Group's Statement on Internal Control is set out on pages 56 to 57 of this Annual Report.

3. Relationship with the Auditors

The Board, through the Audit Committee, has established transparent and professional relationships with the Group's auditors, both external and internal. Audit Committee meetings are attended by the external and internal auditors for purposes of discussion and review of the audit plan, quarterly financial results, annual financial statements and the audit findings, and makes recommendations for the Board's approval.

In addition, the external auditors are invited to attend AGMs of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report.

The report on the role of the Audit Committee in relation to the external auditor may be found in the Audit Committee Report on pages 58 to 60 of this Annual Report.

Statement on Internal Control

FOR FINANCIAL YEAR ENDED 31 MARCH 2012

INTRODUCTION

The Board of Directors ("the Board") of Eastern & Oriental Berhad is please to present its Statement on Internal Control for the financial year ended 31 March 2012, which has been prepared pursuant to paragraph 15.26 (b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements and in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies. The statement below outlines the nature and scope of internal controls of the Group during the financial year under review.

BOARD RESPONSIBILITY

The Board acknowledges that it is responsible for the Group's system of internal control as well as reviewing its adequacy and integrity. This responsibility is delegated to the Audit Committee, which is empowered by its terms of reference to seek assurance on the adequacy and integrity of the internal control system through independent reviews carried out by the internal audit function and through engagement with management.

The system of internal control is designed to manage rather than to eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

THE INTERNAL CONTROL PROCESSES

Key elements of the Group's internal control system which have been in place throughout the financial year are described below.

1. **Control Structure & Environment**
   - **Policies & Procedures**
     Clearly defined policies and procedures are in place where applicable and are reviewed and revised periodically to meet changing business and operational requirement.
   - **Organisation Structure & Authorisation Procedures**
     The Group maintains a formal organisation structure. Delegation of authority including authorisation limits at various levels of management and those requiring the Board's approval are documented and designed to ensure accountability and responsibility.
   - **Human Resource Policy**
     Human Resource policy covering employment, performance appraisal and training program and retention of employees are in place, to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively.
   - **Annual Budget**
     The Group has a comprehensive budgeting and monitoring system. The annual business plan, financial budget and capital expenditure proposal are approved by the Board. Budgetary controls are in place for key businesses of the Group, where actual performances are closely monitored against budgets to identify and to address significant variances.

2. **Risk Management Framework**
   The Group has a formalised risk management process for identifying, evaluating, monitoring and managing significant risks affecting the Group.

   The Risk Management Committee is responsible for ensuring the effectiveness of the risk management process. The Risk Management Committee is chaired by Independent Non-executive Director and comprises of senior management and/or Directors who bring a mix of relevant business and management knowledge and experience.

   The key aspects of the risk management process are:

   (i) The risk profile, control procedures and status of action plans are reviewed on a regular basis;

   (ii) The Risk Management Committee meets on a quarterly basis to discuss and deliberate on the significant risks affecting the Group;

(iii) The Risk Management Committee will escalate to the Board any significant risks that require the Board's attention; and

(iv) Key risks are highlighted to the internal audit function to ensure proper controls are in place to mitigate those risks.

3. Internal Audit Function

The Group's internal audit function is outsourced to a professional service firm to assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system. The outsourced internal auditors report directly to the Audit Committee.

On a quarterly basis, the results of the internal audit reviews and the recommendations for improvement are presented to the Audit Committee. In addition, the status of the implementation of corrective actions to address control weaknesses is also followed up by the internal auditors to ensure that these actions have been satisfactorily implemented. The Audit Committee will then report to the Board the findings, improvement recommendations and implementation outcomes accordingly.

Based on the internal audit reviews carried out, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report. The internal audit function did not perform any review and assessment of the Group's jointly controlled entities and associates.

The costs incurred in maintaining the outsourced internal audit function for the financial year ended 31 March 2012 amounted to RM193,740.

4. Information and Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and senior management's attention are highlighted for review, deliberation and decision on a timely basis.

5. Review & Monitoring Process

Regular management meetings are held to discuss and review the Group's business operations and financial performance. Scheduled and ad-hoc meetings are held at operational and management levels to identify, discuss and resolve business and operational issues as and when necessary.

For the financial year ended 31 March 2012 the Group has investments in several jointly controlled entities and an associate. The Group's interest in these companies is served through representation in the joint management committee or representation on the Board. This representation provided the Board with access to review and monitor the performance of these investments. The Board is provided with periodic reports and information on their performances.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

This Statement on Internal Control has been reviewed by the external auditors for the inclusion in this Annual Report and nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of the internal controls.

CONCLUSION

For the financial year under review, the Board is satisfied that the review and monitoring of the internal control system gives reasonable assurance that the internal controls in place are adequate. Where exceptions were noted, they were not material in the context of this report and corrective actions have been taken.

This statement is made in accordance with the Board's resolution dated 26 July 2012.

Audit Committee Report

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee during the financial year ended 31 March 2012 were as follows:

Datuk Henry Chin Poy Wu
Independent Non-executive Director (Chairman)

Datuk Azizan bin Abd Rahman
Independent Non-executive Director/Chairman of the Board (Member)

Encik Kamil Ahmad Merican
Non-independent Non-executive Director (Member)

Mr Vijeyaratnam a/l V. Thamotharam Pillay
Independent Non-executive Director (Member)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Structure of the Audit Committee

The Audit Committee shall be appointed by the board of directors ("the Board") and shall comprise at least three directors with the majority of the members to be Independent Directors. All the Audit Committee members must be Non-executive Directors. No Alternate Director shall be appointed as a member of the Audit Committee. At least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or if he is not a member of Malaysian Institute of Accountants, he must have at least three years' working experience and;

(i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

(ii) he must be a member of one of the associations of accountants as specified in Part II of the First Schedule of the Accountants Act 1967; or

(iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

The Chairman of the Audit Committee shall be an independent director and be elected from amongst their members. All members of the Audit Committee, including the Chairman, will hold office until otherwise determined by the Board. In the event of any vacancy in the Audit Committee resulting in the non-compliance with the Main Market Listing Requirements ("MMLR") of Bursa Securities, the Board shall within three months of that event, appoint such new member(s) as may be required to comply with the MMLR of Bursa Securities.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

Objectives

The objective of the Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, accounting and reporting practices of the Group. The Audit Committee will endeavour to adopt practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to the Company's shareholders.

Authority

The Audit Committee is authorised by the Board to:

(i) investigate any matter within its terms of reference;

(ii) have the resources which are required to perform its duties;

(iii) have full and unrestricted access to any information pertaining to the Company;

(iv) have direct communication channels with the external auditors and person(s) carrying out the internal audit function activity (if any);

(v) obtain independent professional or other advice; and

(vi) convene any meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Functions

1. To review the following and report the same to the Board of the Company:

   (i) with the external auditors, the audit plan;

   (ii) with the external auditors, their evaluation of the system of internal controls;

   (iii) with the external auditors, their audit report;

   (iv) the assistance given by the employees of the Company to the external auditors;

   (v) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

   (vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

   (vii) the quarterly results and year end financial statements, prior to the approval of the Board, focusing particularly on:
   - changes in or implementation of major accounting policy;
   - significant and unusual events arising;
   - the going concern assumption; and
   - compliance with accounting standards, regulatory and other legal requirements.

   (viii) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

   (ix) any letter of resignation from the external auditors of the Company; and

   (x) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.

2. To recommend the nomination of a person or persons as external auditors.

3. To carry out such other functions as may be agreed by the Audit Committee and the Board.

Meetings and Reporting Procedures

The Audit Committee shall hold at least four (4) meetings a year and to form a quorum for any meeting, the majority of members present must be independent directors.

The Managing Director, the Deputy Managing Director, the Finance Director and head of internal audit and a representative of the external auditors normally attend the meetings. Other members of the Board, senior management and employees may attend the meeting upon invitation of the Audit Committee. However, the Committee should meet with external auditors without Executive Directors present at least twice a year.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, the head of internal audit and external auditors in order to be kept informed of matters affecting the Company.

The Company Secretary shall be the secretary of the Audit Committee and as a reporting procedure, the minutes of the meeting shall be circulated to all members of the Board.

The Audit Committee held five (5) meetings during the financial year ended 31 March 2012 and the details of attendance of the Committee Members are as follows:

NAME OF MEMBERS	NO. OF MEETINGS ATTENDED	%
1. Datuk Henry Chin Poy Wu	5 out of 5	100
2. Datuk Azizan bin Abd Rahman	5 out of 5	100
3. Encik Kamil Ahmad Merican	5 out of 5	100
4. Mr Vijeyaratnam a/l V. Thamotharam Pillay	5 out of 5	100

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee carried out the following activities during the financial year ended 31 March 2012 in discharging its duties and responsibilities as stipulated in its Terms of Reference:

Financial Statements

(i) Reviewed the Group's quarterly results and year end financial statements before its release to Bursa Securities;

(ii) Reviewed the results and issues arising from the audit of the year end financial statements and the resolution of such issues highlighted; and

(iii) Reviewed the audit plan, strategy and scope of the external auditors prior to the commencement of the annual audit.

Internal Control

(i) Reviewed the internal audit plans, scope and coverage of the audit, internal audit findings together with recommendations for improvements; and

(ii) Reviewed the recommendations by internal auditors and appraised the adequacy and effectiveness of management response relating to the issues and ensure all issues are addressed on a timely basis.

Related Party Transactions

(i) Reviewed the related party transactions that arose within the Group to ensure that the transactions were at arm's length basis and on normal commercial terms.

Employee Share Option Scheme

(i) As per requirement under paragraph 8.17(2) of MMLR of Bursa Securities, the Audit Committee reviewed and verified allocation of share options during the year ended 31 March 2012 under the Group's Employees' Share Option Scheme (ESOS), to ensure compliance with the allocation criteria set out in the guidelines and By-Laws of the ESOS.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

The Group outsources the internal audit function to an independent firm of consultants. The outsourced internal audit function reports independently to the Audit Committee and its role encompasses the examination and evaluation of the adequacy and effectiveness of the Group's system of internal control to provide reasonable assurance to the members of the Audit Committee.

The internal audit activities carried out for the financial year ended 31 March 2012 include the following:

(i) Formulated an annual risk based audit plan and that was presented to the Audit Committee for approval;

(ii) Executed internal audit reviews in accordance with the approved annual audit plan. Eight internal audit reviews were performed during the financial year ended 31 March 2012;

(iii) Reviewed recurrent related party transactions;

(iv) Ascertained the extent of compliance with the Group's formalised policies and procedures and other statutory requirements;

(v) Issued reports incorporating internal audit findings, audit recommendations and management response;

(vi) Monitored the implementation of corrective action plans or best practices agreed with management through follow up review; and

(vii) Attended Audit Committee meetings to table and discuss the audit reports and followed up on matters raised.

The internal audit reviews conducted did not reveal weaknesses that have resulted in material losses, contingencies or uncertainties that would require separate disclosure in the annual report.

Other Compliance Information

1. UTILISATION OF PROCEEDS

The status of the utilisation of proceeds from the Renounceable Rights Issue of up to RM246,892,234 nominal value of Ten (10)-Year 8% Irredeemable Convertible Secured Loan Stocks 2009/2019 (“ICSLS”) are as follows:

PURPOSE	AMOUNT TO BE UTILISED RM’000	UTILISED AS AT 31 MARCH 2012 RM’000	UNUTILISED AS AT 31 MARCH 2012 RM’000 *
- working capital; and/or - strategic merger/ acquisition/expansion; and/or repayment of borrowings	233,121	(177,322)	55,799
To defray expenses to be incurred in relation to the rights issue	2,500	(2,500)	0
Total	**235,621**	**(179,822)**	**55,799**

* The Board has resolved and approved an extension of time of one (1) year until 31 March 2013 for the utilisation of the balance proceeds.

On 27 December 2011, the Company exercised its rights of mandatory conversion of all its unconverted ICSLS into ordinary stock units of RM1.00 each in the Company (“Mandatory Conversion”). Following the Mandatory Conversion, the ICSLS was removed from the official list of Bursa Malaysia Securities Berhad on 28 December 2011.

2. SHARE BUY-BACKS

For the financial year under review, the details of the share buy-backs are as follows:

Stock Units Bought Back

MONTH	UNITS	LOWEST PRICE (RM)	HIGHEST PRICE (RM)	AVERAGE PRICE (RM)	CONSIDERATION PAID (RM)
June 2011	50,000	1.48	1.48	1.48	74,540.20

As at 31 March 2012, there were 29,439,400 Stock Units held in treasury.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

Employees' Share Option Scheme ("ESOS")

During the financial year under review, the Company issued 4,184,625 ordinary stock units of RM1.00 each for cash pursuant to the Company's ESOS, details of which are as follows:

(i) 13,125 ordinary stock units were issued from the exercise of 12,500 ESOS option at an exercise price of RM1.05 per unit;

(ii) 1,214,000 ordinary stock units were issued from the exercise of 1,214,000 ESOS option at an exercise price of RM1.06 per unit;

(iii) 2,637,000 ordinary stock units were issued from the exercise of 2,637,000 ESOS option at an exercise price of RM1.00 per unit; and

(iv) 320,500 ordinary stock units were issued from the exercise of 320,500 ESOS option at an exercise price of RM1.55 per unit.

During the financial year under review:

(i) there is only one scheme in existence and details of the options are set out in Note 35 to the financial statements;

(ii) there were no options granted to the Directors, chief executive and senior management pursuant to the ESOS; and

(iii) there were no options granted to the Non-executive Directors pursuant to the ESOS.

The details of the options granted to the Directors and chief executive since the commencement of the ESOS up to 28 April 2012, being the expiry date of the ESOS are as follows:

DESCRIPTION	NO. OF OPTIONS
Aggregate options granted	15,000,000
Aggregate options exercised	15,000,000
Aggregate options forfeited	–
Aggregate options outstanding	–

The details of the options granted to the Directors and senior management since the commencement of the ESOS up to 28 April 2012, being the expiry date of the ESOS are as follows:

DESCRIPTION	PERCENTAGE (%)
Aggregate maximum allocation	50
Actual granted	19.28

Warrants 2001/2011 (“Warrants”)

During the financial period from 1 April 2011 to 16 May 2011, a total of 29,833,373 units of Warrants were exercised and converted into new ordinary stock units at the exercise price of RM1.00 per ordinary stock unit. A total of 495,115 units of Warrants have lapsed and became null and void upon its expiry on 16 May 2011.

Irredeemable Convertible Unsecured Loan Stocks 2006/2011 (“ICULS”)

During the financial period from 1 April 2011 to 25 July 2011, a total of 1,970,564 units of ICULS at nominal value of RM1.00 each were converted into 1,970,564 new ordinary stock units of RM1.00 each. Out of this amount, a total of 1,944,391 units of ICULS were mandatorily converted into 1,944,391 new ordinary stock units of RM1.00 each upon its maturity on 25 July 2011.

Irredeemable Convertible Secured Loan Stocks 2009/2019 (“ICSLS”)

During the financial period from 1 April 2011 to 27 December 2011, a total of 254,882,636 units of ICSLS at nominal value of RM0.65 each were converted into 254,882,636 new ordinary stock units of RM1.00 each. Out of this amount, a total of 204,137,918 units of ICSLS were converted into 204,137,918 new ordinary stock units of RM1.00 each upon an early mandatory conversion on 27 December 2011.

4. DEPOSITORY RECEIPT PROGRAMME

During the financial year under review, the Company did not sponsor any depository receipt programme.

5. SANCTIONS AND/OR PENALTIES

During the financial year under review, there was no sanction and/or penalty imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

6. NON-AUDIT FEES

During the financial year ended 31 March 2012, non-audit fees paid to Messrs Ernst & Young by the Company and its subsidiaries amounted to approximately RM12,500.

7. VARIATION IN RESULTS

There were no variances of 10% or more between the results for the financial year under review and the unaudited results previously announced.

8. PROFIT GUARANTEE

During the financial year under review, the Company did not issue any profit guarantee.

9. MATERIAL CONTRACTS

Other than those disclosed in Note 36 to the financial statements in this Annual Report, there was no material contract (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries involving the interest of the Company's Directors and/or its major stockholders either still subsisting as at 31 March 2012 or entered into since the end of the previous financial year ended 31 March 2011.

10. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

On 30 September 2011, the Company had obtained stockholders' mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties.

The aggregate value of transactions conducted pursuant to the stockholders' mandate for the financial year ended 31 March 2012 are as follows:

CATEGORIES OF TRANSACTIONS	TRANSACTING PARTIES	RELATED PARTIES	VALUE OF TRANSACTIONS (RM'000)
Receipt of interior design services, architectural services, building consultancy services, project management services and graphic design services	Adaptus Design System Sdn Bhd, GDP Architects Sdn Bhd and GDP Planners Sdn Bhd	Kamil Ahmad Merican (1)	186
Receipt of maritime and general contracting works and engineering consultancy services	Dr. Nik & Associates Sdn Bhd	Dato' Ir. Dr. Nik Mohd Kamel bin Nik Hassan (2)	420
Receipt of interior design services and trading of interior design products	Interiors International (M) Sdn Bhd	Dato' Tham Ka Hon (3)	3,492
Receipt of food and beverage consultancy services	Coffeehouse Quartet Sdn Bhd	Dato' Tham Ka Hon (3)	5

Notes:

(1) Kamil Ahmad Merican is a Director of the Company and is a Director and a major shareholder of Adaptus Design System Sdn Bhd. He is the Chief Executive Officer of GDP Architects Sdn Bhd and GDP Planners Sdn Bhd.

(2) Dato' Ir. Dr. Nik Mohd Kamel bin Nik Hassan is a Director of Bridgecrest Resources Sdn Bhd, which is a subsidiary of the Company. He is also a Director and major shareholder of Dr. Nik & Associates Sdn Bhd.

(3) The Directors and major shareholders of Interiors International (M) Sdn Bhd are Tham Oi Fah ("TOF") and her spouse. TOF is a shareholder of Coffeehouse Quartet Sdn Bhd ("CQSB"). TOF's spouse is a Director and shareholder of CQSB. TOF is the sister of Dato' Tham Ka Hon ("DTKH"). DTKH is a Director and substantial stockholder of the Company.

Financial Statements 2012

Directors' report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 19 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit net of tax	127,899	587
Profit attributable to:		
Owners of the parent	123,456	587
Non-controlling interests	4,443	–
	127,899	587

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the fair value gain of RM65,178,000 arising from the fair value adjustment of a piece of investment property to the Group as disclosed in Note 6 to the financial statements.

DIVIDENDS

The amount of dividend paid by the Company since 31 March 2011 was as follows:

	RM'000
In respect of the financial year ended 31 March 2011 as reported in the directors' report of that year:	
First and final dividend of 2.0% less 25% taxation, on 895,432,443 ordinary stock units of RM1.00 each declared on 7 September 2011 and paid on 3 November 2011	13,431

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year ended 31 March 2012, of 4.25% less 25% (3.1875 sen net per ordinary stock unit), amounting to a net dividend payable of approximately RM35,190,759 (subject to change on the number of ordinary stock units entitled to dividend on date of book closure) will be proposed for stockholders' approval. This is computed based on the issued and paid-up capital as at 31 March 2012, excluding treasury stock units held by the Company of 29,439,400 units. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the stockholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2013.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Datuk Azizan bin Abd Rahman	
Dato' Tham Ka Hon	
Datuk Henry Chin Poy Wu	
Kamil Ahmad Merican	
Vijeyaratnam a/l V.Thamotharam Pillay	
Chan Kok Leong	
Kok Meng Chow	
Christopher Martin Boyd	
Dato' Mohd Bakke bin Salleh	(appointed on 29 November 2011)
Dato' Abd Wahab bin Maskan	(appointed on 29 November 2011)
Teo Liang Huat Thomas	(resigned on 29 November 2011)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Company's Employees' Share Option Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 10 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 36 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in stock units, Irredeemable Convertible Secured Loan Stocks ("ICSLS"), warrants and options over stock units in the Company during the financial year were as follows:

INTERESTS IN THE COMPANY

	NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH			
	AT 1.4.2011	ACQUIRED DURING THE FINANCIAL YEAR	SOLD DURING THE FINANCIAL YEAR	AT 31.3.2012
Direct interests:				
Datuk Azizan bin Abd Rahman	4,050,000	2,250,000	–	6,300,000
Dato' Tham Ka Hon	53,841,012	31,253,228	(40,804,007)	44,290,233
Kamil Ahmad Merican	1,250,000	625,000	–	1,875,000
Chan Kok Leong	5,700,000	2,600,000	(850,000)	7,450,000
Kok Meng Chow	854,500	400,000	(1,054,500)	200,000
Indirect interests:				
Dato' Tham Ka Hon	76,162,921	2,800,000	(67,195,993)	11,766,928
Christopher Martin Boyd	220,000	60,000	–	280,000

	NUMBER OF ICSLS AT NOMINAL VALUE OF RM0.65 EACH			
	AT 1.4.2011	ACQUIRED DURING THE FINANCIAL YEAR	SOLD/ CONVERTED DURING THE FINANCIAL YEAR	AT 31.3.2012
Direct interests:				
Datuk Azizan bin Abd Rahman	1,800,000	–	(1,800,000)	–
Dato' Tham Ka Hon	38,738,053	–	(38,738,053)	–
Kamil Ahmad Merican	625,000	–	(625,000)	–
Chan Kok Leong	2,600,000	–	(2,600,000)	–
Indirect interests:				
Dato' Tham Ka Hon	26,315,175	–	(26,315,175)	–
Christopher Martin Boyd	60,000	–	(60,000)	–

	AT 1.4.2011	ACQUIRED	SOLD/ EXERCISED/ FORFEITED	AT 31.3.2012
	NUMBER OF WARRANTS 2001/2011			
		DURING THE FINANCIAL YEAR		
Direct interest:				
Dato' Tham Ka Hon	–	4,200,000	(4,200,000)	–
Indirect interest:				
Dato' Tham Ka Hon	7,871,820	2,800,000	(10,671,820)	–

	AT 1.4.2011	GRANTED	EXERCISED/ LAPSED	AT 31.3.2012
	NUMBER OF OPTIONS OVER ORDINARY STOCK UNITS OF RM1.00 EACH			
		DURING THE FINANCIAL YEAR		
Dato' Tham Ka Hon	1,200,000	–	–	1,200,000
Kok Meng Chow	950,000	–	(400,000)	550,000

None of the other directors in office at the end of the financial year had any interest in stock units, ICSLS, warrants and options over stock units in the Company or its related corporations during the financial year.

