ANNUAL REPORT 2013

EASTERN & ORIENTAL BERHAD

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 **Avira** wellness-themed development in Medini, 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 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, Johor Bahru 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.

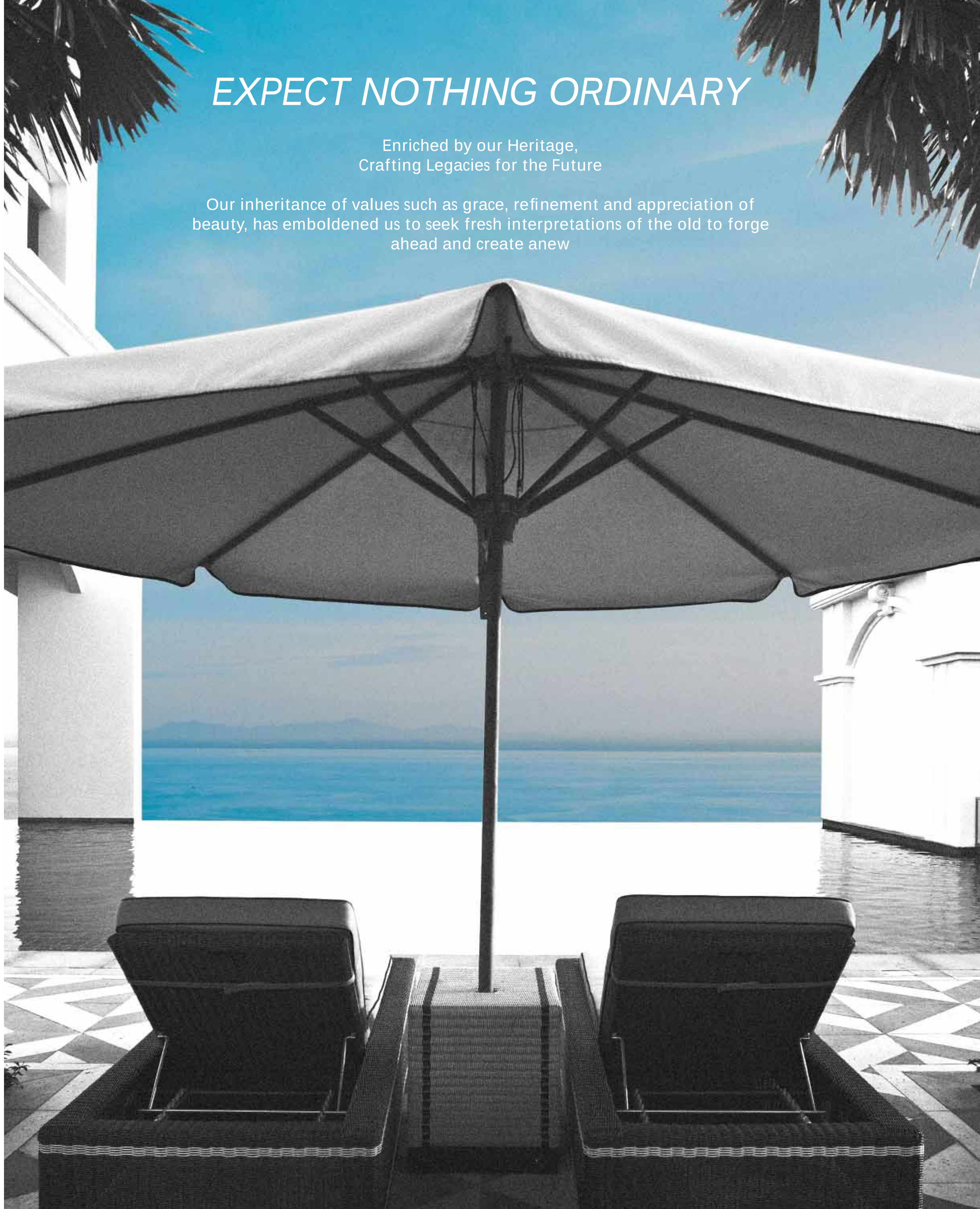
www.easternandoriental.com

PURPOSE

E&O designs and builds properties that cater to the aspirational lifestyle needs of discerning individuals.