ISSUE OF STOCK UNITS AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary stock units from RM842,592,012 to RM1,133,463,210 by way of:

(i) the issuance of 4,184,625 ordinary stock units of RM1.00 each for cash pursuant to the Company's ESOS, of which 13,125 ordinary stock units were issued on 12,500 ESOS at an exercise price of RM1.05 per ordinary stock unit; 1,214,000 ordinary stock units were issued on 1,214,000 ESOS at an exercise price of RM1.06 per ordinary stock unit; 2,637,000 ordinary stock units were issued on 2,637,000 ESOS at an exercise price of RM1.00 per ordinary stock unit and 320,500 ordinary stock units were issued on 320,500 ESOS at an exercise price of RM1.55 per ordinary stock unit;

(ii) the issuance of 29,833,373 ordinary stock units of RM1.00 each arising from the exercise of 29,833,373 Warrants 2001/2011;

(iii) the issuance of 1,970,564 ordinary stock units of RM1.00 each arising from the conversion of 1,970,564 Irredeemable Convertible Unsecured Loan Stocks of RM1.00 nominal value each; and

(iv) the issuance of 254,882,636 ordinary stock units of RM1.00 each arising from the conversion of 254,882,636 ICSLS of RM0.65 nominal value each.

ISSUE OF STOCK UNITS AND DEBENTURES (CONTD.)

The new ordinary stock units issued during the financial year ranked pari passu in all respects with the existing ordinary stock units of the Company unless the allotment of the new ordinary stock units is made on or prior to the entitlement date of any dividends, rights, allotments and/or other distributions.

WARRANTS

The Warrants 2001/2011 issued in the financial year ended 31 March 2002 entitle the registered holders to subscribe for one new ordinary stock unit of RM1.00 each in the Company at an exercise price of RM1.03 each, exercisable at any time within a period of ten years commencing 18 May 2001. The exercise price was later adjusted to RM1.00 each on 9 June 2006 pursuant to a fund raising exercise of the Company.

The movements in the Company's warrants were as follows:

	ENTITLEMENT FOR ORDINARY STOCK UNITS OF RM1.00 EACH			
	BALANCE AT 1.4.2011	EXERCISED	LAPSED	BALANCE AT 31.3.2012
Number of unexercised warrants	30,328,488	(29,833,373)	(495,115)	–

The warrants have expired on 16 May 2011 and further relevant details are disclosed in Note 43(a) to the financial statements.

TREASURY STOCK UNITS

During the financial year, the Company repurchased 50,000 of its issued ordinary stock units from the open market at an average price of RM1.49 per stock unit. The total consideration paid for the repurchase including transaction costs was RM74,540. The stock units repurchased are being held as treasury stock units in accordance with Section 67A of the Companies Act, 1965.

As at 31 March 2012, the Company held as treasury stock units a total of 29,439,400 of its 1,133,463,210 issued ordinary stock units. Such treasury stock units are held at a carrying amount of RM27,720,000 and further relevant details are disclosed in Note 33 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

The Company's Employees' Share Option Scheme ("E&O ESOS") which is governed by its by-laws has lapsed on 28 April 2007. The stockholders of the Company at an Extraordinary General Meeting held on 28 September 2006 approved its extension for a further five years from 29 April 2007 to 28 April 2012. The E&O ESOS has subsequently expired on 28 April 2012.

The salient features of the E&O ESOS are disclosed in Note 35 to the financial statements.

During the financial year, the number of options over the ordinary stock units of RM1.00 each of the Company granted under E&O ESOS are 2,810,000 options and out of which, 900,000 options were granted to 36 employees who were granted 25,000 options each, which was the highest option allocation per employee under the E&O ESOS. The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of the 36 employees who were holding the position as managers in the Group.

The interests of directors in office at the end of the financial year in options over ordinary stock units under the E&O ESOS are disclosed in the section on “Directors’ Interests” in this report.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (CONTD.)

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 43 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

Significant events subsequent to the financial year end are disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 July 2012.

DATUK AZIZAN BIN ABD RAHMAN **CHAN KOK LEONG**

Statement by directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Datuk Azizan bin Abd Rahman and Chan Kok Leong, being two of the directors of Eastern & Oriental Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 78 to 183 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2012 and of their financial performance and cash flows for the financial year then ended.

Further to the Statement by directors pursuant to Section 169(15) of the Companies Act, 1965, the information set out in Note 45 on page 184 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 July 2012.

DATUK AZIZAN BIN ABD RAHMAN **CHAN KOK LEONG**

Statutory declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Kok Meng Chow, being the director primarily responsible for the financial management of Eastern & Oriental Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 78 to 184 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Kok Meng Chow
at Kuala Lumpur in the Federal Territory
on 26 July 2012

KOK MENG CHOW

Before me,

R. VASUGI AMMAL
No. W480
Commissioner of Oaths

Independent auditors' report

TO THE MEMBERS OF EASTERN & ORIENTAL BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Eastern & Oriental Berhad, which comprise the statements of financial position as at 31 March 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 78 to 183.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2012 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 19 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 45 on page 184 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

LOKE SIEW HENG
No. 2871/07/13 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
26 July 2012

Statements of comprehensive income

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	NOTE	GROUP 2012 RM'000	GROUP 2011 RM'000	COMPANY 2012 RM'000	COMPANY 2011 RM'000
Revenue	4	**492,151**	271,271	**56,082**	34,942
Cost of sales	5	**(300,391)**	(172,268)	**–**	–
Gross profit		**191,760**	99,003	**56,082**	34,942
Other income	6	**86,301**	32,495	**15,718**	22,234
Administrative expenses		**(73,673)**	(45,301)	**(33,450)**	(17,791)
Selling and marketing expenses		**(16,964)**	(9,926)	**–**	–
Other expenses		**(20,327)**	(14,534)	**(4,150)**	(3,570)
Operating profit		**167,097**	61,737	**34,200**	35,815
Finance costs	7	**(30,145)**	(28,050)	**(27,737)**	(29,824)
Share of results of associate		**177**	(792)	**–**	–
Share of results of jointly controlled entities		**34,043**	15,259	**–**	–
Profit before tax	8	**171,172**	48,154	**6,463**	5,991
Taxation	11	**(43,273)**	(12,617)	**(5,876)**	533
Profit net of tax		**127,899**	35,537	**587**	6,524
Other comprehensive income:					
Foreign currency translation		**(116)**	(23)	**–**	–
Share of other comprehensive income of associate		**–**	14	**–**	–
Income tax relating to components of other comprehensive income		**–**	–	**–**	–
Other comprehensive income for the financial year, net of tax		**(116)**	(9)	**–**	–
Total comprehensive income for the financial year		**127,783**	35,528	**587**	6,524
Profit attributable to:					
Owners of the parent		**123,456**	32,211	**587**	6,524
Non-controlling interests		**4,443**	3,326	**–**	–
		127,899	35,537	**587**	6,524
Total comprehensive income attributable to:					
Owners of the parent		**123,340**	32,202	**587**	6,524
Non-controlling interests		**4,443**	3,326	**–**	–
		127,783	35,528	**587**	6,524
Earnings per stock unit attributable to owners of the parent (sen):					
Basic	12(a)	**11.29**	3.04		
Diluted	12(b)	**11.27**	3.02		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of financial position

AS AT 31 MARCH 2012

	NOTE	GROUP 2012 RM'000	GROUP 2011 RM'000	COMPANY 2012 RM'000	COMPANY 2011 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	**296,634**	260,634	**2,143**	1,829
Land held for property development	15(a)	**666,101**	669,906	**–**	–
Investment properties	16	**281,651**	325,837	**–**	–
Land use rights	17	**–**	676	**–**	–
Intangible assets	18	**3,231**	3,227	**17**	23
Investment in subsidiaries	19	**–**	–	**1,127,974**	1,128,627
Investment in associate	20	**16,926**	16,749	**–**	–
Investment in jointly controlled entities	21	**57,658**	17,822	**–**	–
Investment securities	22	**2,405**	3,050	**–**	–
Deferred tax assets	23	**4,732**	17,291	**–**	–
		1,329,338	1,315,192	**1,130,134**	1,130,479
Current assets					
Property development costs	15(b)	**297,755**	300,598	**–**	–
Inventories	24	**37,938**	38,362	**–**	–
Trade and other receivables	25	**87,153**	123,501	**705,529**	737,243
Prepayments		**8,214**	6,266	**420**	369
Tax recoverable		**27,630**	23,584	**22,926**	19,752
Accrued billings in respect of property development costs		**124,837**	–	**–**	–
Cash and bank balances	26	**268,535**	309,374	**1,951**	1,968
		852,062	801,685	**730,826**	759,332
Total assets		**2,181,400**	2,116,877	**1,860,960**	1,889,811

Statements of financial position

AS AT 31 MARCH 2012 (CONTD.)

	NOTE	GROUP 2012 RM'000	GROUP 2011 RM'000	COMPANY 2012 RM'000	COMPANY 2011 RM'000
EQUITY AND LIABILITIES					
Current liabilities					
Irredeemable convertible unsecured loan stocks	31	**–**	153	**–**	153
Loans and borrowings	27	**276,362**	378,934	**121,200**	103,064
Provisions	28	**183**	162	**–**	–
Trade and other payables	29	**197,757**	130,467	**414,148**	447,765
Progress billings in respect of property development costs		**–**	22,940	**–**	–
Income tax payable		**12,974**	7,356	**–**	–
		487,276	540,012	**535,348**	550,982
Net current assets		**364,786**	261,673	**195,478**	208,350
Non-current liabilities					
Irredeemable convertible secured loan stocks	32	**–**	81,836	**–**	81,836
Loans and borrowings	27	**328,463**	364,204	**11,034**	51,108
Provisions	28	**468**	328	**–**	–
Deferred tax liabilities	23	**47,399**	48,592	**–**	–
		376,330	494,960	**11,034**	132,944
Total liabilities		**863,606**	1,034,972	**546,382**	683,926
Net assets		**1,317,794**	1,081,905	**1,314,578**	1,205,885

	NOTE	GROUP 2012 RM'000	GROUP 2011 RM'000	COMPANY 2012 RM'000	COMPANY 2011 RM'000
Equity attributable to owners of the parent					
Share capital	30	**1,133,463**	842,592	**1,133,463**	842,592
Irredeemable convertible unsecured loan stocks	31	**–**	1,345	**–**	1,345
Irredeemable convertible secured loan stocks	32	**–**	71,133	**–**	71,133
Treasury stock units	33	**(27,720)**	(27,645)	**(27,720)**	(27,645)
Reserves	34	**183,271**	170,143	**208,835**	318,460
		1,289,014	1,057,568	**1,314,578**	1,205,885
Non-controlling interests		**28,780**	24,337	**–**	–
Total equity		**1,317,794**	1,081,905	**1,314,578**	1,205,885
Total equity and liabilities		**2,181,400**	2,116,877	**1,860,960**	1,889,811

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	NOTE	SHARE CAPITAL RM'000	ICULS RM'000	ICSLS RM'000	SHARE PREMIUM RM'000
At 1 April 2011		842,592	1,345	71,133	241,699
Total comprehensive income for the financial year		–	–	–	–
Transactions with owners					
Issue of ordinary stock units:					
- Pursuant to ESOS		4,185	–	–	249
- Warrants exercised		29,833	–	–	–
- Conversion of ICULS*		1,970	(1,345)	–	(624)
- Conversion of ICSLS*		254,883	–	(76,739)	(100,850)
Purchase of treasury stock units		–	–	–	–
Sale of ICSLS		–	–	5,606	–
Share options granted under ESOS		–	–	–	–
Share options lapsed under ESOS		–	–	–	–
Share options granted under ESOS exercised		–	–	–	1,007
Dividend on ordinary stock units	13	–	–	–	–
Total transactions with owners		290,871	(1,345)	(71,133)	(100,218)
At 31 March 2012		**1,133,463**	**–**	**–**	**141,481**
At 1 April 2010		761,644	1,695	96,669	266,175
Total comprehensive income for the financial year		–	–	–	–
Transactions with owners					
Issue of ordinary stock units:					
- Pursuant to ESOS		2,343	–	–	7
- Warrants exercised		6,871	–	–	–
- Conversion of ICULS*		513	(350)	–	(99)
- Conversion of ICSLS*		71,221	–	(21,443)	(24,951)
Acquisition of additional equity interest in a subsidiary		–	–	–	–
Acquisition of remaining equity interest in a subsidiary		–	–	–	–
Purchase of treasury stock units		–	–	–	–
Repurchase of ICSLS		–	–	(4,093)	–
Share options granted under ESOS		–	–	–	–
Share options lapsed under ESOS		–	–	–	–
Share options granted under ESOS exercised		–	–	–	567
Dividend on ordinary stock units	13	–	–	–	–
Total transactions with owners		80,948	(350)	(25,536)	(24,476)
At 31 March 2011		842,592	1,345	71,133	241,699

* The conversion of ICULS and ICSLS comprises the aggregate amount of the equity and liability components of the instruments converted into equity of the Group. Further details are disclosed in Notes 31 and 32 respectively.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

ATTRIBUTABLE TO OWNERS OF THE PARENT						
NON-DISTRIBUTABLE			DISTRIBUTABLE			
TREASURY STOCK UNITS RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	SHARE OPTION RESERVE RM'000	(ACCUMULATED LOSSES)/ RETAINED PROFITS RM'000	TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
(27,645)	649	1,726	(73,931)	1,057,568	24,337	1,081,905
–	(116)	–	123,456	123,340	4,443	127,783
–	–	–	–	4,434	–	4,434
–	–	–	–	29,833	–	29,833
–	–	–	–	1	–	1
–	–	–	–	77,294	–	77,294
(75)	–	–	–	(75)	–	(75)
–	–	–	4,272	9,878	–	9,878
–	–	197	–	197	–	197
–	–	(25)	–	(25)	–	(25)
–	–	(1,007)	–	–	–	–
–	–	–	(13,431)	(13,431)	–	(13,431)
(75)	–	(835)	(9,159)	108,106	–	108,106
(27,720)	**533**	**891**	**40,366**	**1,289,014**	**28,780**	**1,317,794**
(7,356)	658	734	(75,390)	1,044,829	26,283	1,071,112
–	(9)	–	32,211	32,202	3,326	35,528
–	–	–	–	2,350	–	2,350
–	–	–	–	6,871	–	6,871
–	–	–	–	64	–	64
–	–	–	–	24,827	–	24,827
–	–	–	(2,537)	(2,537)	(2,463)	(5,000)
–	–	–	(5,991)	(5,991)	(2,809)	(8,800)
(20,289)	–	–	–	(20,289)	–	(20,289)
–	–	–	–	(4,093)	–	(4,093)
–	–	1,661	–	1,661	–	1,661
–	–	(102)	–	(102)	–	(102)
–	–	(567)	–	–	–	–
–	–	–	(22,224)	(22,224)	–	(22,224)
(20,289)	–	992	(30,752)	(19,463)	(5,272)	(24,735)
(27,645)	649	1,726	(73,931)	1,057,568	24,337	1,081,905

Statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	NOTE	SHARE CAPITAL RM'000
At 1 April 2011		842,592
Total comprehensive income for the financial year		–
Transactions with owners		
Issue of ordinary stock units:		
- Pursuant to ESOS		4,185
- Warrants exercised		29,833
- Conversion of ICULS*		1,970
- Conversion of ICSLS*		254,883
Purchase of treasury stock units		–
Sale of ICSLS		–
Share options granted under ESOS		–
Share options lapsed under ESOS		–
Share options granted under ESOS exercised		–
Dividend on ordinary stock units	13	–
Total transactions with owners		290,871
At 31 March 2012		**1,133,463**
At 1 April 2010		761,644
Total comprehensive income for the financial year		–
Transactions with owners		
Issue of ordinary stock units:		
- Pursuant to ESOS		2,343
- Warrants exercised		6,871
- Conversion of ICULS*		513
- Conversion of ICSLS*		71,221
Purchase of treasury stock units		–
Repurchase of ICSLS		–
Share options granted under ESOS		–
Share options lapsed under ESOS		–
Share options granted under ESOS exercised		–
Dividend on ordinary stock units	13	–
Total transactions with owners		80,948
At 31 March 2011		842,592

* The conversion of ICULS and ICSLS comprises the aggregate amount of the equity and liability components of the instruments converted into equity of the Company. Further details are disclosed in Notes 31 and 32 respectively.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NON-DISTRIBUTABLE					DISTRIBUTABLE	
ICULS RM'000	ICSLS RM'000	SHARE PREMIUM RM'000	TREASURY STOCK UNITS RM'000	SHARE OPTION RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL EQUITY RM'000
1,345	71,133	241,699	(27,645)	1,726	75,035	1,205,885
–	–	–	–	–	587	587
–	–	249	–	–	–	4,434
–	–	–	–	–	–	29,833
(1,345)	–	(624)	–	–	–	1
–	(76,739)	(100,850)	–	–	–	77,294
–	–	–	(75)	–	–	(75)
–	5,606	–	–	–	4,272	9,878
–	–	–	–	197	–	197
–	–	–	–	(25)	–	(25)
–	–	1,007	–	(1,007)	–	–
–	–	–	–	–	(13,431)	(13,431)
(1,345)	(71,133)	(100,218)	(75)	(835)	(9,159)	108,106
–	**–**	**141,481**	**(27,720)**	**891**	**66,463**	**1,314,578**
1,695	96,669	266,175	(7,356)	734	90,735	1,210,296
–	–	–	–	–	6,524	6,524
–	–	7	–	–	–	2,350
–	–	–	–	–	–	6,871
(350)	–	(99)	–	–	–	64
–	(21,443)	(24,951)	–	–	–	24,827
–	–	–	(20,289)	–	–	(20,289)
–	(4,093)	–	–	–	–	(4,093)
–	–	–	–	1,661	–	1,661
–	–	–	–	(102)	–	(102)
–	–	567	–	(567)	–	–
–	–	–	–	–	(22,224)	(22,224)
(350)	(25,536)	(24,476)	(20,289)	992	(22,224)	(10,935)
1,345	71,133	241,699	(27,645)	1,726	75,035	1,205,885

Consolidated statement of cash flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	2012 RM'000	2011 RM'000
OPERATING ACTIVITIES		
Profit before tax	**171,172**	48,154
Adjustments for:		
Impairment loss on financial assets:		
- trade receivables	**743**	301
- other receivables	**5**	142
Amortisation of:		
- land use rights	**7**	8
- intangible assets	**90**	172
Depreciation of property, plant and equipment	**13,071**	10,688
Bad debts written off	**99**	22
Gain from fair value adjustment of investment properties	**(64,538)**	(11,730)
Net fair value adjustment	**(2,026)**	(286)
Fair value loss/(gain) on investment securities	**645**	(623)
Interest expense	**29,891**	27,897
Inventories written off	**–**	1
Development expenditure written off	**–**	68
Property, plant and equipment written off	**59**	231
Inventories written down	**290**	–
Impairment loss on property, plant and equipment	**524**	–
Reversal of impairment loss on other receivables	**(17)**	(23)
Net loss/(gain) on disposal of:		
- an associate	**–**	(588)
- property, plant and equipment	**60**	(102)
- land use rights	**269**	–
- quoted investments	**–**	87
Unrealised gain on foreign exchange	**(100)**	(190)
Interest income	**(10,220)**	(11,028)
Dividend income	**(196)**	(260)
Short term accumulating compensated absences	**(120)**	(30)
Share of results of associate	**(177)**	792
Share of results of jointly controlled entities	**(34,043)**	(15,259)
Share options granted under ESOS	**197**	1,661
Share options lapsed under ESOS	**(25)**	(102)
Operating profit before changes in working capital	**105,660**	50,003
Changes in working capital		
Land held for property development	**(4,946)**	32,506
Property development cost	**19,489**	(62,824)
Inventories	**2,471**	20,979
Receivables	**(90,561)**	(14,151)
Payables	**47,523**	20,161
Cash flows from operations	**79,636**	46,674

	2012 **RM'000**	2011 RM'000
OPERATING ACTIVITIES (CONTD.)		
Interest received	**10,309**	10,997
Interest paid	**(49,397)**	(55,497)
Income taxes refunded	**4,962**	3,270
Income taxes paid	**(34,502)**	(23,457)
Real property gains tax paid	**(791)**	–
Net cash flows from/(used in) operating activities	**10,217**	(18,013)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(50,115)**	(51,158)
Purchase of intangible assets	**(94)**	(303)
Purchase of investment properties:		
- additions	**(20,361)**	(9,714)
- subsequent expenditure	**(5,545)**	(46,514)
Proceeds from disposal of property, plant and equipment	**1,025**	518
Proceeds from disposal of an investment property	**134,000**	–
Proceeds from disposal of an associate	**–**	8,108
Proceeds from disposal of investment securities	**–**	653
Proceeds from disposal of land use rights	**400**	–
Acquisitions of additional equity interest in subsidiaries from minority shareholders	**–**	(13,800)
Profit distribution from a jointly controlled entity	**1,337**	8,299
Investment in a jointly controlled entity	**(6,500)**	–
Dividends received	**192**	255
Net cash flows from/(used in) investing activities	**54,339**	(103,656)
FINANCING ACTIVITIES		
Proceeds from exercise of ESOS	**4,434**	2,350
Proceeds from exercise of warrants	**29,833**	6,871
Purchase of treasury stock units	**(75)**	(20,289)
Proceeds from sale of ICSLS	**12,697**	–
Drawdown of borrowings	**97,302**	142,880
Repayment of borrowings	**(239,998)**	(243,126)
Repayment of obligations under finance lease	**(835)**	(965)
Repurchase of ICSLS	**–**	(5,562)
Dividends paid	**(13,431)**	(22,224)
Net cash flows used in financing activities	**(110,073)**	(140,065)
Net decrease in cash and cash equivalents	**(45,517)**	(261,734)
Effect of exchange rate changes on cash and cash equivalents	**(116)**	(9)
Cash and cash equivalents at the beginning of financial year	**286,402**	548,145
Cash and cash equivalents at the end of financial year (Note 26)	**240,769**	286,402

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company statement of cash flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	2012 RM'000	2011 RM'000
OPERATING ACTIVITIES		
Profit before tax	**6,463**	5,991
Adjustments for:		
Fair value adjustment	**34**	(15)
Impairment loss on other receivables	**2,977**	1,265
Amortisation of intangible assets	**6**	4
Depreciation of property, plant and equipment	**294**	231
Impairment loss of subsidiaries	**653**	2,282
Gain on disposal of property, plant and equipment	**–**	(48)
Bad debts written off	**–**	22
Interest expense	**27,703**	29,824
Dividend income	**(53,960)**	(33,155)
Reversal of impairment loss on other receivables	**(65)**	(9,841)
Interest income	**(15,631)**	(12,330)
Share options granted under ESOS	**197**	1,661
Share options lapsed under ESOS	**(25)**	(102)
Operating loss before changes in working capital	**(31,354)**	(14,211)
Changes in working capital		
Receivables	**2,687**	(423)
Payables	**8,739**	(583)
Cash flows used in operations	**(19,928)**	(15,217)
Interest paid	**(17,345)**	(21,426)
Income taxes refunded	**4,440**	3,000
Net cash flows used in operating activities	**(32,833)**	(33,643)
INVESTING ACTIVITIES		
Purchase of intangible assets	**–**	(14)
Purchase of property, plant and equipment	**(394)**	(639)
Proceed from disposal of property, plant and equipment	**–**	51
Dividends received	**28,204**	27,536
Interest received	**43**	183
Net cash flows from investing activities	**27,853**	27,117

	2012 RM'000	2011 RM'000
FINANCING ACTIVITIES		
Proceeds from exercise of ESOS	**4,434**	2,350
Proceeds from exercise of warrants	**29,833**	6,871
Purchase of treasury stock units	**(75)**	(20,289)
Proceeds from sale of ICSLS	**12,697**	–
Drawdown of borrowings	**5,000**	–
Repayment of borrowings	**(30,000)**	(63,243)
Repayment of obligations under finance lease	**(248)**	(118)
Repurchase of ICSLS	**–**	(5,562)
Advances (to)/from subsidiaries	**(6,343)**	94,195
Dividends paid	**(13,431)**	(22,224)
Net cash flows from/(used in) financing activities	**1,867**	(8,020)
Net decrease in cash and cash equivalents	**(3,113)**	(14,546)
Cash and cash equivalents at the beginning of financial year	**(20,857)**	(6,311)
Cash and cash equivalents at the end of financial year (Note 26)	**(23,970)**	(20,857)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the financial statements

31 MARCH 2012

1. CORPORATE INFORMATION

Eastern & Oriental Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur.