VALUE

At E&O, we do things differently,
always for the better, with sincerity,
integrity and passion.


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

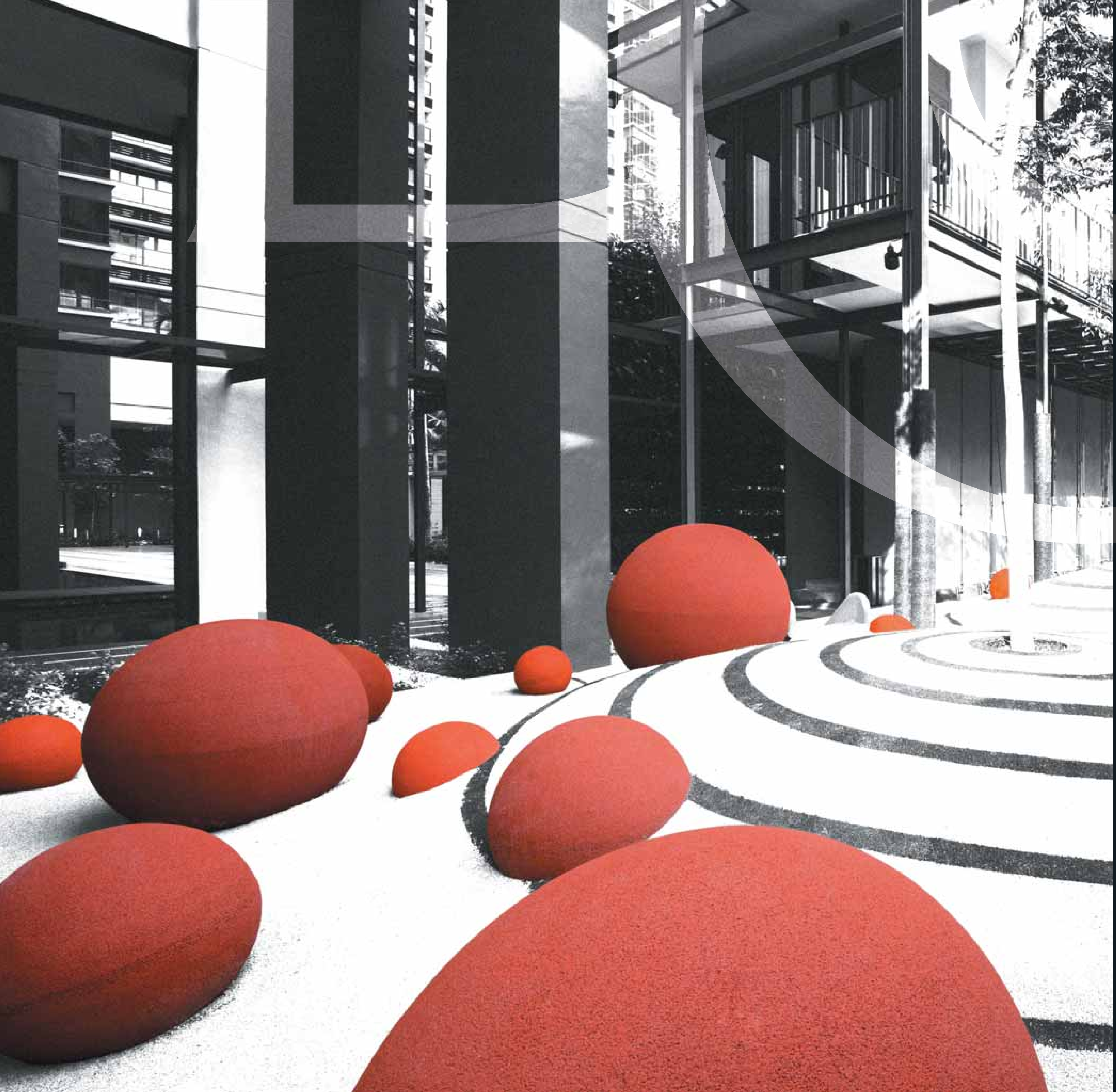
(RM'000)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
STATEMENTS OF COMPREHENSIVE INCOME										
Revenue	605,536	492,151	271,271	352,375	304,449	516,399	518,444#	270,301#	21,130	117,882
Profit/(Loss) before tax **	187,271	171,172	48,154	93,276	(38,124)	194,565	91,618#	12,536#	13,088	15,295
Income tax expense	(50,505)	(43,433)	(11,948)	(18,630)	6,067	(34,789)	(22,654)#	(2,332)#	1,174	(403)
Profit/(Loss) attributable to owners of the parent	129,556	123,296	32,880	70,765	(37,276)	128,854	61,178	23,058	15,341	20,553
STATEMENTS OF FINANCIAL POSITION										
Issued and Paid-up capital	1,135,622	1,133,463	842,592	761,644	591,995	419,061	358,961	232,472	232,472	232,472
Weighted Average Number of stock units	1,106,182	1,093,675	1,059,935	1,063,967	666,211	532,804	415,252	221,715	229,384	232,472
Shareholders' Fund	1,389,868	1,289,523	1,058,237	1,043,259	814,371	729,686	606,733	347,121	388,171	391,816
RATIOS										
Net Earnings/(Loss) per stock unit (sen)	11.7	11.3	3.0	6.6	(5.6)	24.2	14.7	10.4	6.7	8.8
Net Dividend per stock unit (sen)	3.38^	3.19	1.50	2.85	–	3.70	2.92	1.4	1.4	0.7
Net Assets per stock unit attributable to owners of the parent (RM)	1.26*	1.17*	1.21*	1.25*	1.25*	1.55*	1.41*	1.55	1.77	1.69

* 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:
- 31.3.2013 of 1,106,182,310
- 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 2004 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 4.50% less 25% income tax per stock unit, to be approved by the stockholders at the forthcoming Annual General Meeting.



CONTENTS

MESSAGE FROM OUR CHAIRMAN

Martinique Villa By-The-Sea™, Seri Tanjung Pinang, Penang

Despite the weak global outlook coupled with uncertainties in the local market related to the timing of the General Elections, the Malaysian economy grew by 5.6% in 2012. The property market remained buoyant as it was well supported by strong domestic spending and increased foreign direct investment. Across the country, key urban centres registered strong growth in the residential sector across multiple formats and segments.

During this period, the E&O's continued strong performance was enabled by initiatives to strengthen the Group as outlined in the 2-year strategic action plan drawn up in 2011. E&O delivered a cumulative profit after tax of RM265 million, exceeding the RM250 million 2-year target for the financial years ended March 2012 and 2013.

We remained focused on key business areas initiated in the previous year. Foundations were laid to strengthen the E&O brand locally and expand its presence regionally. Strategic alliances were secured with reputable regional and international institutions, which further enhanced brand visibility and experience. As part of our diversification strategy, we developed new growth engines in Iskandar and the United Kingdom.

Key milestones achieved during the year were primarily built on relationships and partnerships established in the previous year; some of these are highlighted below.

Our earlier agreement with Mitsui Fudosan to market E&O properties in Japan, has grown into a new even stronger partnership to develop The Mews serviced residences in Kuala Lumpur. Mitsui Fudosan is a highly reputable and recognised name in the Japanese market and this partnership is a reflection of our partner's trust and confidence in the E&O Group. It is also testament to the successful partnerships E&O maintains with Khazanah Nasional Berhad, Temasek Holdings, CIMB-Mapletree, Al-Salam Bank of Bahrain and the Lion Group.