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 19.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 July 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for their annual financial periods beginning on or after 1 April 2011 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for their annual financial periods beginning on or after 1 April 2011.

DESCRIPTION	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
• FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
• FRS 3: Business Combinations (Revised)	1 July 2010
• Amendments to FRS 2: Share-based Payment	1 July 2010

DESCRIPTION	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
• Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
• Amendments to FRS 127: Consolidated and Separate Financial Statements	1 July 2010
• Amendments to FRS 138: Intangible Assets	1 July 2010
• IC Interpretation 12: Service Concession Arrangements	1 July 2010
• IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
• IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
• Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010
• Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
• Amendments to FRS 1: Limited Exemptions from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
• Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
• IC Interpretation 4: Determining whether an Arrangement contains a Lease	1 January 2011
• IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
• Improvements to FRSs issued in 2010	1 January 2011

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and of the Company except for those discussed below:

<u>Revised FRS 3: Business Combinations and Amendments to FRS 127: Consolidated and Separate Financial Statements</u>

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

The revised FRS 3 continues to apply the acquisition method to business combinations but with some significant changes. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The Amendments to FRS 127 require 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in accounting policies (Contd.)

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 39. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 40(b).

2.3 Standards and interpretations issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

DESCRIPTION	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
FRS 124: Related Party Disclosures	1 January 2012
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Transfers of Financial Assets	1 January 2012
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 10: Consolidated Financial Statements	1 January 2013
FRS 11: Joint Arrangements	1 January 2013
FRS 12: Disclosure of interests in Other Entities	1 January 2013
FRS 13: Fair Value Measurement	1 January 2013
FRS 119: Employee Benefits	1 January 2013
FRS 127: Separate Financial Statements	1 January 2013
FRS 128: Investment in Associate and Joint Ventures	1 January 2013
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosure - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9: Financial Instruments	1 January 2015

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

<u>Amendments to FRS 7: Transfers of Financial Assets</u>

The amendments require additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendments requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

<u>Amendments to FRS 101: Presentation of Items of Other Comprehensive Income</u>

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

<u>Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets</u>

The amendments clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in FRS 140 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in FRS 116 to be always measured on a sale basis of that asset.

The Group is in the process of making an assessment of the impact of adoption of this amended standard.

<u>FRS 9: Financial Instruments</u>

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Standards and interpretations issued but not yet effective (Contd.)

FRS 10: Consolidated financial statements

FRS 10 replaces the portion of FRS 127: Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

FRS 11: Joint Arrangements

FRS 11 replaces FRS 131: Interests in Joint Ventures and IC Interpretation 113: Jointly-controlled Entities – Non-monetary Contributions by Venturers.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

The application of this new standard will not have significant impact the financial position of the Group as the Group has adopted equity accounting.

FRS 12: Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13: Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. The Group is currently assessing the impact of adoption of FRS 13.

FRS 127: Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128: Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128: Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

Amendments to FRS 7: Disclosure - Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

Malaysian Financial Reporting Standards ("MFRS")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141: Agriculture and IC Interpretation 15: Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and accordingly will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 March 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has established a project team to plan and manage the adoption of the MFRS Framework. The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the financial year ended 31 March 2012 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Subsidiaries and basis of consolidation

(a) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment losses.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisition of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139: Financial Instrument: Recognition and Measurement, either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

(c) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, if any, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.5 Associates

An associate is an entity, not being a subsidiary or joint venture in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Associates (Contd.)

The Group's investments in associate is accounted for using the equity method. Under the equity method, the investment in associate is measured in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate is prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investment in associate is stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

Investment in jointly controlled entities is accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.5.

In the Company's separate financial statements, investment in joint venture is stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Where necessary, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those at the Group.

2.7 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of buildings constructed on leasehold land is provided for on a straight-line basis to write off the cost of the asset to its residual value over the shorter of the estimated useful life of 50 years or the respective remaining lease periods of the leasehold land. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2% - 15%
Plant, machinery and equipment	10% - 25%
Office equipment, renovation and furniture and fittings	10% - 33%
Vessel	10%
Motor vehicles	20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Land held for property development and property development costs

(a) Land reclamation cost

Land reclamation cost is in respect of expenditure incurred relating to the Tanjong Tokong Reclamation Project and is stated at cost less any accumulated impairment losses.

Land reclamation cost includes related development expenditure including interest expense incurred during the period of active development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.8 Land held for property development and property development costs (Contd.)

(b) Land held for property development

Land held for property development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(c) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within current assets and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within current liabilities.

2.9 Investment properties

Investment properties comprise completed properties and properties under construction which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and/or is performed by registered valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties under construction are classified as investment properties and are measured at costs. When the properties under construction are completed, they will become completed investment properties and are measured at fair value.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.10 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.10 Construction contracts (Contd.)

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.11 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.29.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

(b) Computer software

Computer software is measured initially at cost. Following initial acquisition, computer software is measured at cost less any accumulated amortisation and accumulated impairment losses.

The useful life of computer software is assessed to be finite. Computer software is amortised on a straight-line basis over the estimated economic useful lives at an annual rate of 20% - 25% and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method for computer software with finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on computer software with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

2.12 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.13 Inventories

(a) Inventories of completed properties

Inventories of completed properties are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction, development costs and appropriate overheads. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and the estimated costs necessary to make the sale.

(b) Trading inventories

Trading inventories are stated at the lower of cost, which is determined on the weighted average basis, and net realisable value. Cost includes expenditure incurred in bringing inventories to store. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.15 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group's investment in quoted securities is designated as fair value through profit or loss on initial recognition.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.15 Financial assets (Contd.)

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group and the Company have not designated any financial assets as available-for-sale financial assets.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.16 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised costs

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.18 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.18 Financial liabilities (Contd.)

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.19 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for restoration costs are in respect of management's best estimate of the costs necessary to be incurred to restore rented premises. The initial estimated amount is capitalised as part of the cost for property, plant and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.22 Irredeemable convertible unsecured loan stocks ("ICULS")

ICULS are regarded as compound instruments consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for an equivalent financial instrument. The difference between the proceeds of issue of the ICULS and the fair value assigned to the liability component, representing the conversion option is included in equity.

The liability component is subsequently stated at amortised cost using effective interest rate method. Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for an equivalent financial instrument at the date of issue. The difference between this amount and the interest paid is added to the carrying value of the ICULS.

The value of the conversion option is not adjusted in subsequent periods, except in times of ICULS conversion into ordinary stock units. Upon conversion of the instrument into ordinary stock units, the amount credited to share capital is the aggregate of the amounts classified within liability and equity at the time of conversion. No gain or loss is recognised in profit or loss.

2.23 Irredeemable convertible secured loan stocks ("ICSLS")

ICSLS are regarded as compound instruments consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for an equivalent financial instrument. The difference between the proceeds of issue of the ICSLS and the fair value assigned to the liability component, representing the conversion option is included in equity.

The liability component is subsequently stated at amortised cost using effective interest rate method. Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for an equivalent financial instrument at the date of issue. The difference between this amount and the interest paid is added to the carrying value of the ICSLS.

ICSLS is issued at nominal value of RM0.65 per unit. The value of the conversion option is not adjusted in subsequent periods, except in times of ICSLS conversion into ordinary stock units. Upon conversion of the instrument into ordinary stock units, the balance unpaid of RM0.35 on each of the new stock units will be debited against the share premium account. The amount credited to share capital is the aggregate of the amounts classified within liability and equity at the time of conversion. No gain or loss is recognised in profit or loss.

2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary stock units are equity instruments.

Ordinary stock units are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary stock units are recognised in equity in the period in which they are declared.

2.25 Treasury stock units

When ordinary stock units of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired stock units are classified as treasury stock units and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury stock units. When treasury stock units are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.26 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.27(f).

2.27 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Dividend income

Dividend income is recognised when the Group’s right to receive payment is established.

(b) Interest income

Interest income is recognised using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.27 Revenue recognition (Contd.)

(c) Sale of properties

Revenue from sale of properties under development is accounted for by the stage of completion method as described in Note 2.8(c).

Revenue from sale of land and completed properties is recognised upon the finalisation of sale and purchase agreements and when the risks and rewards of ownership have passed.

(d) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.10.

(e) Revenue from hotel and restaurant operations

Revenue from hotel and restaurant operations comprise rental of rooms, sale of food and beverages and other hotel and restaurant related income, and is recognised based on accrual basis, net of service and sales tax.

(f) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(g) Trading inventories

Revenue on trading inventories is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(h) Management fees

Management fees are recognised when services are rendered.

2.28 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.28 Income taxes (Contd.)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.29 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to other comprehensive income of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.30 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave, maternity and paternity leave are recognised when the absences occur.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Foreign subsidiaries also make contributions to its country’s statutory pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Defined benefit plans

A subsidiary of the Group, namely Lone Pine Hotel (Penang) Sdn. Bhd., operates an unfunded, defined benefit Retirement Benefit Scheme (“Unfunded Scheme”) for the eligible employees of the subsidiary. The subsidiary’s obligations under the Unfunded Scheme are determined based on triennial actuarial valuation where the amount of benefits that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Unfunded Scheme exceed 10% of the present value for the defined benefit obligation. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.30 Employee benefits (Contd.)

(d) Share-based compensation

The Eastern & Oriental Berhad Employees' Share Option Scheme, an equity-settled, share-based compensation plan, allows certain employees of the Group to acquire ordinary stock units of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each financial year end, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs will be credited to equity when the options are exercised.

2.31 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.32 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

The investment properties which principally comprise freehold land and building held by the Group for their investment potential and are not occupied by the Group. Those properties occupied by the Group are classified as property, plant and equipment.

3.2 Key sources of estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(a) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency of significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 25.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTD.)

3.2 Key sources of estimation uncertainties (Contd.)

(b) Property development

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amount of assets of the Group arising from property development activities are disclosed in Note 15.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital and reinvestment allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital and reinvestment allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The unrecognised unused tax losses, unabsorbed capital and reinvestment allowances and other deductible temporary differences of the Group and of the Company at the reporting date were RM170,087,000 (2011: RM149,958,000) and RM9,504,000 (2011: RM1,099,000) respectively.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised unused tax losses, unabsorbed capital and reinvestment allowances and other deductible temporary differences.

4. REVENUE

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Property development activities	**384,700**	125,302	**–**	–
Sale of land held for property development	**–**	43,769	**–**	–
Sale of completed properties	**9,863**	27,411	**–**	–
Rental income	**11,725**	1,734	**–**	–
Hotel and restaurant operations	**82,192**	68,847	**–**	–
Investments and others	**3,671**	4,208	**56,082**	34,942
	492,151	271,271	**56,082**	34,942

5. COST OF SALES

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Property development costs (Note 15(b))	**233,501**	64,106	**–**	–
Cost of land held for property development	**–**	36,914	**–**	–
Cost of completed properties	**2,660**	21,435	**–**	–
Cost of rental related	**5,460**	3,654	**–**	–
Cost of hotel and restaurant operations	**54,853**	44,964	**–**	–
Cost of sales with respect to management services rendered	**3,167**	2,393	**–**	–
Write back of cost of completed projects	**(150)**	(4,988)	**–**	–
Others	**900**	3,790	**–**	–
	300,391	172,268	**–**	–

6. OTHER INCOME

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Interest income:				
- subsidiaries	**–**	–	**15,587**	12,155
- others	**10,220**	11,028	**44**	175
Reversal of impairment loss on other receivables (Note 25)	**17**	23	**65**	9,841
Gain on disposal of:				
- an associate	**–**	588	**–**	–
- property, plant and equipment	**26**	145	**–**	48
Hotel and restaurant related services	**3,629**	3,577	**–**	–
Rental income	**1,315**	1,369	**–**	–
Realised gain on foreign exchange	**13**	–	**–**	–
Unrealised gain on foreign exchange	**100**	190	**–**	–
Fair value adjustment	**2,280**	439	**–**	15
Fair value gain on investment securities	**8**	623	**–**	–
Gain from fair value adjustment of investment properties (Note 16)	**65,178**	11,730	**–**	–
Miscellaneous	**3,515**	2,783	**22**	–
	86,301	32,495	**15,718**	22,234

7. FINANCE COSTS

	GROUP 2012 RM'000	GROUP 2011 RM'000	COMPANY 2012 RM'000	COMPANY 2011 RM'000
Interest expense on:				
Bank overdrafts	**1,098**	701	**915**	594
Term loans	**23,700**	18,559	**2,587**	4,222
Revolving credits	**5,283**	6,384	**2,037**	1,738
Bank guarantee	**2,541**	4,512	**–**	–
Irredeemable convertible unsecured loan stocks	**4**	17	**4**	17
Irredeemable convertible secured loan stocks	**4,116**	7,808	**4,116**	7,808
Commercial papers	**2,463**	2,186	**–**	–
Medium term notes	**4,151**	8,795	**–**	–
Obligations under finance leases	**95**	92	**60**	58
Advances from subsidiaries	**–**	–	**17,984**	15,387
Fair value adjustment	**254**	153	**34**	–
	43,705	49,207	**27,737**	29,824
Less: Interest expense capitalised in:				
Property, plant and equipment (Note 14(c))	**(2,729)**	(791)	**–**	–
Land held for property development (Note 15(a)(iii))	**(1,985)**	(5,371)	**–**	–
Investment properties (Note 16)	**(599)**	(3,099)	**–**	–
Property development costs (Note 15(b))	**(8,247)**	(11,896)	**–**	–
	30,145	28,050	**27,737**	29,824

8. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	GROUP 2012 RM'000	GROUP 2011 RM'000	COMPANY 2012 RM'000	COMPANY 2011 RM'000
Auditors' remuneration:				
- statutory audits	**509**	488	**58**	55
- underprovision in prior year	**4**	23	**3**	11
- other services	**13**	73	**4**	59
Amortisation of:				
- land use rights (Note 17)	**7**	8	**–**	–
- intangible assets (Note 18)	**90**	172	**6**	4
Impairment loss on financial assets				
- trade receivables (Note 25)	**743**	301	**–**	–
- other receivables (Note 25)	**5**	142	**2,977**	1,265
Bad debts written off	**99**	22	**–**	22
Depreciation of property, plant and equipment (Note 14)	**13,071**	10,688	**294**	231
Development expenditure written off	**–**	68	**–**	–
Employee benefits expense (Note 9)	**70,122**	39,323	**26,240**	11,918

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Loss from fair value adjustment of investment properties (Note 16)	**640**	–	**–**	–
Non-executive directors' remuneration (Note 10)	**543**	743	**516**	492
Impairment loss on:				
- property, plant and equipment (Note 14)	**524**	–	**–**	–
- investment in subsidiaries	**–**	–	**653**	2,282
Inventories written down	**290**	–	**–**	–
Inventories written off	**–**	1	**–**	–
Loss on disposal of:				
- property, plant and equipment	**86**	43	**–**	–
- land use rights	**269**	–	**–**	–
- quoted investments	**–**	87	**–**	–
Property, plant and equipment written off	**59**	231	**–**	–
Rental of land and buildings	**5,923**	5,092	**800**	770
Rental of plant and machinery	**246**	293	**38**	23
Realised loss on foreign exchange	**7**	5	**–**	–
Fair value loss on investment securities	**653**	–	**–**	–

9. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Wages and salaries	**59,818**	30,822	**23,325**	8,606
Social security contributions	**516**	369	**33**	31
Short term accumulating compensated absences	**(120)**	(30)	**–**	–
Contributions to defined contribution plan	**5,040**	3,285	**1,691**	1,045
Share options granted under ESOS	**172**	1,559	**172**	1,559
Other benefits	**4,696**	3,318	**1,019**	677
	70,122	39,323	**26,240**	11,918

(a) Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM10,554,000 (2011: RM4,534,000) and RM10,554,000 (2011: RM4,405,000) respectively, as further disclosed in Note 10.

(b) A subsidiary of the Group operates an unfunded defined benefit Retirement Benefit Scheme ("Unfunded Scheme") for its eligible employees. As at the financial year end, the subsidiary of the Group has no obligations under the Unfunded Scheme as none of the eligible employees met the required terms of the Unfunded Scheme.

10. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Executive directors' remuneration:				
- other emoluments (Note 9)	**10,554**	4,534	**10,554**	4,405
Non-executive directors' remuneration:				
- fees (Note 8)	**543**	743	**516**	492
Total directors' remuneration	**11,097**	5,277	**11,070**	4,897
Estimated money value of benefits-in-kind:				
- share options granted under ESOS	**–**	810	**–**	810
- others	**360**	267	**360**	267
Total directors' remuneration including benefits-in-kind	**11,457**	6,354	**11,430**	5,974

The details of directors' remuneration of the Company during the financial year are as follows:

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Executive:				
Salaries and other emoluments	**10,105**	3,779	**10,105**	3,932
Defined contribution plan	**449**	455	**449**	473
Estimated money value of benefits-in-kind				
- share options granted under ESOS	**–**	810	**–**	810
- others	**319**	267	**319**	267
	10,873	5,311	**10,873**	5,482
Non-executive:				
Fees	**516**	492	**516**	492
Others	**41**	–	**41**	–
	557	492	**557**	492
Total directors' remuneration including benefits-in-kind	**11,430**	5,803	**11,430**	5,974

The number of directors of the Company whose total remuneration during the financial year fell within the following bands (excluding share options granted under ESOS) is analysed below:

	NUMBER OF DIRECTORS	
	2012	2011
Executive directors:		
RM650,001 - RM700,000	**1**	–
RM750,001 - RM800,000	**–**	1
RM1,350,001 - RM1,400,000	**1**	–
RM1,700,001 - RM1,750,000	**–**	1
RM2,000,001 - RM2,050,000	**–**	1
RM8,850,001 - RM8,900,000	**1**	–
Non-executive directors:		
Below RM50,000	**3**	–
RM50,001 - RM100,000	**4**	6
RM100,001 - RM150,000	**1**	–

11. TAXATION

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2012 and 2011 are:

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	**34,597**	20,135	**9,237**	4,701
Overprovision in prior years	**(3,481)**	(6,748)	**(3,361)**	(5,234)
	31,116	13,387	**5,876**	(533)
Malaysian real property gains tax	**791**	–	**–**	–
Deferred income tax (Note 23):				
Relating to origination and reversal of temporary differences	**11,745**	(974)	**–**	–
(Over)/underprovision in prior years	**(379)**	204	**–**	–
	11,366	(770)	**–**	–
	43,273	12,617	**5,876**	(533)

11. TAXATION (CONTD.)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2012 and 2011 are as follows:

	2012 RM'000	2011 RM'000
GROUP		
Profit before tax	**171,172**	48,154
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	**42,793**	12,039
Effect of expenses not deductible for tax purposes	**11,229**	8,881
Effect of income not subject to tax	**(4,157)**	(294)
Effect of utilisation of previously unrecognised deferred tax assets	**(14)**	(1,594)
Effect of share of results of associate	**(44)**	198
Effect of share of results of jointly controlled entities	**(8,511)**	(3,815)
Effect of income subject to real property gains tax	**791**	–
Deferred tax assets not recognised during the financial year	**5,046**	3,769
Overprovision of income tax in prior years	**(3,481)**	(6,748)
(Over)/underprovision of deferred tax in prior years	**(379)**	204
Other tax items	**–**	(23)
	43,273	12,617
COMPANY		
Profit before tax	**6,463**	5,991
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	**1,616**	1,498
Effect of expenses not deductible for tax purposes	**5,536**	5,961
Effect of income not subject to tax	**(16)**	(2,465)
Effect of utilisation of previously unrecognised deferred tax assets	**–**	(293)
Deferred tax assets not recognised during the financial year	**2,101**	–
Overprovision of income tax in prior years	**(3,361)**	(5,234)
	5,876	(533)

12. EARNINGS PER ORDINARY STOCK UNIT

(a) Basic

Basic earnings per ordinary stock unit is calculated by dividing the profit for the financial year, net of tax, attributable to owners of the parent by the weighted average number of ordinary stock units in issue during the financial year.

	GROUP	
	2012	2011
	RM'000	RM'000
Profit net of tax attributable to owners of the parent	**123,456**	32,211
	2012	2011
	'000	'000
Weighted average number of ordinary stock units in issue	**955,319**	779,848
Weighted average number of ordinary stock units arising from conversion of ICULS	**491**	2,062
Weighted average number of ordinary stock units arising from conversion of ICSLS	**137,865**	278,025
Adjusted weighted average number of ordinary stock units	**1,093,675**	1,059,935
	2012	2011
	SEN	SEN
Basic earnings per stock unit	**11.29**	3.04

The weighted average number of ordinary stock units takes into account the weighted average effect of changes in treasury stock units transactions during the financial year.