These collaborations are diverse covering the end-to-end spectrum of property and lifestyle development. Each of these partnerships are at different stages of development and many have started to bear fruit. The tripartite partnership with CIMB-Mapletree and Al-Salam Bank has successfully sold 73 units worth RM260.2 million of our Villas By-The-Sea™ in Seri Tanjung Pinang, Penang. Our partnership with the Lion Group culminated this year with the timely completion and handing over of St Mary Residences located in Kuala Lumpur city centre.

In addition, Avira, E&O's joint-venture project with Khazanah Nasional Berhad and Temasek Holdings Pte Ltd, was successfully launched by the Prime Ministers of Malaysia and Singapore in April 2013. This 210-acre signature development in Medini, Iskandar will introduce a one-of-a-kind residential enclave with a wellness sanctuary at its heart that promotes a holistic living environment for overall physical, mental and social wellbeing.

With the successful completion of the 2011–2013 strategic action plan, E&O recognised the need to embark on a roadmap of sustainable growth to build the Group into the company of choice for reputable local and global partners, customers and employees.

With this in mind, and understanding the need to build a cohesive culture amongst the growing base of employees, a detailed business plan defining our purpose, values and major themes directing the E&O Group over the next three years is now in place.

Over the next three years, our aim is to achieve profitability of RM450 million, by expanding four key growth engines: Kuala Lumpur/Klang Valley, Penang, Iskandar and International. This will enable us to adopt a balanced approach and ensure that we continue to deliver consistent and sustainable returns to our shareholders.

At the same time, the Group will continue to explore new opportunities that enable us to expand our aspirational value proposition. Over the next 12 months, some of the projects we plan to launch include The Mews (Kuala Lumpur), the final phase of Andaman (Penang), Avira (Iskandar) and Princes House (United Kingdom) whilst targeting to commence reclamation works at Seri Tanjung Pinang Phase 2 (Penang).

In tandem, we will continue to nurture our complementary lifestyle pillars that include hospitality, retail and F&B business such as the luxury heritage E&O Hotel; boutique-styled Lone Pine Hotel; oasis-in-city-centre E&O Residences; retail, arts and marina destination at Straits Quay; and the contemporary F&B outlets under the Delicious Group.

Our Purpose remains unchanged. We design and build properties that cater to the aspirational lifestyle needs of discerning individuals. To ensure that collectively as the E&O family, we are united and heading in the same direction, we have adopted core values, which are anchored on doing things differently, always for the better, with sincerity, integrity and passion.

“IN OUR VIEW, THE 3-YEAR PLAN AND THE LONG-TERM PLAN ARE AMBITIOUS BUT REALISTIC.”

RHB Research
28 May 2013

In delivering these four growth engines and our lifestyle pillars, we are clear that we will need to build a strong regional and international brand that will generate global demand. This will be supported by accelerated growth in strategic partnerships that will allow us to tap into new markets and deliver unique propositions to a wider customer base. A critical enabler and investment remains our people. We will build our talent pool by investing in a well thought through and executed talent development plan that covers the employee journey from training and development to caring for the well being of our staff.

A cornerstone to sustainable growth will be our commitment towards engaging communities in each of our major developments. We have kickstarted our community relations engagement through the A.R.T. programme in Penang and will in the coming years initiate similar projects across all our growth engines.

Despite lingering global headwinds and an increasingly competitive environment, we approach the coming year with the confidence that our established foundation, supported by the clearly articulated strategies set out in our three-year Business Plan, will ensure further progress. We know that by remaining focused and building on our heritage of excellence and quality, in markets we know well, and by building strong relationships with discerning customers, we will continue to deliver value to our shareholders, business partners, customers and employees. I believe that the challenges ahead will present opportunities and the E&O Group is well placed to make the most of these.