(b) Diluted

For the purpose of calculating diluted earnings per stock unit, the profit for the financial year attributable to owners of the parent and the weighted average number of ordinary stock units in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary stock units, i.e. conversion of ICULS and ICSLS, exercise of warrants and share options granted to employees.

	GROUP	
	2012	2011
	RM'000	RM'000
Profit net of tax attributable to owners of the parent	**123,456**	32,211
	2012	2011
	'000	'000
Weighted average number of ordinary stock units in issue	**955,319**	779,848
Weighted average number of ordinary stock units arising from conversion of ICULS	**491**	2,062
Weighted average number of ordinary stock units arising from conversion of ICSLS	**137,865**	278,025
Effect of dilution of warrants	**857**	4,345
Effect of dilution of ESOS	**1,296**	856
Adjusted weighted average number of ordinary stock units in issue and issuable	**1,095,828**	1,065,136
	2012	2011
	SEN	SEN
Diluted earnings per stock unit	**11.27**	3.02

The weighted average number of ordinary stock units takes into account the weighted average effect of changes in treasury stock units transactions during the financial year.

13. DIVIDENDS

	GROUP/COMPANY 2012 RM'000	GROUP/COMPANY 2011 RM'000
Recognised during the financial year		
First and final dividend for 2010:		
3.8% less 25% taxation, on 779,771,794 ordinary stock units (2.85 sen net per ordinary stock unit)	–	22,224
First and final dividend for 2011:		
2.0% less 25% taxation, on 895,432,443 ordinary stock units (1.5 sen net per ordinary stock unit)	13,431	–
	13,431	22,224

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year ended 31 March 2012, of 4.25% less 25% (3.1875 sen net per ordinary stock unit), amounting to a net dividend payable of approximately RM35,190,759 (subject to change on the number of ordinary stock units entitled to dividend on date of book closure) will be proposed for stockholders' approval. This is computed based on the issued and paid-up capital as at 31 March 2012, excluding treasury stock units held by the Company of 29,439,400 units. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the stockholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2013.

14. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS* RM'000	PLANT, MACHINERY AND EQUIPMENT RM'000	OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000	VESSEL RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK-IN-PROGRESS RM'000	TOTAL RM'000
GROUP							
Cost							
At 1 April 2011	241,403	7,735	26,054	4,560	9,299	40,835	329,886
Additions	627	6,113	11,273	–	465	32,254	50,732
Disposals	–	(12)	(96)	–	(2,677)	–	(2,785)
Written off	–	(1)	(149)	–	–	–	(150)
At 31 March 2012	242,030	13,835	37,082	4,560	7,087	73,089	377,683

	LAND AND BUILDINGS* RM'000	PLANT, MACHINERY AND EQUIPMENT RM'000	OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000	VESSEL RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK-IN-PROGRESS RM'000	TOTAL RM'000
Accumulated depreciation and impairment losses							
At 1 April 2011	38,113	3,922	18,554	3,990	4,673	–	69,252
Depreciation charge for the financial year (Note 8)	6,765	1,420	3,699	456	731	–	13,071
Impairment loss recognised for the financial year (Note 8)	–	–	524	–	–	–	524
Disposals	–	(5)	(67)	–	(1,628)	–	(1,700)
Written off	–	(1)	(90)	–	–	–	(91)
Exchange differences	–	–	(7)	–	–	–	(7)
At 31 March 2012	44,878	5,336	22,613	4,446	3,776	–	81,049
Analysed as:							
Accumulated depreciation	44,878	5,336	22,089	4,446	3,776	–	80,525
Accumulated impairment losses	–	–	524	–	–	–	524
	44,878	5,336	22,613	4,446	3,776	–	81,049
Net carrying amount	197,152	8,499	14,469	114	3,311	73,089	296,634

14. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

*** Land and buildings of the Group**

	FREEHOLD LAND RM'000	FREEHOLD BUILDING RM'000	FREEHOLD LAND AND BUILDING RM'000	SHORT TERM LEASEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND RM'000	TOTAL RM'000
Cost						
At 1 April 2011	**40,977**	**96,082**	**103,595**	**386**	**363**	**241,403**
Addition	**–**	**627**	**–**	**–**	**–**	**627**
At 31 March 2012	**40,977**	**96,709**	**103,595**	**386**	**363**	**242,030**
Accumulated depreciation						
At 1 April 2011	**–**	**9,556**	**28,045**	**365**	**147**	**38,113**
Depreciation charge for the financial year	**–**	**3,523**	**3,222**	**15**	**5**	**6,765**
At 31 March 2012	**–**	**13,079**	**31,267**	**380**	**152**	**44,878**
Net carrying amount	**40,977**	**83,630**	**72,328**	**6**	**211**	**197,152**

	LAND AND BUILDINGS* RM'000	PLANT, MACHINERY AND EQUIPMENT RM'000	OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000	VESSEL RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK-IN-PROGRESS RM'000	TOTAL RM'000
GROUP							
Cost							
At 1 April 2010	200,425	5,870	22,674	4,560	8,323	211,263	453,115
Additions	–	2,240	4,050	–	1,780	44,509	52,579
Reclassification	40,978	–	–	–	–	(40,978)	–
Transfer to investment properties (Note 16)	–	–	–	–	–	(173,959)	(173,959)
Disposals	–	(183)	(318)	–	(804)	–	(1,305)
Written off	–	(192)	(352)	–	–	–	(544)
At 31 March 2011	241,403	7,735	26,054	4,560	9,299	40,835	329,886
Accumulated depreciation							
At 1 April 2010	32,645	3,149	15,964	3,534	4,473	–	59,765
Depreciation charge for the financial year (Note 8)	5,468	1,021	3,034	456	709	–	10,688
Disposals	–	(122)	(258)	–	(509)	–	(889)
Written off	–	(126)	(187)	–	–	–	(313)
Exchange differences	–	–	1	–	–	–	1
At 31 March 2011	38,113	3,922	18,554	3,990	4,673	–	69,252
Net carrying amount	203,290	3,813	7,500	570	4,626	40,835	260,634

*** Land and buildings of the Group**

	FREEHOLD LAND RM'000	FREEHOLD BUILDING RM'000	FREEHOLD LAND AND BUILDING RM'000	SHORT TERM LEASEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND RM'000	TOTAL RM'000
Cost						
At 1 April 2010	40,977	56,852	101,847	386	363	200,425
Reclassification	–	39,230	1,748	–	–	40,978
At 31 March 2011	40,977	96,082	103,595	386	363	241,403
Accumulated depreciation						
At 1 April 2010	–	7,369	24,776	356	144	32,645
Depreciation charge for the financial year	–	2,187	3,269	9	3	5,468
At 31 March 2011	–	9,556	28,045	365	147	38,113
Net carrying amount	40,977	86,526	75,550	21	216	203,290

	OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
COMPANY			
At 31 March 2012			
Cost			
At 1 April 2011	**501**	**1,631**	**2,132**
Additions	**367**	**241**	**608**
Written off	**(4)**	**–**	**(4)**
At 31 March 2012	**864**	**1,872**	**2,736**
Accumulated depreciation			
At 1 April 2011	**85**	**218**	**303**
Depreciation charge for the financial year (Note 8)	**143**	**151**	**294**
Written off	**(4)**	**–**	**(4)**
At 31 March 2012	**224**	**369**	**593**
Net carrying amount	**640**	**1,503**	**2,143**
At 31 March 2011			
Cost			
At 1 April 2010	142	607	749
Additions	369	1,024	1,393
Disposals	(10)	–	(10)
At 31 March 2011	501	1,631	2,132

14. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
COMPANY (CONTD.)			
Accumulated depreciation			
At 1 April 2010	28	51	79
Depreciation charge for the financial year (Note 8)	64	167	231
Disposals	(7)	–	(7)
At 31 March 2011	85	218	303
Net carrying amount	416	1,413	1,829

(a) The net carrying amounts of land and buildings of the Group pledged for borrowings as disclosed in Note 27, at the financial year end are as follows:

	GROUP	
	2012 RM'000	2011 RM'000
Freehold land and buildings	**196,079**	201,773
Short term leasehold land	**6**	21
Long term leasehold land	**211**	216
	196,296	202,010

(b) Capital work-in-progress of the Group with carrying amount of RM73,089,000 (2011: RM40,835,000) has been pledged as security for the credit facilities granted to certain subsidiaries of the Group.

(c) Included in capital work-in-progress incurred during the financial year is interest expense of RM2,729,000 (2011: RM791,000).

(d) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM50,732,000 (2011: RM52,579,000) and RM608,000 (2011: RM1,393,000) respectively, of which RM424,000 (2011: RM1,421,000) and RM214,000 (2011: RM754,000) respectively were acquired by means of hire purchase agreement.

The net carrying amounts of property, plant and equipment held under hire purchase arrangement are as follows:

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Equipment	**26**	179	**–**	–
Motor vehicles	**2,800**	3,572	**1,500**	1,413
	2,826	3,751	**1,500**	1,413

(e) Included in the property, plant and equipment is provision for restoration costs of RM489,000 (2011: RM328,000).

15. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
GROUP				
At 31 March 2012				
At 1 April 2011	**334,856**	**270,170**	**64,880**	**669,906**
Additions	**–**	**–**	**6,931**	**6,931**
Re-allocation of costs	**786**	**(971)**	**–**	**(185)**
Transfer to property development cost (Note 15(b))	**(8,274)**	**–**	**(2,277)**	**(10,551)**
At 31 March 2012	**327,368**	**269,199**	**69,534**	**666,101**
At 31 March 2011				
At 1 April 2010	362,162	261,728	56,994	680,884
Additions	1,239	543	7,997	9,779
Re-allocation of costs	3,708	(3,707)	(1)	–
Disposals	(36,804)	–	(110)	(36,914)
Transfer from property development cost (Note 15(b))	4,551	11,606	–	16,157
At 31 March 2011	334,856	270,170	64,880	669,906

Notes:

(i) The State Government of Pulau Pinang ("the State Government") and a shareholder of Tanjung Pinang Development Sdn. Bhd. ("TPD"), E&O-PDC Holdings Sdn. Bhd. ("E&O-PDC"), entered into a Concession Agreement dated 4 October 1990 to reclaim and develop that part of the coast of Pulau Pinang embracing the foreshore near Mukim 18 of the District of Tanjong Tokong.

Subsequently, E&O-PDC and TPD entered into a Novation Agreement on 5 March 1992 whereby E&O-PDC assigned its rights and transferred its liabilities and obligations under the Concession Agreement to TPD conditional upon the approval of the State Government which was issued on 2 June 1992.

On 5 February 2004, TPD entered into a conditional Joint Land Development Agreement with E&O Property (Penang) Sdn. Bhd. to develop approximately 240.63 acres of the gross area of approximately 980 acres land near Mukim 18 of the district of Tanjong Tokong in Penang.

Certain leasehold land of TPD has been granted the right for conversion to freehold land status by the relevant authority.

(ii) Land held for property development of the Group with carrying amount of RM355,023,000 (2011: RM336,535,000) and RM89,580,000 (2011: RM96,165,000) are pledged as security for credit facilities granted to the Group and for a syndicated bank guarantee facility in connection with the issuance of Bank Guaranteed Commercial Papers and/or Medium Term Notes ("BG CP/MTNs") respectively, as disclosed in Note 27.

(iii) Included in development expenditure incurred during the financial year is interest expense of RM1,985,000 (2011: RM5,371,000).

15. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTD.)

(b) Property development costs

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
GROUP				
At 31 March 2012				
Cumulative property development costs				
At 1 April 2011	**213,755**	**3,924**	**433,692**	**651,371**
Costs incurred during the financial year	**155**	**–**	**222,105**	**222,260**
Re-allocation of costs	**(5,384)**	**–**	**5,569**	**185**
Transfer from land held for property development (Note 15(a))	**8,274**	**–**	**2,277**	**10,551**
Reversal of completed projects	**(45,720)**	**(3,924)**	**(256,352)**	**(305,996)**
Unsold units transferred to inventories	**(320)**	**–**	**(2,018)**	**(2,338)**
At 31 March 2012	**170,760**	**–**	**405,273**	**576,033**
Cumulative costs recognised in profit or loss				
At 1 April 2011	**(50,982)**	**(3,924)**	**(295,867)**	**(350,773)**
Recognised during the financial year (Note 5)	**(30,393)**	**–**	**(203,108)**	**(233,501)**
Reversal of completed projects	**45,720**	**3,924**	**256,352**	**305,996**
At 31 March 2012	**(35,655)**	**–**	**(242,623)**	**(278,278)**
Property development cost at 31 March 2012	**135,105**	**–**	**162,650**	**297,755**
At 31 March 2011				
Cumulative property development costs				
At 1 April 2010	219,179	12,610	365,794	597,583
Costs incurred during the financial year	5,843	–	133,207	139,050
Re-allocation of costs	(2,921)	2,920	1	–
Transfer to investment properties (Note 16)	(2,984)	–	(61,772)	(64,756)
Transfer to land held for property development (Note 15(a))	(4,551)	(11,606)	–	(16,157)
Reversal of completed projects	(293)	–	–	(293)
Unsold units transferred to inventories	(518)	–	(3,538)	(4,056)
At 31 March 2011	213,755	3,924	433,692	651,371
Cumulative costs recognised in profit or loss				
At 1 April 2010	(47,495)	(3,924)	(235,248)	(286,667)
Recognised during the financial year (Note 5)	(3,487)	–	(60,619)	(64,106)
At 31 March 2011	(50,982)	(3,924)	(295,867)	(350,773)
Property development cost at 31 March 2011	162,773	–	137,825	300,598

Development properties of the Group with carrying amount of RM296,479,000 (2011: RM299,324,000) are pledged to the financial institutions as securities for credit facilities granted to certain subsidiaries and for a syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 27.

Proceeds from sales of development properties of a subsidiary of the Company, E&O Property (Penang) Sdn. Bhd., are assigned as security for a syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 27.

Included in property development costs incurred during the financial year is interest expense of RM8,247,000 (2011: RM11,896,000).

16. INVESTMENT PROPERTIES

	GROUP	
	2012	2011
	RM'000	RM'000
At fair value		
At the beginning of financial year	**325,837**	20,000
Additions	**20,361**	8,878
Disposal (Note 43(d))	**(134,000)**	–
Transfer from property development costs (Note 15(b))	**–**	64,756
Transfer from property, plant and equipment (Note 14)	**–**	173,959
Subsequent expenditure	**4,915**	46,514
Fair value gain adjustment recognised in profit or loss (Note 6)	**65,178**	11,730
Fair value loss adjustment recognised in profit or loss (Note 8)	**(640)**	–
At the end of financial year	**281,651**	325,837

Properties held for rental or for capital appreciation or both and not occupied by the Group are classified as investment properties. The properties are stated at their fair values, which represent open-market values estimated by independent professionally qualified valuers. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the financial year in which they arise.

Included in subsequent expenditure incurred during the financial year is interest expense of RM599,000 (2011: RM3,099,000).

Investment properties of the Group amounting to RM253,000,000 (2011: RM316,959,000) have been pledged as security for the credit facilities granted to a subsidiary, as disclosed in Note 27.

17. LAND USE RIGHTS

	GROUP	
	2012 RM'000	2011 RM'000
Long term leasehold land and building		
Cost		
At the beginning of financial year	**800**	800
Disposal	**(800)**	–
At the end of financial year	**–**	800
Accumulated amortisation		
At the beginning of financial year	**124**	116
Amortisation charge for the financial year (Note 8)	**7**	8
Disposal	**(131)**	–
At the end of financial year	**–**	124
Net carrying amount	**–**	676

The long term leasehold land and building is amortised over a period of 97 years.

18. INTANGIBLE ASSETS

Intangible assets represent computer software cost and goodwill arising from acquisition of a subsidiary.

	GOODWILL RM'000	COMPUTER SOFTWARE RM'000	TOTAL RM'000
GROUP			
At 31 March 2012			
Cost			
At 1 April 2011	**2,911**	**1,049**	**3,960**
Additions	**–**	**94**	**94**
At 31 March 2012	**2,911**	**1,143**	**4,054**
Accumulated amortisation			
At 1 April 2011	**–**	**733**	**733**
Amortisation charge for the financial year (Note 8)	**–**	**90**	**90**
At 31 March 2012	**–**	**823**	**823**
Net carrying amount	**2,911**	**320**	**3,231**

	GOODWILL RM'000	COMPUTER SOFTWARE RM'000	TOTAL RM'000
At 31 March 2011			
Cost			
At 1 April 2010	2,911	746	3,657
Additions	–	303	303
At 31 March 2011	2,911	1,049	3,960
Accumulated amortisation			
At 1 April 2010	–	561	561
Amortisation charge for the financial year (Note 8)	–	172	172
At 31 March 2011	–	733	733
Net carrying amount	2,911	316	3,227

	COMPUTER SOFTWARE RM'000
COMPANY	
At 31 March 2012	
Cost	
At 1 April 2011/At 31 March 2012	**29**
Accumulated amortisation	
At 1 April 2011	**6**
Amortisation charge for the financial year (Note 8)	**6**
At 31 March 2012	**12**
Net carrying amount	**17**
At 31 March 2011	
Cost	
At 1 April 2010	15
Additions	14
At 31 March 2011	29
Accumulated amortisation	
At 1 April 2010	2
Amortisation charge for the financial year (Note 8)	4
At 31 March 2011	6
Net carrying amount	23

18. INTANGIBLE ASSETS (CONTD.)

Impairment tests for cash-generating units ("CGU") containing goodwill

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period with growth rate of 10% (2011: 10%) annually. The cash flow projections are discounted using the current market assessment of the risks specific to the CGU at 5% (2011: 6.3%).

(a) Key assumptions used in value-in-use calculations

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(ii) Growth rate

The weighted average growth rates used are consistent with the long term average growth rate for the industry.

(iii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the industry.

(b) Sensitivity to changes in assumptions

The management believes that changes in any of the above key assumptions would not cause the carrying value of the unit to materially differ from its recoverable amount.

19. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2012	2011
	RM'000	RM'000
Unquoted shares at cost	**1,190,494**	1,190,494
Less: Impairment losses	**(62,520)**	(61,867)
	1,127,974	1,128,627

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2012 %	2011 %	PAID-UP SHARE CAPITAL RM
I) SUBSIDIARIES OF THE COMPANY					
E&O Property Development Berhad ("E&OPROP") #	Malaysia	Investment holding	**100**	100	662,126,205
Dynamic Degree Sdn. Bhd.	Malaysia	Investment holding	**100**	100	3,000,000
E&O Developers Sdn. Bhd.	Malaysia	Investment holding	**100**	100	5,500,000
E&O Ventures Sdn. Bhd.	Malaysia	Dormant	**51**	51	100
Eastern & Oriental Hotel Sdn. Bhd.	Malaysia	Ownership and management of hotel, property development and investment holding	**100**	100	29,830,000
E&O Leisure Sdn. Bhd.	Malaysia	Property investment	**100**	100	2
Major Liberty Sdn. Bhd.	Malaysia	Investment holding	**100**	100	300,000
Matrix Promenade Sdn. Bhd.	Malaysia	Investment holding	**100**	100	300,000
KCB Geotechnics Sdn. Bhd.	Malaysia	Inactive	**100**	100	500,000
Twenty First Century Realty Sdn. Bhd.	Malaysia	Managing of proceeds raised from Eastern & Oriental Berhad's Irredeemable Convertible Secured Loan Stocks	**100**	100	2
Eastern & Oriental Properties (Guernsey) Limited **	Guernsey	Investment holding	**100**	100	£1
E&O Hotel Management (M) Sdn. Bhd.	Malaysia	Lease, operate and manage service apartments and related hospitality services	**100**	–	2
II) SUBSIDIARIES OF EASTERN & ORIENTAL HOTEL SDN. BHD.					
E&O Restaurants Sdn. Bhd.	Malaysia	Investment holding	**100**	100	100,000
E&O Express Sdn. Bhd.	Malaysia	Managing a hotel and food and beverage outlets	**100**	100	10,000,000
E&O Cruises Sdn. Bhd.	Malaysia	Dormant	**100**	100	2
E&O Limousine Services Sdn. Bhd.	Malaysia	Dormant	**100**	100	2

19. INVESTMENT IN SUBSIDIARIES (CONTD.)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2012 %	2011 %	PAID-UP SHARE CAPITAL RM
II) SUBSIDIARIES OF EASTERN & ORIENTAL HOTEL SDN. BHD. (Contd.)					
a) Subsidiaries of E&O Restaurants Sdn. Bhd.					
Eminent Pedestal Sdn. Bhd.	Malaysia	Operation of a food and beverage outlet	**100**	100	100,000
The Delicious Group Sdn. Bhd.	Malaysia	Cafe and restaurant operator	**100**	100	2,925,000
b) Subsidiary of E&O Express Sdn. Bhd.					
Lone Pine Hotel (Penang) Sdn. Bhd.	Malaysia	Managing a hotel and food and beverage outlets	**100**	100	320,000
c) Subsidiaries of The Delicious Group Sdn. Bhd.					
Delicious Catering Sdn. Bhd.	Malaysia	Food catering services	**100**	100	2
Reunion Restaurants Sdn. Bhd.	Malaysia	Restaurant operator	**100**	100	2
Food Emporium Sdn. Bhd.	Malaysia	Business of convenience shops	**100**	100	2
The Delicious (Singapore) Pte Ltd **	Singapore	Cafe and restaurant operator	**100**	100	S$314,000
III) SUBSIDIARIES OF MATRIX PROMENADE SDN. BHD.					
Radiant Kiara Sdn. Bhd.	Malaysia	Property investment	**100**	100	920,004
E&O-Pie Sdn. Bhd.	Malaysia	Property investment	**100**	100	100,000
E&O Trading Sdn. Bhd.	Malaysia	Property investment	**100**	100	2,500,002
IV) SUBSIDIARY OF EASTERN & ORIENTAL PROPERTIES (GUERNSEY) LIMITED					
Oriental Light (Guernsey) Limited **	Guernsey	Property investment	**100**	100	£1
V) SUBSIDIARIES OF E&OPROP					
Ambangan Puri Sdn. Bhd.	Malaysia	Property development and property investment	**100**	100	1,250,000
Edisi Utama Sdn. Bhd.	Malaysia	Property development	**100**	100	250,000
E&O Properties Sdn. Bhd.	Malaysia	Property development, property investment and project management	**100**	100	16,580,000
E&O Sales & Marketing Sdn. Bhd.	Malaysia	Sales and marketing services for property development projects	**100**	100	6,000,000

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2012 %	2011 %	PAID-UP SHARE CAPITAL RM
E&O Property (Singapore) Pte. Ltd. **	Singapore	Sales and marketing services for property development projects	**100**	100	S$500,000
Emerald Designs Sdn. Bhd.	Malaysia	Property development	**100**	100	300,000
Galaxy Prestige Sdn. Bhd.	Malaysia	Investment holding	**100**	100	250,000
Kamunting Management Services Sdn. Bhd.	Malaysia	Investment holding	**100**	100	100,000
KCB Holdings Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2
Kamunting Tin Dredging Limited **	England	Investment holding	**100**	100	£2,006,250
Pelicrest Sdn. Bhd.	Malaysia	Investment holding	**100**	100	119,005
Prime-Lite Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2
Regal Alliance Sdn. Bhd.	Malaysia	Property development	**100**	100	24,152,582
Ribuan Imbang Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2
Staboc Marketing Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2
Tinggi Murni Sdn. Bhd.	Malaysia	Investment holding	**100**	100	120,488
Teratak Warisan (M) Sdn. Bhd.	Malaysia	Investment holding	**100**	100	100,000
a) Subsidiary of Ambangan Puri Sdn. Bhd.					
Seventy Damansara Sdn. Bhd.	Malaysia	Property investment and property development	**100**	100	3,250,000
b) Subsidiaries of E&O Properties Sdn. Bhd.					
E&O Management Services Sdn. Bhd.	Malaysia	Property management and property investment	**100**	100	2
Kayangan Budaya Sdn. Bhd.	Malaysia	Property development	**87.5**	87.5	12,700
Minat Ganda Sdn. Bhd.	Malaysia	Property investment and property development	**100**	100	500,060
c) Subsidiaries of Kamunting Management Services Sdn. Bhd.					
Bridgecrest Resources Sdn. Bhd.	Malaysia	Investment holding	**95.6**	95.6	100,000
E&O-PDC Holdings Sdn. Bhd.	Malaysia	Investment holding	**60.0**	60.0	35,000
i) Subsidiaries of Bridgecrest Resources Sdn. Bhd.					
E&O Property (Penang) Sdn. Bhd.	Malaysia	Property development	**95.6**	95.6	2,500,010
Permaijana Ribu (M) Sdn. Bhd.	Malaysia	Investment holding	**86.8**	86.8	5,000,000

19. INVESTMENT IN SUBSIDIARIES (CONTD.)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2012 %	2011 %	PAID-UP SHARE CAPITAL RM
V) SUBSIDIARIES OF E&OPROP (CONTD.)					
c) Subsidiaries of Kamunting Management Services Sdn. Bhd. (Contd.)					
ii) Subsidiary of Permaijana Ribu (M) Sdn. Bhd.					
Tanjung Pinang Development Sdn. Bhd.	Malaysia	Land reclamation and development	**78.8**	78.8	5,000,000
d) Subsidiaries of KCB Holdings Sdn. Bhd.					
KCB Trading Sdn. Bhd.	Malaysia	Property development and property investment	**100**	100	5,000,000
Trans-Mutual Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2
WCW Technologies Sdn. Bhd.	Malaysia	General contractor	**100**	100	667,000
i) Subsidiary of KCB Trading Sdn. Bhd.					
E&O Customer Services Sdn. Bhd.	Malaysia	Property management and property investment	**100**	100	2,500,010
ii) Subsidiary of Trans-Mutual Sdn. Bhd.					
Kamunting Management (HK) Limited *	Hong Kong	Dormant	**100**	100	HK$1,000
e) Subsidiaries of Tinggi Murni Sdn. Bhd.					
Samudra Pelangi Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2
i) Subsidiaries of Samudra Pelangi Sdn. Bhd.					
Hexon Housing Development Sdn. Bhd.	Malaysia	Property development and property investment	**100**	100	100,000
Indasu Housing Development Sdn. Bhd.	Malaysia	Housing development	**100**	100	2
KSM Property Development Sdn. Bhd.	Malaysia	Marketing and sales consultancy, project management and administrative	**100**	100	500,002
Patsawan Properties Sdn. Bhd.	Malaysia	Property development	**100**	100	140,000
Rhinever Housing Development Sdn. Bhd.	Malaysia	Housing development	**100**	100	2
Rimelite Sdn. Bhd.	Malaysia	Property development and property investment	**100**	100	2
Senna Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2012 %	2011 %	PAID-UP SHARE CAPITAL RM
Terra Damansara Sdn. Bhd.	Malaysia	Property development	**100**	100	540,000
Unicorn Housing Development Sdn. Bhd.	Malaysia	Housing development	**100**	100	2
ii) Subsidiary of Indasu Housing Development Sdn. Bhd.					
Monplus Housing Development Sdn. Bhd.	Malaysia	Housing development	**100**	100	250,000
f) Subsidiary of Pelicrest Sdn. Bhd.					
KCB (Guernsey) Limited **	Channel Islands	Investment holding	**100**	100	£1,000
g) Subsidiary of Kamunting Tin Dredging Limited					
Goldtap Services Limited **	England	Food and beverage	**100**	100	£1

* Audited by affiliate of Ernst & Young Global

** Audited by firms of auditors other than Ernst & Young

Investment in this subsidiary with carrying amount of RM547,784,000 (2011: RM547,784,000) has been pledged as security for borrowings as disclosed in Note 27.

(a) Acquisitions of subsidiaries

2012

The Company had on 19 January 2012 acquired two ordinary shares of RM1.00 each, representing 100% equity interest in the capital of E&O Hotel Management (M) Sdn. Bhd. ("EOHM") for a total consideration of RM2.00.

There is no disclosure of the impact on the financial position and financial results of EOHM as the amounts involved are immaterial.

2011

The Company had on 21 April 2010 incorporated two new wholly-owned subsidiaries, Eastern & Oriental Properties (Guernsey) Limited ("EOPG") and Oriental Light (Guernsey) Limited ("OLG") in Guernsey. The issued and paid-up share capital of both EOPG and OLG are £1 divided into one ordinary share. OLG is a wholly-owned subsidiary of EOPG.

19. INVESTMENT IN SUBSIDIARIES (CONTD.)

(a) Acquisitions of subsidiaries (Contd.)

2011 (Contd.)

The Delicious Group Sdn. Bhd., a wholly-owned subsidiary of E&O Restaurants Sdn. Bhd. had on 25 March 2011, incorporated a new wholly-owned subsidiary, The Delicious (Singapore) Pte. Ltd. ("TDS") in Singapore. The issued and paid-up share capital of TDS is SGD1,000 divided into 1,000 ordinary shares of SGD1.00 each at the date of incorporation.

There are no disclosures of the impact on the financial position and financial results of EOPG, OLG and TDS as the amounts involved are immaterial.

(b) E&OPROP agrees to provide E&O Property (Penang) Sdn. Bhd. with sufficient funds to meet any cost overruns and shortfall in cashflow in respect of the mixed commercial and residential development project carried out on the Developing Land and Commercial Land 2 and to meet any shortfall in a bank account pursuant to Guarantee Facility Agreement dated 16 January 2007 in connection with the issuance of BG CP/MTNs as disclosed in Note 27.

20. INVESTMENT IN ASSOCIATE

	GROUP	
	2012	2011
	RM'000	RM'000
Unquoted shares in Malaysia, at cost	**16,810**	16,810
Share of post-acquisition reserves	**116**	(61)
	16,926	16,749

Details of the associate which is incorporated in Malaysia, are as follows:

NAME OF ASSOCIATE	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP INTEREST		PROPORTION OF VOTING POWER	
		2012	2011	**2012**	2011
		%	%	**%**	%
Renown Heritage Sdn. Bhd.	Property investment	**50.00**	50.00	**50.00**	50.00

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2012	2011
	RM'000	RM'000
ASSETS AND LIABILITIES		
Current assets	**1,300**	849
Non-current asset	**12,234**	12,234
Total assets	**13,534**	13,083
Current liabilities, representing total liabilities	**356**	260
RESULTS		
Revenue	**1,037**	28,146
Profit/(loss) for the financial year	**354**	(2,256)

21. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	GROUP	
	2012 RM'000	2011 RM'000
Unquoted shares at cost	**6,625**	125
Share of post-acquisition reserves	**60,669**	25,996
Less: Distribution of profits	**(9,636)**	(8,299)
	57,658	17,822

Details of the jointly controlled entities are as follows:

NAME OF JOINTLY CONTROLLED ENTITIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP INTEREST 2012 %	2011 %
Mergexcel Property Development Sdn. Bhd. ("MPDSB")	Malaysia	Property development	**50.00**	50.00
Joint venture between E&O Property (Penang) Sdn. Bhd. and Tanjung Pinang Villas Sdn. Bhd.	Unincorporated	Property development	**50.00**	50.00
Nuri Merdu Sdn. Bhd. ("NMSB")	Malaysia	Property development	**50.00**	–

Pursuant to the Joint Venture Agreement entered between Ribuan Imbang Sdn. Bhd. ("RISB") and Lion Courts Sdn. Bhd. ("LCSB"), profit and loss of the MPDSB shall be distributed at 55.32% in favour of LCSB and 44.68% in favour of RISB.

NMSB had on 28 June 2011 entered into a Lease Purchase Agreement with Pulau Sibu Ventures Sdn. Bhd. for the acquisition of the lease over certain parcels of land measuring a total area of approximately 210 acres in Mukim Pulai, Daerah Johor Bahru for a total consideration of RM350,000,000. As at the reporting date, NMSB has paid RM9,000,000 deposit for the acquisition of the land.

The Group's aggregate share of the current assets, non-current assets, current liabilities, revenue and profit for the financial year related to the Group's interests in the jointly controlled entities are as follows:

	2012 RM'000	2011 RM'000
ASSETS AND LIABILITIES		
Current assets	**236,421**	215,174
Non-current assets	**1,284**	503
Total assets	**237,705**	215,677
Current liabilities	**172,844**	194,954
RESULTS		
Revenue	**161,656**	72,554
Profit for the financial year	**34,043**	15,259

22. INVESTMENT SECURITIES

	GROUP 2012 RM'000	2011 RM'000
Quoted investments in Malaysia:		
- shares	**2,342**	2,987
Others	**63**	63
	2,405	3,050
At market value:		
Quoted shares in Malaysia	**2,342**	2,987

Investments in quoted shares in Malaysia of the Group amounting to RM2,342,000 (2011: RM2,987,000) have been pledged to various financial institutions for credit facilities granted to the Group and the Company as disclosed in Note 27.

23. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP 2012 RM'000	2011 RM'000
At the beginning of financial year	**(31,301)**	(32,071)
Recognised in profit or loss (Note 11)	**(11,366)**	770
At the end of financial year	**(42,667)**	(31,301)

Presented after appropriate offsetting as follows:

	GROUP 2012 RM'000	2011 RM'000
Deferred tax assets	**4,732**	17,291
Deferred tax liabilities	**(47,399)**	(48,592)
	(42,667)	(31,301)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

	UNUTILISED CAPITAL ALLOWANCES RM'000	PROPERTY, PLANT AND EQUIPMENT RM'000	INVESTMENT PROPERTIES RM'000	PROVISIONS RM'000	OTHERS RM'000	TOTAL RM'000
At 1 April 2010	2,472	14,497	925	1,222	199	19,315
Reclassification	–	(14,100)	14,100	–	–	–
Recognised in profit or loss	–	–	1,861	–	–	1,861
At 31 March 2011	2,472	397	16,886	1,222	199	21,176
Recognised in profit or loss	1,157	–	(13,645)	134	(19)	(12,373)
At 31 March 2012	**3,629**	**397**	**3,241**	**1,356**	**180**	**8,803**

Deferred tax liabilities of the Group

	PROPERTY, PLANT AND EQUIPMENT RM'000	LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COST RM'000	INVESTMENT PROPERTIES RM'000	INVENTORIES RM'000	OTHERS RM'000	TOTAL RM'000
At 1 April 2010	(4,028)	(45,415)	(818)	(559)	(566)	(51,386)
Reclassification	–	(12)	–	12	–	–
Recognised in profit or loss	(162)	1,857	(2,932)	146	–	(1,091)
At 31 March 2011	(4,190)	(43,570)	(3,750)	(401)	(566)	(52,477)
Reclassification	–	7	–	(7)	–	–
Recognised in profit or loss	180	811	–	16	–	1,007
At 31 March 2012	**(4,010)**	**(42,752)**	**(3,750)**	**(392)**	**(566)**	**(51,470)**

Deferred tax assets have not been recognised in respect of the following items:

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Unused tax losses	**58,386**	55,080	**–**	–
Unabsorbed capital allowances	**23,753**	16,859	**–**	–
Unabsorbed reinvestment allowances	**47,755**	47,755	**–**	–
Provisions	**13,623**	5,198	**9,504**	1,099
Others	**26,570**	25,066	**–**	–
	170,087	149,958	**9,504**	1,099

The availability of the unused tax losses and unabsorbed capital and reinvestment allowances for offsetting against future taxable profits of the Company and the respective subsidiaries are subject to no substantial changes in shareholdings of the Company and of the respective subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. Other deductible temporary differences are available indefinitely for offset against future taxable profits of the Company and of the respective subsidiaries.

24. INVENTORIES

	GROUP	
	2012 RM'000	2011 RM'000
At cost:		
Completed properties	**35,676**	34,675
Trading inventories	**71**	682
Food, beverages and tobacco	**1,018**	667
General supplies	**935**	822
	37,700	36,846
Net realisable value:		
Completed properties	**238**	1,516
	37,938	38,362

24. INVENTORIES (CONTD.)

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM24,717,000 (2011: RM41,198,000).

Inventories amounting to RM27,266,000 (2011: RM26,200,000) have been pledged to the financial institution for credit facility granted to a subsidiary as disclosed in Note 27.

25. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 2012 RM'000	GROUP 2011 RM'000	COMPANY 2012 RM'000	COMPANY 2011 RM'000
Trade receivables					
Third parties		**36,715**	34,933	**–**	–
Retention sum receivable		**2,514**	10,717	**–**	–
		39,229	45,650	**–**	–
Less: Allowance for impairment					
- Third parties		**(7,090)**	(6,347)	**–**	–
Trade receivables, net	**(a)**	**32,139**	39,303	**–**	–
Other receivables					
Other receivables		**7,319**	39,024	**27,719**	16,942
Amounts due from subsidiaries	**(b)**	**–**	–	**706,225**	744,504
Amounts due from jointly controlled entities	**(c)**	**45,263**	40,045	**–**	–
Performance deposit		**–**	870	**–**	870
Deposits		**2,937**	4,776	**356**	786
		55,519	84,715	**734,300**	763,102
Less: Allowance for impairment					
- Other receivables		**(505)**	(517)	**(240)**	(252)
- Amount due from subsidiaries		**–**	–	**(28,531)**	(25,607)
		(505)	(517)	**(28,771)**	(25,859)
Other receivables, net	**(d)**	**55,014**	84,198	**705,529**	737,243
Total trade and other receivables		**87,153**	123,501	**705,529**	737,243
Add: Cash and bank balances (Note 26)		**268,535**	309,374	**1,951**	1,968
Total loans and receivables		**355,688**	432,875	**707,480**	739,211

(a) Trade receivables

The credit period for completed properties is generally for a period of three months, extending up to four months (2011: three to four months) while the term in respect of its property development activities is approximately 21 (2011: 21) days in accordance with the Housing Development (Control and Licensing) Act 1966, whereas the credit term for other business activities ranges from 7 to 170 (2011: 7 to 170) days.

Retention sum receivables are the monies withheld by lawyer upon delivery of vacant possession to the property buyers. These funds will be released by the lawyer in two stages, the first release will be at the expiry of six months and the second release will be at the expiry of eighteen months from the date of vacant possessions, except for an amount of RM1,047,000 (2011: RM38,000), whereby its first release will be at the expiry of eight months and second release will be at the expiry of twenty four months from the date of vacant possessions.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	GROUP	
	2012 RM'000	2011 RM'000
Neither past due nor impaired	**26,671**	17,388
1 to 30 days past due not impaired	**467**	2,222
31 to 60 days past due not impaired	**538**	2,654
61 to 90 days past due not impaired	**891**	744
91 to 120 days past due not impaired	**32**	2,304
More than 121 days past due not impaired	**3,540**	13,991
	5,468	21,915
Impaired	**7,090**	6,347
	39,229	45,650

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM5,468,000 (2011: RM21,915,000) that are past due at the reporting date but not impaired.

These receivables are unsecured. The management is confident that these receivables are recoverable as these accounts are still active.

25. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables (Contd.)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP 2012 RM'000	GROUP 2011 RM'000
Trade receivables - nominal amount	**7,399**	6,511
Less: Allowance for impairment	**(7,090)**	(6,347)
	309	164

Movement in allowance accounts:

	GROUP 2012 RM'000	GROUP 2011 RM'000
At the beginning of financial year	**6,347**	6,046
Charge for the financial year (Note 8)	**743**	301
At the end of financial year	**7,090**	6,347

Trade receivables that are collectively and individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and are repayable upon demand. The amounts bear interest ranging from 0.5% to 6.60% (2011: 0.5% to 7.80%) per annum.

(c) Amounts due from jointly controlled entities

The amounts due from jointly controlled entities are unsecured, non-interest bearing and are repayable upon demand.

(d) Other receivables

Other receivables that are impaired

The Group's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Other receivables - nominal amount	**530**	517	**62,110**	39,233
Less: Allowance for impairment	**(505)**	(517)	**(28,771)**	(25,859)
	25	–	**33,339**	13,374

Movement in allowance accounts:

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At the beginning of financial year	**517**	398	**25,859**	34,435
Charge for the financial year (Note 8)	**5**	142	**2,977**	1,265
Reversal of impairment losses (Note 6)	**(17)**	(23)	**(65)**	(9,841)
At the end of financial year	**505**	517	**28,771**	25,859

26. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash on hand and at banks	**121,792**	89,566	**151**	268
Deposits with licensed banks	**146,743**	219,808	**1,800**	1,700
Cash and bank balances	**268,535**	309,374	**1,951**	1,968

(a) Included in cash on hand and at banks of the Group are amounts of RM105,807,000 (2011: RM53,268,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations. RM100,466,000 (2011: RM47,914,000) of these cash on hand and at banks are assigned and charged as security for a syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 27.

(b) Cash and bank balances of the Group amounting to RM6,067,000 (2011: RM6,778,000) are assigned and charged as security for a syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 27.

26. CASH AND BANK BALANCES (CONTD.)

(c) Included in deposit with licensed banks of the Group is an amount of RM292,000 (2011: RM292,000) pledged as security for bank guarantees issued to a utility company and tenors.

(d) Cash and bank balances of the Group amounting to RM58,186,000 (2011: RM2,800,000) are assigned and charged as security for a syndicated term loan facility as disclosed in Note 27.

(e) Included in cash and bank balances of the Group in previous financial year was an amount of RM140,268,000 held pursuant to the Trust Deed constituting the Irredeemable Convertible Secured Loan Stocks 2009/2019 dated 11 September 2009 executed between the Company and the trustee, namely Pacific Trustees Berhad. The Group had on 27 December 2011 exercised its rights of mandatory conversion pursuant to the conditions stipulated in the Trust Deed dated 11 September 2009.

(f) The weighted average effective interest rates and average maturity of deposits of the Group and of the Company at the reporting date were as follows:

	GROUP		COMPANY	
	2012	2011	**2012**	2011
Weighted average effective interest rates (%)				
- Fixed rates	**3.03%**	2.92%	**2.29%**	2.25%
- Floating rates	**2.80%**	2.57%	**–**	–
Average maturities (days)	**1 - 90**	1 - 90	**1 - 90**	1 - 90

For the purpose of statements of cash flows, cash and cash equivalents comprise the following as at the financial year end:

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Cash at banks and on hands	**121,792**	89,566	**151**	268
Deposits with licensed banks	**146,743**	219,808	**1,800**	1,700
Bank overdrafts (Note 27)	**(27,766)**	(22,972)	**(25,921)**	(22,825)
Total cash and cash equivalents	**240,769**	286,402	**(23,970)**	(20,857)

27. LOANS AND BORROWINGS

	MATURITY	GROUP 2012 RM'000	GROUP 2011 RM'000	COMPANY 2012 RM'000	COMPANY 2011 RM'000
CURRENT					
Secured:					
Bank overdrafts	On demand	**27,766**	22,972	**25,921**	22,825
Term loans	2013	**57,051**	49,227	**40,000**	30,000
Revolving credits	On demand	**125,960**	140,960	**55,000**	50,000
Commercial papers	On demand	**65,000**	65,000	**–**	–
Medium term notes	2012	**–**	100,000	**–**	–
Obligations under finance leases (Note 37(d))	2013	**585**	775	**279**	239
		276,362	378,934	**121,200**	103,064
NON-CURRENT					
Secured:					
Term loans	2014 - 2020	**317,235**	362,755	**10,372**	50,372
Revolving credits	2014	**10,000**	–	**–**	–
Obligations under finance leases (Note 37(d))	2014 - 2016	**1,228**	1,449	**662**	736
		328,463	364,204	**11,034**	51,108

	GROUP 2012 RM'000	GROUP 2011 RM'000	COMPANY 2012 RM'000	COMPANY 2011 RM'000
Total loans and borrowings				
Secured:				
Bank overdrafts	**27,766**	22,972	**25,921**	22,825
Term loans	**374,286**	411,982	**50,372**	80,372
Revolving credits	**135,960**	140,960	**55,000**	50,000
Commercial papers	**65,000**	65,000	**–**	–
Medium term notes	**–**	100,000	**–**	–
Obligations under finance leases (Note 37(d))	**1,813**	2,224	**941**	975
	604,825	743,138	**132,234**	154,172

27. LOANS AND BORROWINGS (CONTD.)

As at reporting date, the weighted average effective interest rates for the loans and borrowings, were as follows:

	GROUP		COMPANY	
	2012	2011	**2012**	2011
Bank overdrafts - Floating rates	**7.88%**	7.55%	**7.85%**	7.55%
Term loans				
- Fixed rates	**5.10%**	4.87%	**4.81%**	4.66%
- Floating rates	**5.60%**	5.05%	**–**	–
Revolving credits - Floating rates	**4.73%**	4.44%	**3.95%**	3.48%
Commercial papers - Fixed rate	**3.65%**	3.80%	**–**	–
Medium term notes - Fixed rate	**–**	4.75%	**–**	–
Obligations under finance leases	**2.80%**	2.86%	**2.78%**	2.80%

The remaining maturities of the loans and borrowings as at 31 March 2012 are as follows:

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
On demand or within one year	**276,362**	378,934	**121,200**	103,064
More than 1 year and less than 2 years	**124,260**	59,156	**10,601**	40,240
More than 2 years and less than 5 years	**182,893**	235,618	**433**	10,868
5 years or more	**21,310**	69,430	**–**	–
	604,825	743,138	**132,234**	154,172

(a) Bank overdrafts

The bank overdrafts are secured by charge on certain properties, unquoted shares and quoted investments as disclosed in Notes 14, 19 and 22 respectively.