I would like to express my appreciation to the E&O Board of Directors as well as take this opportunity to extend my sincere appreciation to Board Member Datuk Henry Chin Poy Wu who retired in September 2012 after serving 18 years. At the same time, we extend a warm welcome to Ms Chen Kar Leng who joined as an independent non-executive director in December 2012.

To our shareholders, customers and business partners, I would like to thank you for your support over the years. I would also like to acknowledge the contributions of the Group’s management team and staff members for their commitment and passion that continue to drive E&O forward.

DATUK AZIZAN ABDUL RAHMAN
Chairman, Eastern & Oriental Berhad
July 2013

St Mary Penthouse night view

FINANCIAL PERFORMANCE

The Group achieved revenue of RM605.54 million for the financial year ended 31 March 2013, which represented an increase of 23% from the RM492.15 million recorded in the previous financial year ended 31 March 2012.

The increase in revenue was mainly attributable to the Property Division which registered an increase of RM112.16 million and contributed RM518.45 million (86% of total Group revenue).

Notably, the joint-venture projects namely St Mary Residences and the second phase of Villas By-The-Sea™ bungalows in Penang recognised total revenue of RM297.35 million for the financial year ended 31 March 2013 (preceding financial year ended 31 March 2012: RM355.60 million), which was not included in the Group consolidated revenue.

After incorporating revenue recognised for the jointly-controlled projects, the Group recorded adjusted revenue of RM902.89 million (preceding financial year ended 31 March 2012: RM847.75 million).

The Hospitality and Investments & Others segments contributed the remaining 14% of Group revenue.

The Group posted profit before tax of RM187.27 million for the financial year ended 31 March 2013 compared to profit before tax of RM171.17 million in the preceding financial year ended 31 March 2012. This represented an increase in profit before tax of RM16.10 million or 9%. The higher profit in the current financial year ended 31 March 2013 was mainly due to higher profit recognition from the Property segment.

CORPORATE DEVELOPMENTS

E&O and Mitsui Fudosan Residential Co Ltd (Mitsui Residential) entered a joint-venture agreement on 20 March 2013 to develop The Mews Serviced Residences in Kuala Lumpur. A sale and purchase agreement was signed between KCB Holdings Sdn Bhd (KCB Holdings) and SEA Investment Three Pte Ltd (SEAI3). KCB Holdings is an indirect wholly-owned subsidiary of E&O while SEAI3 is a wholly-owned subsidiary of Mitsui Residential.

KCB Holdings sold 2,450,000 ordinary shares of RM1.00 each in KCB Trading Sdn Bhd (KCBT– a wholly-owned subsidiary of KCB Holdings) to SEAI3. The ordinary shares, which represented 49% of the issued and paid-up share capital in KCBT, were sold for a cash consideration of RM41,288,608.00.

Mitsui Residential is a wholly-owned subsidiary of Mitsui Fudosan Co Ltd (Mitsui), Japan's largest property company by revenue from operations, which recorded revenue of ¥1.338 trillion (USD14.01 billion) as 31 March 2012. Mitsui is listed on the Tokyo Stock Exchange and as at 31 March 2012 its total assets stood at ¥3.780 trillion (USD39.58 billion) while its market capitalisation was at ¥1.395 trillion (USD14.61 billion)[1].

This latest joint-venture is an extension of E&O's earlier marketing collaboration agreement with Mitsui Fudosan Realty Co Ltd signed in 2011 to market E&O properties to Mitsui's high net worth clientele in Japan.

The Mews is sited on Jalan Yap Kwan Seng in the KL city centre on 5,221 square metres of freehold land and is slated to be developed into 256 units of serviced apartments. Development is expected to start in the second half of 2013 and is targeted for completion within four years' time.