(b) Term loans

The term loans are secured by corporate guarantees from the Company and E&OPROP and charges on certain assets of the Group and of the Company as disclosed in the relevant notes.

(c) Revolving credits

The revolving credits are secured by charges on certain land held for property development, unquoted shares and inventories of the Group as disclosed in Notes 15(a), 19 and 24 respectively.

(d) Commercial papers and medium term notes

E&O Property Penang Sdn. Bhd. ("EOPP"), had on 15 February 2007 issued RM350,000,000 nominal value of BG CP/MTNs. All the cash proceeds of RM350,000,000 raised from the issuance of BG CP/MTNs by EOPP were fully utilised for corporate expenses, working capital of EOPP, repayment of shareholders' advances, payment of interest, repayment of term loan and bridging loan.

The MTNs have been fully repaid in the current financial year while RM65 million of the BG CP is still outstanding as at the reporting date.

The BG CP/MTNs are guaranteed by certain financial institutions for a sum of RM360,000,000 through a syndicated bank guarantee facility, which is secured by:

(i) the developing land charged by Tanjung Pinang Development Sdn. Bhd. ("TPD");

(ii) the master land charged by TPD;

(iii) the debenture executed by EOPP creating a fixed and floating charge over certain existing and future assets of the subsidiary;

(iv) the assignment of sales of proceeds;

(v) the assignment and charge over designated accounts;

(vi) the assignment and charge over housing development accounts;

(vii) the assignment of insurances; and

(viii) E&OPROP's undertaking (Note 19(b)).

(e) Corporate guarantees

The Company has extended corporate guarantees amounting to RM305,334,000 (2011: RM288,541,000) as at the reporting date to banks and financial institutions for banking facilities granted to certain subsidiaries.

No value has been placed on the corporate guarantee provided by the Company as the directors regard the value of the credit enhancement provided by the said corporate guarantee as minimal. This is because the loans and borrowings granted under the guarantee are secured by legal charges over the Group's property, plant and equipment, investment properties and pledge of cash and bank balances as disclosed in the relevant notes.

28. PROVISIONS

	RESTORATION COSTS OF PROPERTY, PLANT AND EQUIPMENT RM'000 (a)	OTHERS RM'000 (b)	TOTAL RM'000
GROUP			
At 1 April 2010/31 March 2011	328	162	490
Additional provision	193	–	193
Utilisation of provision during the financial year	(32)	–	(32)
At 31 March 2012	**489**	**162**	**651**
At 31 March 2012			
Current	**21**	**162**	**183**
Non-current:			
Later than 1 year but not later than 2 years	**468**	**–**	**468**
	489	**162**	**651**
At 31 March 2011			
Current	–	162	162
Non-current:			
Later than 1 year but not later than 2 years	243	–	243
Later than 2 years but not later than 5 years	85	–	85
	328	–	328
	328	162	490

(a) Restoration costs of property, plant and equipment

Provision for restoration costs is the estimated costs of dismantling, removal or restoration of property, plant and equipment arising from the acquisition or use of such assets, which are capitalised and included in the cost of property, plant and equipment as disclosed in Note 14(e).

(b) Others

A provision is recognised for expected/estimated repair costs for making good certain defects during the warranty periods for the completed properties.

29. TRADE AND OTHER PAYABLES

	NOTE	GROUP 2012 RM'000	GROUP 2011 RM'000	COMPANY 2012 RM'000	COMPANY 2011 RM'000
Trade payables	**(a)**				
Third parties		**88,746**	25,928	**–**	–
Retention sum payable		**27,805**	12,317	**–**	–
		116,551	38,245	**–**	–
Other payables					
Amounts due to subsidiaries	**(b)**	**–**	–	**402,095**	444,330
Amount due to a minority shareholder	**(c)**	**12,826**	12,826	**–**	–
Other payables	**(d)**	**24,310**	30,962	**345**	172
Accruals		**40,895**	45,955	**11,708**	3,263
Deposits received		**3,175**	2,479	**–**	–
		81,206	92,222	**414,148**	447,765
Total trade and other payables		**197,757**	130,467	**414,148**	447,765
Add: Loans and borrowings (Note 27)		**604,825**	743,138	**132,234**	154,172
Total financial liabilities carried at amortised cost		**802,582**	873,605	**546,382**	601,937

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 14 to 120 (2011: 14 to 120) days.

(b) Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, non-interest bearing and are repayable upon demand except for an amount of RM264,405,000 (2011: RM314,809,000) which bears interest ranging from 4.52% to 6.6% (2011: 4.08% to 6.3%) per annum.

(c) Amount due to a minority shareholder

The amount due to a minority shareholder in respect of advances to a subsidiary is unsecured, non-interest bearing and is repayable upon demand.

(d) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of six months (2011: average term of six months).

30. SHARE CAPITAL

	GROUP/COMPANY			
	NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH		AMOUNT	
	2012 ’000	2011 ’000	**2012 RM’000**	2011 RM’000
Authorised:				
At the beginning/end of financial year	**1,200,000**	1,200,000	**1,200,000**	1,200,000
Issued and fully paid:				
At the beginning of financial year	**842,592**	761,644	**842,592**	761,644
Ordinary stock units issued during the financial year:				
- warrants exercised	**29,833**	6,871	**29,833**	6,871
- conversion of ICULS	**1,970**	513	**1,970**	513
- conversion of ICSLS	**254,883**	71,221	**254,883**	71,221
- pursuant to E&O ESOS (Note 35)	**4,185**	2,343	**4,185**	2,343
At the end of financial year	**1,133,463**	842,592	**1,133,463**	842,592

During the financial year, the Company increased its issued and paid-up ordinary stock units from RM842,592,012 to RM1,133,463,210 by way of:

(i) the issuance of 4,184,625 ordinary stock units of RM1.00 each for cash pursuant to the Company’s ESOS, of which 13,125 ordinary stock units were issued on 12,500 ESOS at an exercise price of RM1.05 per ordinary stock unit; 1,214,000 ordinary stock units were issued on 1,214,000 ESOS at an exercise price of RM1.06 per ordinary stock unit; 2,637,000 ordinary stock units were issued on 2,637,000 ESOS at an exercise price of RM1.00 per ordinary stock unit and 320,500 ordinary stock units were issued on 320,500 ESOS at an exercise price of RM1.55 per ordinary stock unit;

(ii) the issuance of 29,833,373 ordinary stock units of RM1.00 each arising from the exercise of 29,833,373 Warrants 2001/2011;

(iii) the issuance of 1,970,564 ordinary stock units of RM1.00 each arising from the conversion of 1,970,564 Irredeemable Convertible Unsecured Loan Stocks of RM1.00 nominal value each; and

(iv) the issuance of 254,882,636 ordinary stock units of RM1.00 each arising from the conversion of 254,882,636 ICSLS of RM0.65 nominal value each.

The new ordinary stock units issued during the financial year ranked pari passu in all respects with the existing ordinary stock units of the Company unless the allotment of the new ordinary stock units is made on or prior to the entitlement date of any dividends, rights, allotments and/or other distributions.

The Company has an employee share option plan under which options to subscribe for the Company’s ordinary stock units have been granted to employees of the Company.

The holders of ordinary stock units (except treasury stock units) are entitled to receive dividends as and when declared by the Company. All ordinary stock units carry one vote per stock unit without restrictions and rank equally with regard to the Company residual assets.

Of the total 1,133,463,210 (2011: 842,592,012) issued and fully paid-up ordinary stock units of RM1.00 each, 29,439,400 (2011: 29,389,400) stock units are held as treasury stock units by the Company. As at 31 March 2012, the number of issued and fully paid-up ordinary stock units (not held as treasury stock units) is 1,104,023,810 (2011: 813,202,612) ordinary stock units of RM1.00 each.

31. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

	GROUP/COMPANY		
	EQUITY COMPONENT RM'000	LIABILITY COMPONENT RM'000	TOTAL RM'000
NOMINAL VALUE			
At 1 April 2010	1,695	372	2,067
Converted to ordinary stock units during the financial year	(350)	(64)	(414)
8% coupon ICULS	–	17	17
8% coupon ICULS paid during the financial year	–	(172)	(172)
At 31 March 2011	1,345	153	1,498
Converted to ordinary stock units during the financial year	(1,345)	(1)	(1,346)
8% coupon ICULS	–	4	4
8% coupon ICULS paid during the financial year	–	(156)	(156)
At 31 March 2012	**–**	**–**	**–**

Liability Component

	GROUP/COMPANY RM'000
At 31 March 2011	
Current	153
Non-current	–
	153

The principal terms and conditions of the ICULS are as follows:

- The ICULS are issued at a nominal value of RM1.00 each.
- The ICULS bear a coupon rate of 8% per annum, payable annually in arrears.
- The ICULS are unsecured.
- The ICULS would mature on 25 July 2011.
- The ICULS are convertible into new ordinary stock units of RM1.00 each in the Company any time during the tenure at a conversion price of RM1.00 nominal value of ICULS for one new ordinary stock unit.
- The ICULS shall not be redeemable. On maturity, ICULS which have not been converted shall automatically be converted into new ordinary stock units.

31. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") (CONTD.)

The principal terms and conditions of the ICULS are as follows: (Contd.)

- The ICULS are constituted by a Trust Deed executed by the Company and a duly authorised trustee, who is acting on behalf of the holders of ICULS.

The equity component of ICULS was classified as part of equity in accordance with the provisions of FRS 132, Financial Instruments: Disclosure and Presentation. Accordingly, the distribution to the holders of the ICULS is disclosed as a distribution of equity.

On the maturity date of 25 July 2011, a total of 1,944,391 units of ICULS were mandatory converted into 1,944,391 ordinary stock units of RM1.00 each.

32. IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ICSLS")

	GROUP/COMPANY		
	EQUITY COMPONENT RM'000	LIABILITY COMPONENT RM'000	TOTAL RM'000
NOMINAL VALUE			
At 1 April 2010	96,669	114,825	211,494
Converted to ordinary stock units during the financial year	(21,443)	(24,827)	(46,270)
Repurchase of ICSLS	(4,093)	(1,469)	(5,562)
8% coupon ICSLS	–	7,808	7,808
8% coupon ICSLS paid during the financial year	–	(14,501)	(14,501)
At 31 March 2011	71,133	81,836	152,969
At 1 April 2011	71,133	81,836	152,969
Converted to ordinary stock units during the financial year	(76,739)	(77,294)	(154,033)
Sale of ICSLS	5,606	2,819	8,425
8% coupon ICSLS	–	4,116	4,116
8% coupon ICSLS paid during the financial year	–	(11,477)	(11,477)
At 31 March 2012	–	–	–

Liability Component

	GROUP/COMPANY RM'000
At 31 March 2011	
Current	–
Non-current	81,836
	81,836

The ICSLS were issued on 17 November 2009 and the principal terms and conditions of the ICSLS are as follows:

- The ICSLS are issued at a nominal value of RM0.65 each.

- The ICSLS bear a coupon rate of 8% per annum on the nominal value of the ICSLS, payable annually in arrears.

- The ICSLS will mature on 16 November 2019.

- The ICSLS are constituted by a Trust Deed dated 11 September 2009 executed by the Company and a duly authorised trustee, who is acting on behalf of the holders of ICSLS. A wholly-owned subsidiary of the Company is used to act as Special Purpose Vehicle ("SPV") for receiving and managing the net proceeds arising from the issuance of ICSLS.

- The debenture executed by the Company creating a first ranking fixed and floating charge over all assets, rights, undertakings and interests of the SPV.

- The holders of the ICSLS will be able to convert one (1) ICSLS into one (1) ordinary stock unit of RM1.00 each in the Company ("E&O Stock Unit"). The nominal value of RM0.65 comprised in one (1) ICSLS will be insufficient to pay in full for one (1) new E&O Stock Unit, which has a RM1.00 par value. Notwithstanding, upon conversion, new E&O Stock Unit will be issued and subsequently, the balance unpaid of RM0.35 on each of such new E&O Stock Units issued will be paid from and debited against the share premium account of the Company.

  To facilitate the conversion of outstanding ICSLS into new E&O Stock Units, the Company has allocated in its share premium account a sufficient amount equivalent to RM0.35 for each outstanding ICSLS, which is sufficient to be applied towards fully paying up the new E&O Stock Units to be issued pursuant to such conversion and, such allocation shall not be available for or be applied towards any other purpose, other than to fully satisfy the conversion of the outstanding ICSLS.

- The ICSLS shall not be redeemable. On maturity, ICSLS which have not been converted shall automatically be converted into new ordinary stock units.

- At any time from the second (2nd) anniversary of the issuance date of the ICSLS, should the price of E&O Stock Units trade above RM1.00 based on the preceding three (3)-month volume weighted average market price, the Company can invoke mandatory conversion of all outstanding ICSLS. In this respect, the ICSLS shall be converted based on the conversion price of RM1.00.

32. IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ICSLS") (CONTD.)

The ICSLS were issued on 17 November 2009 and the principal terms and conditions of the ICSLS are as follows: (Contd.)

- The net proceeds from the ICSLS shall be applied by the Company and the SPV for the following purposes:

  (i) to acquire properties developed by the E&O Group itself and/or by the E&O Group in joint venture or collaboration with others;

  (ii) or strategic mergers, acquisitions and/or expansions which may include the acquisitions of viable land bank for future property development projects and/or strategic collaborations, joint ventures or alliances in respect of the E&O Group's property development, hospitality and lifestyle and/or property investment businesses;

  (iii) subject to the Company providing security interests to and/or for the benefit of the SPV of equivalent value, reducing E&O Group's external borrowings; and/or

  (iv) such other purpose with the consent of the ICSLS holders by a special resolution.

As at 31 March 2012, the cash proceeds amounting to approximately RM235,621,000 arising from the issuance of ICSLS have been partially utilised as follows:

	GROUP/COMPANY	
	2012	2011
	RM'000	RM'000
Repayment of bank borrowings	**149,568**	70,668
Acquisition of a property	**27,754**	27,754
ICSLS issue costs	**2,500**	2,500
	179,822	100,922

The equity component of ICSLS was classified as part of equity in accordance with the provisions of FRS 132, Financial Instruments: Disclosure and Presentation. Accordingly, the distribution to the holders of the ICSLS is disclosed as a distribution of equity.

The Company had on 27 December 2011 exercised its rights of early mandatory conversion ("Early Conversion Date"). A total of 204,137,918 units of ICSLS were mandatory converted into 204,137,918 ordinary stock units of RM1.00 each on the Early Conversion Date.

33. TREASURY STOCK UNITS

	NUMBER OF TREASURY STOCK UNITS		GROUP/COMPANY AMOUNT	
	2012	2011	**2012**	2011
	'000	'000	**RM'000**	RM'000
At the beginning of financial year	**29,389**	7,664	**27,645**	7,356
Purchase	**50**	21,725	**75**	20,289
At the end of financial year	**29,439**	29,389	**27,720**	27,645

Treasury stock units relate to ordinary stock units of the Company that are held by the Company. The amount consists of the acquisition costs of treasury stock units net of the proceeds received on their subsequent sale or issuance.

The stockholders of the Company, by an ordinary resolution passed in a general meeting held on 30 September 2011 renewed their approval for the Company's plan to repurchase its own ordinary stock units. The directors of the Company are committed to enhancing the value of the Company for its stockholders and believe that the repurchase plan can be applied in the best interests of the Company and its stockholders.

During the financial year, the Company repurchased 50,000 (2011: 21,725,300) of its issued ordinary stock units from the open market at an average price of RM1.49 (2011: RM0.93) per stock unit. The total consideration paid for the repurchase including transaction costs was RM74,540 (2011: RM20,289,275). The stock units repurchased are being held as treasury stock units in accordance with Section 67A of the Companies Act, 1965.

As at 31 March 2012, the total stock units repurchased and held as treasury stock units amounted to 29,439,400 (2011: 29,389,400) ordinary stock units of RM1.00 each at a total cost of RM27,720,000 (2011: RM27,645,000).

34. RESERVES

	NOTE	GROUP		COMPANY	
		2012	2011	**2012**	2011
		RM'000	RM'000	**RM'000**	RM'000
Distributable:					
Retained profits/(Accumulated loss)	(a)	**40,366**	(73,931)	**66,463**	75,035
Non-distributable:					
Share premium	(b)	**141,481**	241,699	**141,481**	241,699
Share option reserve	(c)	**891**	1,726	**891**	1,726
Foreign currency translation reserve	(d)	**533**	649	**–**	–
		142,905	244,074	**142,372**	243,425
		183,271	170,143	**208,835**	318,460

34. RESERVES (CONTD.)

(a) Retained profits

In the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 of the Income Tax Act 1967 ("Section 108") balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 March 2012 and 2011 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 March 2012 and 2011, the Company has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained profits.

(b) Share premium

On 17 November 2009, the Company issued 362,493,569 ICSLS at a nominal value of RM0.65 each. Upon conversion, ICSLS will be insufficient to pay in full for one (1) new E&O Stock Unit, the balance unpaid of RM0.35 each of such new E&O Stock Units issued will be paid from and debited against the share premium account of the Company.

The Company shall allocate an amount sufficient to facilitate the conversion of all outstanding ICSLS into new E&O Stock Units and such allocation shall not be available for or be applied towards any other purpose, other than to fully satisfy the conversion of the outstanding ICSLS.

The Company had on 27 December 2011 exercised its rights of early mandatory conversion of ICSLS.

(c) Share option reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of share options, and is reduced by the exercise or lapse of the share options.

(d) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

35. EMPLOYEES' SHARE OPTION SCHEME

The Company's Employees' Share Option Scheme ("E&O ESOS") which is governed by its by-laws has lapsed on 28 April 2007. The stockholders of the Company at an Extraordinary General Meeting held on 28 September 2006 approved its extension for a further five years from 29 April 2007 to 28 April 2012.

The salient features of the E&O ESOS are as follows:

(a) the number of new stock units to be offered under the Scheme shall be subject to a maximum of 10% of the issued and paid-up share capital of the Company at any time during the existence of the E&O ESOS.

(b) any employee shall be eligible to participate in the E&O ESOS if the following conditions are satisfied:

   (i) the employee must be a confirmed employee of the Company or of an eligible subsidiary and not be on probation;

   (ii) the employee must have served the Company or of an eligible subsidiary for a period of at least six continuous months; and

   (iii) the employee must have attained the age of 18 years.

An Executive Director of the Company is eligible to participate in the E&O ESOS if the Executive Director is involved in the day-to-day management of the Company, on the payroll of the Company, and the allotment to be made to the Executive Director has been approved by the Company in a general meeting.

(c) the option price shall be based on a discount of not more than 10% of the five days weighted average market price at the date on which the options are offered. Notwithstanding this, the exercise price per new stock unit shall in no event be less than its par value.

(d) the new stock units to be allotted upon exercise of an option will upon allotment rank pari passu in all respects with the then existing issued stock units save and except that they will not be entitled to any dividends, rights, allotment or any distribution declared, made or paid to stockholders in respect of which the entitlement date precedes the allotment date of the aforesaid stock units.

(e) the options granted will be valid up to the extended expiry date of the ESOS on 28 April 2012.

35. EMPLOYEES' SHARE OPTION SCHEME (CONTD.)

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	NUMBER OF SHARE OPTIONS					
	OUTSTANDING AT BEGINNING OF FINANCIAL YEAR	MOVEMENT DURING THE FINANCIAL YEAR			OUTSTANDING AT END OF FINANCIAL YEAR	EXERCISABLE AT END OF FINANCIAL YEAR
		GRANTED	EXERCISED	FORFEITED		
	'000	'000	'000	'000	'000	'000
2012						
2003 Options	**57**	**–**	**(12)**	**(1)**	**44**	**44**
2009 Options	**1,943**	**–**	**(1,214)**	**(20)**	**709**	**709**
2010 Options	**4,484**	**–**	**(2,637)**	**(30)**	**1,817**	**1,817**
2011 Options	**–**	**2,810**	**(321)**	**(185)**	**2,304**	**2,304**
	6,484	**2,810**	**(4,184)**	**(236)**	**4,874**	**4,874**
WAEP (RM)	**1.02**	**1.55**	**1.54**	**1.53**	**1.27**	**1.27**
2011						
2003 Options	57	–	–	–	57	57
2009 Options	2,208	–	(119)	(146)	1,943	1,943
2010 Options	–	6,992	(2,224)	(284)	4,484	4,484
	2,265	6,992	(2,343)	(430)	6,484	6,484
WAEP (RM)	1.06	1.00	1.20	1.06	1.02	1.02

(i) Details of share options outstanding at the end of the financial year:

	WAEP RM	EXERCISE PERIOD
2012		
2003 Options	**1.05**	**20.11.2003 - 28.04.2012**
2009 Options	**1.06**	**11.06.2009 - 28.04.2012**
2010 Options	**1.00**	**12.07.2010 - 28.04.2012**
2011 Options	**1.55**	**12.07.2011 - 28.04.2012**
2011		
2003 Options	1.05	20.11.2003 - 28.04.2012
2009 Options	1.06	11.06.2009 - 28.04.2012
2010 Options	1.00	12.07.2010 - 28.04.2012

(ii) Share options exercised during the financial year

As disclosed in Note 30, options exercised during the financial year resulted in the issuance of 4,184,625 (2011: 2,343,000) ordinary stock units at RM1.00 each. The related weighted average stock unit prices at the date of exercise was RM1.54 (2011: RM1.20).

(iii) Fair value of share options granted during the financial year

The fair value of share options granted during the financial year was estimated using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	2012	2011
Weighted average share price (RM)	**1.51**	0.93
Weighted average exercise price (RM)	**1.55**	1.00
Expected volatility (%)	**16.40**	64.57
Expected life (years)	**0.83**	1.80
Risk free rate (%)	**3.00**	2.93
Expected dividend yield (%)	**1.98**	3.17

The expected volatility reflects the assumption of future trends, which may not necessarily be the actual outcome. The expected life is based on historical data and may also not necessarily be indicative of exercise patterns that may occur. No other features of the option grant were incorporated into the measurement of fair value.

36. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company with related parties took place at terms agreed between the parties during the financial year:

	GROUP	
	2012 RM'000	2011 RM'000
Project management and administrative services fees receivable from a jointly controlled entity	**(600)**	(600)
Rental receivable from:		
- GDP Group of companies ("GDP Group") in which a key management personnel of the Company also holds directorship in certain companies in the GDP Group	**(36)**	(18)
- Interiors International (M) Sdn. Bhd. ("Interiors") in which a director of Interiors is the sister of one of the directors of the Company	**(41)**	(19)
Transactions with companies in which a director of a subsidiary has financial interest:		
- Progress claim from Tidalmarine Engineering Sdn. Bhd.	**2,723**	1,100
- Progress claim from Dr. Nik & Associates Sdn. Bhd.	**114**	270

36. RELATED PARTY TRANSACTIONS (CONTD.)

(a) Sale and purchase of goods and services (Contd.)

	GROUP	
	2012 RM'000	2011 RM'000
Procurement of consultancy services from:		
- CB Richard Ellis group of companies ("CB Richard Group") in which a key management personnel of the Company also holds directorship in the CB Richard Group	**–**	98
- GDP Group in which a key management personnel of the Company also holds directorship in certain companies in the GDP Group	**126**	8,827
- ANZ Equities Sendirian Berhad in which a director of the Company has financial interest	**480**	480
Purchase of merchandise goods from Interiors in which a director of Interiors is the sister of one of the directors of the Company	**430**	118
Design services rendered by:		
- Adaptus Design System Sdn. Bhd. ("Adaptus") in which a key management personnel of the Company also holds directorship in Adaptus	**28**	41
- Interiors in which a director of Interiors is the sister of one of the directors of the Company	**2,078**	1,030
- Coffeehouse Quartet Sdn. Bhd. ("Coffeehouse") in which a director of Coffeehouse is the sister of one of the directors of the Company	**5**	252
Selling and marketing fees receivable from jointly controlled entities	**(1,080)**	(646)
Management fee receivable from a jointly controlled entity	**(363)**	–
Dividend income received from an associate	**(174)**	(255)
Progress billings paid to a jointly controlled entity	**–**	9,714
Sale of a property to the sister of one of the directors of the Company	**–**	(1,004)

	COMPANY	
	2012 RM'000	2011 RM'000
Subsidiaries:		
Dividend income	**(53,960)**	(33,155)
Interest income receivable	**(15,587)**	(12,155)
Management fee receivable	**(2,122)**	(1,787)
Food catering services	**68**	18
Interest expense payable	**17,984**	15,387

	COMPANY	
	2012 RM'000	2011 RM'000
Design services rendered by Adaptus Design System Sdn. Bhd. ("Adaptus") in which a key management personnel of the Company also holds directorship in Adaptus	**28**	41
Purchase of merchandise goods from Interiors in which a director of Interiors is the sister of one of the directors of the Company	**146**	–

Related companies in these financial statements refer to companies within the E&O Group.

Information regarding outstanding balances arising from related party transactions as at 31 March 2012 and 2011 are disclosed in Notes 25 and 29.

(b) Compensation of key management personnel

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Short term employee benefits	**16,195**	5,977	**11,871**	5,887
Defined contribution plan	**580**	654	**580**	615
Share options granted under ESOS	**–**	1,013	**–**	1,013
	16,775	7,644	**12,451**	7,515

Included in the total remuneration of key management personnel are:

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Executive directors' remuneration (Note 10)	**10,554**	4,534	**10,554**	4,405

Executive directors of the Group and of the Company and other members of key management have been granted the following number of options under the E&O ESOS:

	GROUP		COMPANY	
	2012 '000	2011 '000	**2012 '000**	2011 '000
At the beginning of financial year	**2,900**	350	**2,900**	350
Granted	**–**	3,750	**–**	3,750
Exercised	**(1,000)**	(1,200)	**(1,000)**	(1,200)
At the end of financial year	**1,900**	2,900	**1,900**	2,900

The share options were granted on the same terms and conditions as those offered to other employees of the Group as disclosed in Note 35.

37. COMMITMENTS

(a) Capital commitments

Capital expenditure as at 31 March 2012 and 2011 is as follows:

	GROUP	
	2012 RM'000	2011 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	**3,281**	2,521
Investment properties	**–**	5,423
Approved but not contracted for:		
Property, plant and equipment	**51,453**	–
Share of joint venture's capital commitments in relation to acquisition of land	**170,500**	–

(b) Operating lease commitments - the Group as lessee

The Group and the Company have entered into commercial leases on business premises and equipment. These leases have a tenure ranging from one to ten years, with options to renew for one to three years. Certain contracts include escalation clauses or contingent rental computed based on revenue achieved. There are no restriction placed upon the Group and the Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Future minimum rentals payable:				
Not later than 1 year	**5,880**	4,238	**937**	209
Later than 1 year and not later than 5 years	**6,716**	6,479	**1,087**	–
Later than 5 years	**965**	1,033	**–**	–
	13,561	11,750	**2,024**	209

(c) Operating lease commitments - the Group as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining non-cancellable lease terms of between one and three years. Certain leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	GROUP	
	2012	2011
	RM'000	RM'000
Future minimum rentals receivable:		
Not later than 1 year	**6,666**	5,767
Later than 1 year and not later than 5 years	**6,847**	13,108
	13,513	18,875

(d) Finance lease commitments

The Group and the Company have finance leases for certain plant, machinery and equipment and motor vehicles. These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Future minimum lease payments:				
Not later than 1 year	**659**	867	**320**	284
Later than 1 year and not later than 2 years	**482**	685	**257**	272
Later than 2 years and not later than 5 years	**859**	906	**454**	531
Total future minimum lease payments	**2,000**	2,458	**1,031**	1,087
Less: Future finance charges	**(187)**	(234)	**(90)**	(112)
Present value of finance lease liabilities	**1,813**	2,224	**941**	975
Less: Amount due within 12 months (Note 27)	**(585)**	(775)	**(279)**	(239)
Amount due after 12 months (Note 27)	**1,228**	1,449	**662**	736

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

	GROUP		COMPANY	
	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
2012				
Financial liabilities:				
Loans and borrowings (Note 27)				
- Term loans with fixed rate	**43,757**	**33,907**	**10,372**	**9,730**
- Obligations under finance lease	**1,228**	**1,080**	**662**	**582**
2011				
Financial liabilities:				
Loans and borrowings (Note 27)				
- Term loans with fixed rate	77,416	65,841	50,372	46,809
- Obligations under finance lease	1,449	1,270	736	642

(b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximate of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	NOTE
Trade and other receivables	25
Loans and borrowings (current)	27
Loans and borrowings (non-current)	
- with floating rate	27
Trade and other payables	29

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Quoted investments in Malaysia

Fair value is determined directly by reference to their published market bid price at the reporting date.

39. CLASSIFICATION OF FINANCIAL INSTRUMENT CARRIED AT FAIR VALUE

The fair value measurement hierarchies used to measure financial assets carried at fair value in the statements of financial position as at 31 March 2012 and 2011 are as follows:

(a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

(c) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	GROUP	
	2012	2011
	RM'000	RM'000
Level 1		
Assets		
Financial asset at fair value through profit or loss	**2,405**	3,050

The Group does not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 or Level 3 as at 31 March 2012 and 2011.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 25.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the business segments of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables net of allowances for impairment at the reporting date are as follows:

	2012		2011	
	RM'000	**% OF TOTAL**	RM'000	% OF TOTAL
Properties	**30,138**	**93.8%**	37,717	96.0%
Hospitality	**1,656**	**5.2%**	1,304	3.3%
Investments and others	**345**	**1.0%**	282	0.7%
	32,139	**100%**	39,303	100%

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 25. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 25.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is that not more than 30% (2011: 20%) of loans and borrowings (excluding bank overdrafts, revolving credits and commercial papers) should mature in the next one year period, and to maintain sufficient liquid financial assets and stand-by credit facilities with four (2011: four) different banks. At the reporting date, approximately 10% (2011: 20%) and 30% (2011: 20%) of the Group's and the Company's loans and borrowings (Note 27) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

				2012 RM'000
	ON DEMAND OR WITHIN ONE YEAR	ONE TO FIVE YEARS	OVER FIVE YEARS	TOTAL
GROUP				
Financial liabilities:				
Trade and other payables	**197,757**	**–**	**–**	**197,757**
Loans and borrowings	**279,776**	**288,666**	**107,610**	**676,052**
Total undiscounted financial liabilities	**477,533**	**288,666**	**107,610**	**873,809**
COMPANY				
Financial liabilities:				
Trade and other payables	**414,148**	**–**	**–**	**414,148**
Loans and borrowings	**122,341**	**12,165**	**–**	**134,506**
Total undiscounted financial liabilities	**536,489**	**12,165**	**–**	**548,654**

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(b) Liquidity risk (Contd.)

	2011 RM'000			
	ON DEMAND OR WITHIN ONE YEAR	ONE TO FIVE YEARS	OVER FIVE YEARS	TOTAL
GROUP				
Financial liabilities:				
Trade and other payables	130,467	–	–	130,467
Loans and borrowings	385,992	341,527	94,103	821,622
Total undiscounted financial liabilities	516,459	341,527	94,103	952,089
COMPANY				
Financial liabilities:				
Trade and other payables	447,765	–	–	447,765
Loans and borrowings	103,913	55,788	–	159,701
Total undiscounted financial liabilities	551,678	55,788	–	607,466

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to manage interest cost using a mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 (2011: 25) basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM954,000 and RM202,000 (2011: RM1,043,000 and RM182,000) respectively higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia except for foreign currency risk arising from countries in which certain foreign subsidiaries operate. The currencies giving rise to this risk are primarily Singapore Dollar and Great Britain Pound.

The net unhedged financial assets and liabilities of the Group that are not denominated in the functional currency is as follows:

	GROUP	
	2012	2011
	RM'000	RM'000
Singapore Dollar ("SGD")	**2,642**	3,000
Great Britain Pound ("GBP")	**532**	459

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the SGD and GBP exchange rates against the respective functional currencies of the entities within the Group, with all other variables held constant.

		GROUP	
		INCREASE/(DECREASE) IN PROFIT, NET OF TAX	
		2012	2011
		RM'000	RM'000
SGD/RM	- strengthened 2%	**53**	60
	- weakened 2%	**(53)**	(60)
GBP/RM	- strengthened 4%	**21**	18
	- weakened 4%	**(21)**	(18)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia Securities Berhad. These instruments are classified as financial asset at fair value through profit or loss. The Group does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

At the reporting date, if the FTSE Bursa Malaysia KLCI had been 4% (2011: 4%) higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM94,000 (2011: RM119,000) higher/lower, arising as a result of higher/lower fair value gains/losses on financial assets at fair value through profit or loss.

41. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to stockholders, return capital to stockholders or issue new stock units. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2012 and 2011.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep gearing ratio at an acceptable limit. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

	NOTE	GROUP 2012 RM'000	GROUP 2011 RM'000	COMPANY 2012 RM'000	COMPANY 2011 RM'000
Loans and borrowings	27	**604,825**	743,138	**132,234**	154,172
Trade and other payables	29	**197,757**	130,467	**414,148**	447,765
Less: Cash and bank balances	26	**(268,535)**	(309,374)	**(1,951)**	(1,968)
Net debt		**534,047**	564,231	**544,431**	599,969
Equity attributable to the owners of the parent, representing total capital		**1,289,014**	1,057,568	**1,314,578**	1,205,885
Capital and net debt		**1,823,061**	1,621,799	**1,859,009**	1,805,854
Gearing ratio		**29%**	35%	**29%**	33%

42. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(i) Properties - development and investment in residential and commercial properties

(ii) Hospitality - management and operations of hotels and restaurants

(iii) Investments and others

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at terms agreed between the parties during the financial year.

42. SEGMENT INFORMATION (CONTD.)

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

	PROPERTIES		HOSPITALITY	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Revenue				
External sales	**406,288**	198,216	**82,192**	68,847
Inter-segment sales	**1,363**	1,027	**–**	–
Total revenue	**407,651**	199,243	**82,192**	68,847
Results				
Interest income	**5,525**	11,654	**24**	28
Gain from fair value adjustment of investment properties	**64,538**	11,730	**–**	–
Gain on disposal of an associate	**–**	–	**–**	–
Depreciation and amortisation	**(1,158)**	(888)	**(10,559)**	(8,249)
Share of results of associate	–	–	**–**	–
Share of results of jointly controlled entities	**34,673**	16,095	**–**	–
Other non-cash expenses	**(1,126)**	(62)	**(7)**	(5)
Segment results	**216,898**	57,984	**(5,041)**	(536)
Assets				
Investment in associate	**–**	–	**–**	–
Investment in jointly controlled entities	**57,658**	17,822	**–**	–
Additions to non-current assets	**34,995**	57,705	**47,279**	49,765
Segment assets	**1,754,132**	1,666,663	**301,739**	263,227
Segment liabilities	**877,889**	814,177	**79,258**	74,843

INVESTMENTS AND OTHERS		ADJUSTMENTS AND ELIMINATIONS			PER CONSOLIDATED FINANCIAL STATEMENTS	
2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	NOTE	2012 RM'000	2011 RM'000
3,671	4,208	–	–		492,151	271,271
45,151	70,828	(46,514)	(71,855)	A	–	–
48,822	75,036	(46,514)	(71,855)		492,151	271,271
22,160	13,464	(17,489)	(14,118)	A	10,220	11,028
–	–	–	–		64,538	11,730
–	588	–	–		–	588
(1,451)	(1,731)	–	–	B	(13,168)	(10,868)
177	(792)	–	–		177	(792)
–	–	(630)	(836)		34,043	15,259
(643)	(1,711)	–	–	C	(1,776)	(1,778)
19,158	55,186	(59,843)	(64,480)	D	171,172	48,154
17,646	17,469	(720)	(720)		16,926	16,749
–	–	–	–		57,658	17,822
759	10,583	–	–	E	83,033	118,053
1,348,516	1,425,721	(1,222,987)	(1,238,734)	F	2,181,400	2,116,877
149,161	167,596	(242,702)	(21,644)	G	863,606	1,034,972

42. SEGMENT INFORMATION (CONTD.)

A Inter-segment revenues, income and expenses are eliminated on consolidation.

B Depreciation and amortisation consist of the following items as presented in the respective notes to the financial statements:

	NOTE	2012 RM'000	2011 RM'000
Amortisation of land use rights	8	**(7)**	(8)
Amortisation of intangible assets	8	**(90)**	(172)
Depreciation of property, plant and equipment	8	**(13,071)**	(10,688)
		(13,168)	(10,868)

C Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

		2012 RM'000	2011 RM'000
Inventories written down	8	**(290)**	–
Impairment loss on property, plant and equipment	8	**(524)**	–
Share options granted under ESOS		**(197)**	(1,661)
Share options lapsed under ESOS		**25**	102
Development expenditure written off	8	**–**	(68)
Inventories written off	8	**–**	(1)
(Impairment loss)/reversal of financial assets			
- trade receivables	8	**(743)**	(301)
- other receivables	6, 8	**12**	(119)
Bad debts written off	8	**(99)**	(22)
(Loss)/gain on disposal of property, plant and equipment	6, 8	**(60)**	102
Unrealised foreign exchange gain	6, 8	**100**	190
		(1,776)	(1,778)

D The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income:

	2012 RM'000	2011 RM'000
Allowance for impairment in amounts due from subsidiaries	**512**	3,916
Inter-segment dividends	**(63,915)**	(65,830)
Inter-segment interests	**4,662**	2,167
Inter-segment disposal of asset	**(630)**	(836)
Unrealised gain on foreign exchange	**(3)**	–
Net impairment of subsidiaries	**(469)**	(3,897)
	(59,843)	(64,480)

E Additions to non-current assets consist of:

	NOTE	2012 RM'000	2011 RM'000
Property, plant and equipment	14	**50,732**	52,579
Intangible assets	18	**94**	303
Investment properties	16	**25,276**	55,392
Land held for property development	15	**6,931**	9,779
		83,033	118,053

F The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

		2012 RM'000	2011 RM'000
Deferred tax assets	23	**4,732**	17,291
Goodwill on consolidation	18	**2,911**	2,911
Tax recoverable		**27,630**	23,584
Investment in associate	20	**16,926**	16,749
Investment in jointly controlled entities	21	**57,658**	17,822
Inter-segment assets		**(1,332,844)**	(1,317,091)
		(1,222,987)	(1,238,734)

G The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

		2012 RM'000	2011 RM'000
Deferred tax liabilities	23	**47,399**	48,592
Income tax payable		**12,974**	7,356
Loans and borrowings	27	**604,825**	743,138
Irredeemable convertible unsecured loan stocks	31	**-**	153
Irredeemable convertible secured loan stocks	32	**-**	81,836
Inter-segment liabilities		**(907,900)**	(902,719)
		(242,702)	(21,644)

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

In addition to the significant events detailed elsewhere in the financial statements, other significant events during the financial year for the Group are as follows:

(a) The Company announced on 14 April 2011, that the Warrants would expire on 16 May 2011 (“Expiry Date”).

During the financial period from 1 April 2011 to 16 May 2011, 29,833,373 units of Warrant were exercised and converted into ordinary stock units at the exercise price of RM1.00 per ordinary stock unit. The remaining unexercised Warrants of 495,115 units have lapsed and become null and void on the Expiry Date.

(b) Galaxy Prestige Sdn. Bhd., an indirect wholly-owned subsidiary of the Company had on 28 June 2011, entered into a Shareholders’ Agreement for Joint Venture Company with Pulau Indah Ventures Sdn. Bhd. to establish a 50:50 jointly controlled entity, Nuri Merdu Sdn. Bhd., to undertake the development of an iconic wellness township project in Iskandar Malaysia.

(c) The Company announced on 3 June 2011, that pursuant to the conditions stipulated in the Trust Deed dated 18 May 2006 constituting the ICULS, the ICULS would mature on 25 July 2011 (“Maturity Date”).

During the financial period from 1 April 2011 to 25 July 2011, a total of 1,970,564 units of ICULS at nominal value of RM1.00 each were converted into 1,970,564 new ordinary stock units of RM1.00 each. Out of this amount, a total of 1,944,391 units of ICULS were mandatory converted into 1,944,391 ordinary stock units of RM1.00 each on the Maturity Date.

(d) E&O-Pie Sdn. Bhd., a wholly-owned subsidiary of Matrix Promenade Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company had on 11 July 2011 entered into a sale and purchase agreement to dispose of an investment property held under HS(D) 15926, PT 1214, Seksyen 1, Bandar Tanjong Pinang Sek. 1, Daerah Timor Laut, Pulau Pinang, measuring approximately 27,743.7 square metres together with the building erected thereon to Soaring Profit Sdn. Bhd. for a cash consideration of RM134,000,000 (“Disposal”). The Disposal was completed on 22 December 2011, of which the disposed consideration represents the fair value at the date of completion.

(e) The Company had announced on 17 November 2011, that pursuant to the conditions stipulated in the Trust Deed dated 11 September 2009 constituting the ICSLS, the Company was exercising its rights of mandatory conversion, and the early conversion would be on 27 December 2011 (“Early Conversion Date”).

During the financial period from 1 April 2011 to 27 December 2011, a total of 254,882,636 units of ICSLS at nominal value of RM0.65 each were converted into 254,882,636 new ordinary stock units of RM1.00 each. Out of this amount, a total of 204,137,918 units of ICSLS were mandatory converted into 204,137,918 ordinary stock units of RM1.00 each on the Early Conversion Date.

44. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

(a) Between the reporting date and the date of authorisation of these financial statements for issue, the issued and fully paid-up ordinary share capital of the Company was increased from RM1,133,463,210 to RM1,135,621,710 comprising 2,158,500 ordinary stocks units of RM1.00 each by way of the issuance of 1,607,000 ordinary stock units of RM1.00 each for cash pursuant to the Company's ESOS, of which 1,607,000 ordinary stock units were issued on 1,607,000 ESOS at an exercise price of RM1.00 per ordinary stock unit and 551,500 ordinary stock units were issued on 551,500 ESOS at an exercise price of RM1.06 per ordinary stock unit.

The new ordinary stock units issued ranked pari passu in all respects with the existing ordinary stock units of the Company.

(b) Oriental Light (Guernsey) Limited, a wholly-owned subsidiary of Eastern & Oriental Properties (Guernsey) Limited, which in turn is a wholly-owned subsidiary of the Company, had on 23 April 2012 entered into an asset sale contract with Glasgow City Council which acts as the administering authority for the Strathclyde Pension Fund, to acquire an office cum retail building known as Princes House, located at 37-39 Kingsway, London WC2B 6TP, United Kingdom at a total cash consideration of £20,250,000 or approximately RM100,905,750 ("Acquisition").

The Acquisition has been completed on 15 June 2012.

45. SUPPLEMENTARY INFORMATION

The breakdown of the retained profits/(accumulated loss) of the Group and of the Company as at 31 March 2012 into realised and unrealised profits/(losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Total (accumulated losses)/retained profits of the Company and its subsidiaries				
- Realised	**(79,454)**	(115,189)	**66,497**	75,020
- Unrealised	**3,091**	(1,808)	**(34)**	15
Share of retained profit/(accumulated loss) of associate				
- Realised	**116**	(61)	**–**	–
Share of retained profits of jointly controlled entities				
- Realised	**49,096**	16,553	**–**	–
- Unrealised	**1,937**	1,144	**–**	–
	(25,214)	(99,361)	**66,463**	75,035
Add: Consolidated adjustments	**65,580**	25,430	**–**	–
Total retained profits/(accumulated loss) as per financial statements	**40,366**	(73,931)	**66,463**	75,035

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Group properties

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2012 RM'000
PT No. 6332, Mukim Petaling Daerah Petaling Selangor	Freehold	2006	2,445 sq. ft.	Vacant Land	-	16
PT 1623 H.S.(D) 3572 PT 1691 H.S.(D) 3640 Mukim Beseri, Perlis	Freehold	2009	2 units	Single Storey Terrace	23	67
Lot No. 305, 633-637 643, 644, 646 & 647 Mukim 2, Daerah Barat Daya Pulau Pinang	Freehold	2006	16.398 acres	Vacant Land	-	12,831
Lot No. 43, 62, 72, 73, 76, 77, 88, 89, 91, 93, 94, 137-140, 149, 150, 168,	Freehold	2006	339.184 acres	Vacant Land	-	117,370
169, 171, 172, 177, 179, 183-189, 192(New Lot 244), 194, 202-204, 222-224, 228-234 & PT No. 2	Lease expiring 10.12.2022	2006	7.787 acres	Vacant Land	-	2,487
Mukim 8, South-West District Pulau Pinang	Lease expiring 9.6.2019	2006	1.397 acres	Vacant Land	-	444
	Lease expiring 29.6.2053	2006	0.245 acres	Vacant Land	-	78
Lot No. 334, Seksyen 63 Bandar dan Daerah Kuala Lumpur Wilayah Persekutuan	Freehold	2006	5,842 sq. m	Vacant Land	-	43,010

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2012 RM'000
PT No. 287-313, 312-325, 691, 692, 695, 697, 698, 1130-1133, 1137-1142, 1143, 1145, 1148, 1149	Freehold	2007	36.68 acres	Currently Under Development	-	532,513
1151, 1153, 1155, 1159, 1161, 1163-1165, 1167, 1171, 1172, 1174, 1176, 1178 & 1430 All within Bandar Tanjung Pinang	Lease expiring 28.4.2103	2006	5.59 acres			
Daerah Timur Laut Pulau Pinang	Lease expiring 13.3.2111	2012	2.15 acres			
PT No. 1352 Bandar Tanjung Pinang Sek. 1 Daerah Timur Laut Pulau Pinang	Freehold	2010	1 unit	Bungalow	2	5,214
PT No. 1416, 1417 & 1418 Bandar Tanjung Pinang Sek. 1 Daerah Timur Laut Pulau Pinang	Freehold	2012	3 units	Terrace House	1	2,243
PT No. 1215 Bandar Tanjung Pinang Sek. 1 Daerah Timur Laut Pulau Pinang	Freehold	2011	1 unit	Service Apartment	2	886
Lot No. 1300 to 1314, 1316, 1318 to 1320, 1322, 1323, 1325, 1326, 1329 to 1333, 1335, 1336, 1338 to 1340, 1342, 1343,	Lease expiring 2088/89	2006	303.276 acres	Vacant Land	-	105,337
1345 to 1347, 1349, 1351 to 1354, 1356, 1357, 1359, 1360, 1363 to 1369, 1372 to 1374, 1376, 1377, 1379 to 1393 All within Mukim of Ulu Kelang District of Gombak Selangor Darul Ehsan	Lease expiring 19.05.2097	2006	6.256 acres	Vacant Land	-	1,261

Group properties (CONTD.)

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2012 RM'000
PT No. 64412 H.S.(D) No.106835 Mukim of Batu District of Gombak Selangor Darul Ehsan	Freehold	2006	3 Units	Strata Shop/Office	13	238
Ukay Heights Selangor Darul Ehsan Lot No. 1621 to 1625, 1641 to 1645, 1647 to 1648 Mukim of Ulu Kelang Lot No. 4779, 4780, 4782, 4786 to 4790, 4796, 4797 Mukim of Ampang All on the District of Kuala Lumpur	Freehold	2006	9.365 acres	Vacant Land	-	16,660
Jalan Teruntung Damansara Heights Kuala Lumpur PT No.8971 - 8981, H.S.(D) No.118131 - 118141 Mukim and Dearah Kuala Lumpur Wilayah Persekutuan	Freehold	2006	15,379.2 sq. mt.	Land held for development	-	52,851
Geran 53370, Lot No. 55332 Geran 53379, Lot No. 55340 Jalan Damansara Kuala Lumpur Mukim and District of Kuala Lumpur Wilayah Persekutuan	Freehold	2007	2 Units	Luxurious detached houses	5	9,763
Dua Residency Condominium Jalan Tun Razak Bandar Kuala Lumpur Wilayah Persekutuan	Freehold	2007	4 units	Residential condominiums	5	15,055

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2012 RM'000
Lot No. 58087 Geran 70402 Daerah Kuala Lumpur Mukim Kuala Lumpur	Freehold	2007	1 unit	Semi-detached houses	5	2,448
Lot No. 58056 Geran 70377 Daerah Kuala Lumpur Mukim Kuala Lumpur	Freehold	2007	726 sq. mt.	Vacant Land	-	1,276
GN63251, Lot No.287, Seksyen 43 Bandar dan District Kuala Lumpur	Freehold	2007	5,221 sq. mt.	Vacant Land	-	59,554
Geran 36397, Lot 53, Seksyen 43 Geran 36399, Lot 55, Seksyen 43 Geran 36400, Lot 56, Seksyen 43 Daerah Kuala Lumpur Bandar Kuala Lumpur	Freehold	2007	3,545.942 sq. mt.	Vacant Land	-	18,168
Annexe Block Jalan Tun Razak Lot No. 383, Section 63, Town and District of Kuala Lumpur	Freehold	2008	2,747 sq. mt.	3-Storey designated Commercial Block together with an aggregate of 54 car parking bays	5	20,000
Dua Residency Condominium Jalan Tun Razak Bandar Kuala Lumpur Wilayah Pesekutuan	Freehold	2009	1 unit	Residential Condominium	5	3,279
PT No.1215, H.S.(D) No. 15927 PT No.1216, H.S.(D) No.15928 All within Bandar Tanjung Pinang Daerah Timur Laut Pulau Pinang	Freehold	2010	575,288.47 sq. ft.	Retail Mall	2	233,000
PT No. 92, H.S.(D) 118146 Seksyen 57, Bandar Kuala Lumpur Wilayah Persekutuan	Freehold	2010	48,048 sq. ft	Retail units currently under development	-	8,290

Group properties (CONTD.)

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2012 RM'000
74, Charlotte Street Fitzroy Square, London United Kingdom	Freehold	2012	542.3 sq. mt.	Vacant land and building	-	20,361
Lot No. 2 & 3 Lot No. 589, Geran 49047 Bandar Batu Ferringgi Daerah Timor Laut Pulau Pinang	Freehold Freehold	1995 2008	1.682 acres 1.86 acres	Land with building for hotel use	-	69,025
Lot No. 124, Geran 35844 Lot No. 831, Geran 61602 Lot No. 249, Geran 35873 Bandar Georgetown Daerah Timor Laut Pulau Pinang	Freehold	1978	17,192.38 sq. mt	Land with building for hotel use	-	197,719
Lot No. 224, Geran 63919 Bandar Georgetown Daerah Timor Laut Pulau Pinang	Lease expiring in 01.01.2013	1978	414.7056 sq. mt	Land with building for hotel use	-	7
Lot No. 407, PN 1380 Bandar Georgetown Daerah Timor Laut Pulau Pinang	Lease expiring in 31.12.2055	1978	304.8049 sq. mt	Land with building for hotel use	-	210

Analysis of stockholdings

AS AT 26 JULY 2012

ORDINARY SHARE CAPITAL

Authorised Share Capital	:	RM1,200,000,000
Issued and Fully Paid Up Capital	:	RM1,135,621,710
Class of Share	:	Ordinary Stock Unit of RM1.00 each
Voting Rights	:	One (1) vote per Ordinary Stock Unit
Number of Treasury Stock Units held	:	29,439,400

DISTRIBUTION OF STOCKHOLDINGS

SIZE OF STOCKHOLDINGS	NO. OF STOCKHOLDERS	%	NO. OF STOCK UNITS	%
Less than 100	491	2.38	13,761	0.00
100 to 1,000	7,279	35.26	3,760,192	0.33
1,001 to 10,000	9,922	48.07	37,319,939	3.29
10,001 to 100,000	2,473	11.98	76,387,854	6.73
100,001 to less than 5% of issued Stock Units	475	2.30	621,860,064	54.76
5% and above of issued Stock Units	2	0.01	396,279,900	34.89
Total	**20,642**	**100.00**	**1,135,621,710**	**100.00**

THIRTY LARGEST STOCKHOLDERS BASED ON THE RECORD OF DEPOSITORS

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
1.	Cimsec Nominees (Tempatan) Sdn Bhd *Sime Darby Nominees Sendirian Berhad*	338,087,500	29.77
2.	ECM Libra Investment Bank Berhad *IVT-001 for ECM Libra Investment Bank Berhad (Account 1)*	58,192,400	5.12
3.	Maybank Nominees (Asing) Sdn Bhd *G.K. Goh Strategic Holdings Pte Ltd (260551)*	37,946,200	3.34
4.	Affin Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tham Ka Hon*	33,065,728	2.91
5.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohamed Ayub bin Mohamed Ali*	29,000,000	2.55
6.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Nik Awang @ Wan Azmi bin Wan Hamzah (E-KPG/JRL)*	17,866,000	1.57
7.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank NA, Singapore (Julius Baer)*	16,922,000	1.49

Analysis of stockholdings (CONTD.)

AS AT 26 JULY 2012

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
8.	Maybank Nominees (Asing) Sdn Bhd *Cacona Pte Ltd (270700)*	16,258,508	1.43
9.	Cimsec Nominees (Asing) Sdn Bhd *Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	16,228,498	1.43
10.	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (Libra)*	15,500,000	1.36
11.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	12,825,216	1.13
12.	Tham Ka Hon	12,424,505	1.10
13.	UOBM Nominees (Asing) Sdn Bhd *Tael One Partners Ltd for Indo Capital Growth Limited*	12,130,500	1.07
14.	Multi-Purpose Holdings Berhad	11,534,300	1.02
15.	Affin Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Pusaka Setia Sendirian Berhad*	11,371,928	1.00
16.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)*	10,486,140	0.92
17.	Halfmoon Bay Ventures Limited	9,345,000	0.82
18.	HDM Nominees (Asing) Sdn Bhd *UOB Kay Hian Pte Ltd for Tael One Partners Ltd*	7,060,000	0.62
19.	Nordic Summer Sdn Bhd	6,750,000	0.60
20.	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt An for EFG Bank AG (A/C Client)*	6,460,200	0.57
21.	Affin Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Sew Hoey (Tan Siew Hoey) (TAN6986M)*	6,260,000	0.55
22.	Amanahraya Trustees Berhad *Public Smallcap Fund*	6,203,100	0.55
23.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for The Bank of New York Mellon (Mellon Acct)*	6,017,362	0.53

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
24.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Bank Berhad (EDP 2)*	5,695,100	0.50
25.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Azizan bin Abd Rahman (MY0531)*	5,650,000	0.50
26.	Maybank Nominees (Asing) Sdn Bhd *Alpha Securities Pte Ltd (260550)*	5,264,600	0.46
27.	HSBC Nominees (Asing) Sdn Bhd *Coutts & Co Ltd Sg for Grandly Star Capital Limited*	5,161,800	0.46
28.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chan Kok Leong*	5,150,000	0.45
29.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Nomura)*	5,000,000	0.44
30.	HSBC Nominees (Asing) Sdn Bhd *HSBC-FS for Legg Mason Western Asset Southeast Asia Special Situations Trust (201061)*	4,954,300	0.44
	Total	**734,810,885**	**64.70**

Analysis of stockholdings (CONTD.)

AS AT 26 JULY 2012

SUBSTANTIAL STOCKHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL STOCKHOLDERS AS AT 26 JULY 2012

NAME OF SUBSTANTIAL STOCKHOLDERS	STOCKHOLDINGS DIRECT	%	INDIRECT	%
Sime Darby Nominees Sendirian Berhad	338,087,500	30.56	-	-
Sime Darby Berhad	-	-	(1)338,087,500	30.56
Sime Darby Holdings Berhad	-	-	(2)338,087,500	30.56
ECM Libra Investment Bank Berhad	58,192,400	5.26	-	-
ECM Libra Financial Group Berhad	-	-	(3)59,192,400	5.35
Equity Vision Sdn Bhd	-	-	(4)59,192,400	5.35
Tan Sri Dato' Azman Hashim	-	-	(5)59,192,400	5.35
Dato' Tham Ka Hon	45,490,233	4.11	(6)11,766,928	1.06
Goh Geok Khim	1,000,000	0.09	(7)62,856,208	5.68
Goh Yew Lin	-	-	(7)62,856,208	5.68
GKG Investment Holdings Pte Ltd	-	-	(8)62,856,208	5.68

Notes :

(1) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through its shareholding of 100% in Sime Darby Holdings Berhad, which in turn holds 100% of Sime Darby Nominees Sendirian Berhad.

(2) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through its shareholding of 100% in Sime Darby Nominees Sendirian Berhad.

(3) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through ECM Libra Investment Bank Berhad and Avenue Capital Resources Berhad.

(4) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through ECM Libra Investment Bank Berhad, ECM Libra Financial Group Berhad and Avenue Capital Resources Berhad.

(5) Deemed interest by virtue of Section 6A(4c) of the Companies Act, 1965 held through Equity Vision Sdn Bhd, a family holding company wholly-owned by him.

(6) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Terra Realty Sdn Bhd ("Terra Realty"), Pusaka Setia Sendirian Berhad ("Pusaka") and his spouse's shareholdings in Terra Realty and Pusaka.

(7) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through GKG Investment Holdings Pte Ltd.

(8) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Alpha Securities Pte Ltd, Future Equity Investments Ltd and G.K. Goh Holdings Limited.

DIRECTORS' INTEREST IN STOCK UNITS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 26 JULY 2012

NAME OF DIRECTORS	STOCKHOLDINGS DIRECT	%	INDIRECT	%
Datuk Azizan bin Abd Rahman	6,300,000	0.57	-	-
Dato' Tham Ka Hon	45,490,233	4.11	(1)11,766,928	1.06
Chan Kok Leong	7,450,000	0.67	-	-
Kok Meng Chow	500,000	0.05	-	-
Datuk Henry Chin Poy Wu	-	-	-	-
Dato' Mohd Bakke bin Salleh	-	-	-	-
Dato' Abd Wahab bin Maskan	-	-	-	-
Kamil Ahmad Merican	1,875,000	0.17	-	-
Vijeyaratnam a/l V. Thamotharam Pillay	-	-	-	-
Christopher Martin Boyd	-	-	(2)280,000	0.03

Notes :

(1) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Terra Realty Sdn Bhd ("Terra Realty"), Pusaka Setia Sendirian Berhad ("Pusaka") and his spouse's shareholdings in Terra Realty and Pusaka.

(2) Deemed interest held through spouse.

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Eighty-Fifth Annual General Meeting of Eastern & Oriental Berhad will be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 27 September 2012 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2012 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To approve a first and final dividend of 4.25 sen per stock unit less 25% income tax for the financial year ended 31 March 2012. **(Resolution 2)**

3. To approve the payment of Directors' fees of RM516,393 in respect of the financial year ended 31 March 2012. **(Resolution 3)**

4. To re-elect the following Directors who retire by rotation in accordance with Article 98 of the Company's Articles of Association:
   (a) Mr Chan Kok Leong **(Resolution 4)**
   (b) Encik Kamil Ahmad Merican **(Resolution 5)**

5. To re-elect the following Directors who retire in accordance with Article 103 of the Company's Articles of Association:
   (a) Dato' Mohd Bakke bin Salleh **(Resolution 6)**
   (b) Dato' Abd Wahab bin Maskan **(Resolution 7)**

6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

AS SPECIAL BUSINESS

7. To consider and if thought fit, to pass the following Ordinary Resolution:

   Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965 **(Resolution 9)**

   "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue ordinary stock units in the Company ("Stock Units") from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of Stock Units issued pursuant to this resolution does not exceed ten percent (10%) of the total issued capital of the Company and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. To transact any other business for which due notice shall have been given in accordance with the Articles of Association of the Company and the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the stockholders, a first and final dividend of 4.25 sen per stock unit less 25% income tax in respect of the financial year ended 31 March 2012, will be paid on 2 November 2012 to stockholders whose names appear on the Record of Depositors at the close of business on 10 October 2012.

A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) securities transferred into the Depositors' Securities Account before 4.00 p.m. on 10 October 2012 in respect of transfers; and

(b) securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

ANG HONG MAI
Company Secretary

Kuala Lumpur
4 September 2012

NOTES:

1. Only members registered in the Record of Depositors as at 18 September 2012 shall be eligible to attend this meeting or to appoint proxy or proxies to attend and vote in his stead.
2. A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary stock units of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary stock units in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.
6. The instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, shall be deposited at the Registered Office of the Company at Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur not later than 48 hours before the time set for the meeting or at any adjournment thereof.

Notice of annual general meeting (CONTD.)

EXPLANATORY NOTE ON SPECIAL BUSINESS

Authority pursuant to Section 132D of the Companies Act, 1965

The proposed resolution 9, if passed, will empower the Directors to allot and issue new ordinary stock units in the Company up to an amount not exceeding in total 10% of the issued capital of the Company, subject to compliance with the relevant regulatory requirements. This approval is sought to avoid any delay and cost in convening a general meeting for such issuance of stock units. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. The general mandate had also been sought for in the last Annual General Meeting of the Company. There were no stock units issued and no proceeds raised from the previous mandate.

The renewal of the general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of stock units, for purpose of funding future investment project(s), working capital and/or acquisitions.

Statement accompanying notice of annual general meeting

The Directors standing for re-election at the Eighty-Fifth Annual General Meeting of the Company are as follows:

1. Pursuant to Article 98 of the Company's Articles of Association
   (a) Mr Chan Kok Leong
   (b) Encik Kamil Ahmad Merican

2. Pursuant to Article 103 of the Company's Articles of Association
   (a) Dato' Mohd Bakke bin Salleh
   (b) Dato' Abd Wahab bin Maskan

The details of the above Directors standing for re-election are set out in the Directors' Profile on pages 45 to 46 in the Annual Report.

The details of the above Directors' securities holding in the Company are set out on page 195 in the Annual Report.

EASTERN & ORIENTAL
BERHAD

Form of proxy

Number of stock units held

I/We ....

(FULL NAME IN CAPITAL LETTERS)

NRIC No. /Company No. ....

CDS Account No. ....

of ....

(FULL ADDRESS)

being a member(s) of **EASTERN & ORIENTAL BERHAD** (Company No.: 555 – K) hereby appoint ....

....

(FULL NAME AND NRIC NO.)

of ....

(FULL ADDRESS)

or failing him/her ....

(FULL NAME AND NRIC NO.)

of ....

(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Eighty-Fifth Annual General Meeting of the Company to be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 27 September 2012 at 10.00 a.m. and at any adjournment thereof.

RESOLUTIONS	FOR*	AGAINST*
1. To receive the Audited Financial Statements		
2. To approve a first and final dividend of 4.25 sen per stock unit less income tax		
3. To approve payment of Directors' fees		
4. To re-elect Mr Chan Kok Leong		
5. To re-elect Encik Kamil Ahmad Merican		
6. To re-elect Dato' Mohd Bakke bin Salleh		
7. To re-elect Dato' Abd Wahab bin Maskan		
8. To re-appoint Messrs Ernst & Young as Auditors of the Company		
9. To authorise the issue of shares pursuant to Section 132D of the Companies Act, 1965		

*Please indicate with a cross (X) in spaces provided whether you wish your vote(s) to be cast for or against the resolutions set out in the Notice of Meeting. In the absence of specific direction, your proxy may vote or abstain as he/she thinks fit.

Signed this ______ day of ______ 2012 ______ Signature of member(s)/Seal

NOTES:

1. Only members registered in the Record of Depositors as at 18 September 2012 shall be eligible to attend this meeting or to appoint proxy or proxies to attend and vote in his stead.
2. A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary stock units of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary stock units in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.
6. The instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, shall be deposited at the Registered Office of the Company at Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur not later than 48 hours before the time set for the meeting or at any adjournment thereof.

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affix
stamp

The Company Secretary
EASTERN & ORIENTAL BERHAD (555-K)
Level 3A (Annexe), Menara Milenium,
8 Jalan Damanlela, Damansara Heights,
50490 Kuala Lumpur,
MALAYSIA.

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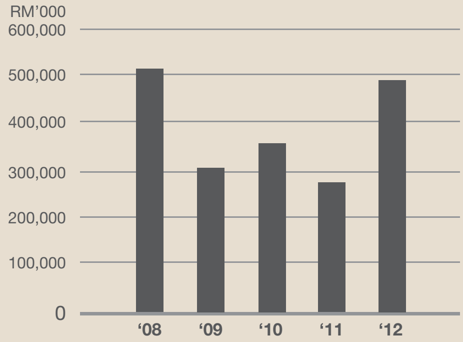
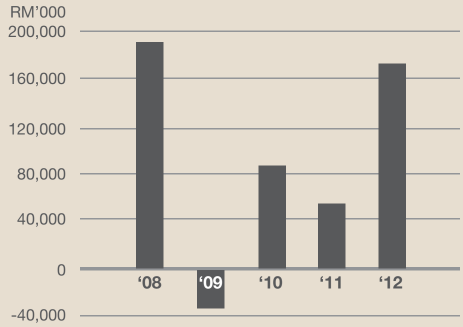
5-year group financial highlights

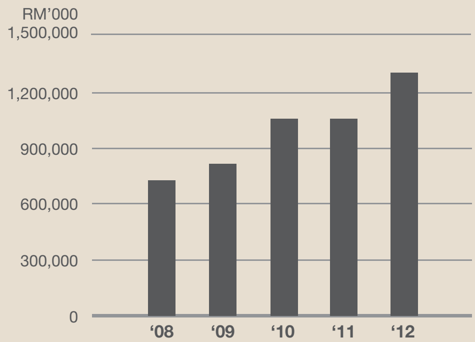
REVENUE



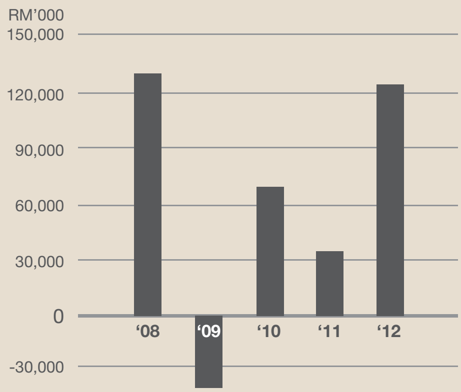
PROFIT/(LOSS) BEFORE TAX



SHAREHOLDERS' FUND



PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT



Note: Please refer to page 2 for Eastern & Oriental Berhad's 10-year financial highlights

EASTERN & ORIENTAL BERHAD (555-K)
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