Another key corporate development in the financial year under review was E&O's £20.25 million[2] acquisition of Princes House, a prime freehold office cum retail building in the Westminster Borough, which was announced on 23 April 2012 and completed on 15 June 2012. This purchase marked E&O's debut in the thriving London property scene and more details on this project which is targeted for launch in late 2013, are provided in the Property Development section of this report.

"WE ARE POSITIVE WITH THE TRANSPARENCY BY THE MANAGEMENT AND BELIEVE IT SHOULD NOT HAVE ANY PROBLEM MEETING THE TARGETS AGAIN."

PublicInvest Research
28 May 2013

1 Conversion to USD at exchange rates of 19 March 2013.
2 Approximately RM100,905,750 per exchange rate of £1:RM4.983 as at 23 April 2012, the announcement date of the acquisition.

PROPERTY DEVELOPMENT

The Group continued to be driven by its core business of property development that recorded unbilled sales of RM650 million as at 31 March 2013.

The first handovers of the highly-touted Quayside Seafront Condominiums in Seri Tanjung Pinang, Penang took place in early 2013, three years from their launch in 2010. We were excited to show our buyers how we had translated into reality the concept of making Quayside an extraordinary, one of a kind condominium development in the region.

Quayside's most striking feature is the outstanding 4.5-acre private waterpark with waterfalls, sandy beach pool, adventure pool and spa pavilions, complemented by another seven acres of greens and public spaces. Adding to these are a seafront promenade and a host of other recreational facilities such as a central club house with an exclusive cinema, games and event rooms, tennis courts, fully equipped gymnasium and playground, which in totality presented a truly luxurious resort-styled living experience for residents that was new, not only to Penang, but the region.

While the first phase of Quayside was being handed over, we continued with our launch of the second phase, the Andaman at Quayside condominiums, amid a cautiously optimistic market. The first tower of Andaman was launched in early 2012 and the second in the middle of the year. Conceptualised to celebrate the best facets of island living in Penang with 75% of all suites aligned to provide unobstructed views of the sea and the famous Gurney Drive, response to the launches from both local and foreign buyers has been positive. Overall take-up to date stands at 75% with the final, prime tower to be launched in late 2013.

In August 2012, E&O completed the St Mary Residences project in Kuala Lumpur city centre, bringing to conclusion our successful partnership with the Lion Group. Reflecting our position as a true luxury lifestyle property developer, St Mary showcases how our core of property development is brought to life with E&O's supporting lifestyle elements of hospitality and F&B. In addition to 457 units of luxury apartments, the St Mary development includes E&O Residences Kuala Lumpur, our first serviced suites in the capital, as well as St Mary Place, a retail centre featuring a select number of high quality retail, F&B and convenience offerings, including a Delicious Café.

Handover of St Mary Residences coincided with the introduction of the E&O Customer Care Programme, an innovative initiative set up specially to assist St Mary buyers and investors. E&O's commitment to our customers extends beyond the completion of a sale and via the E&O Customer Care Programme, services include supplying St Mary Residences buyers with a useful guide on rental and sub-sale prices, based on research done by independent property agents and analysts.

The financial year under review also witnessed the culmination of one our earliest property development partnerships, our joint-venture (JV) with CIMB-Mapletree Management Sdn Bhd (CIMB-Mapletree) and Al Salam Bank of Bahrain in 2006. This JV involved the development of 73 luxury Villas By-The-Sea™ in Seri Tanjung Pinang that were launched and handed over in two phases; the first tranche of 40 villas were launched in 2007 and delivered to buyers in 2009 while the remaining final 33 villas were launched in 2010 and completed in early 2013.

Looking ahead, E&O is focusing on existing projects in established areas as well as developments in new growth locations.

Our 210-acre Avira wellness development in Iskandar with our esteemed partners Khazanah Nasional Berhad and Temasek Holdings (Private) Ltd is in the pipeline and progressing well. Buoyed by the strong interest in Iskandar Malaysia, we are optimistic on the prospects of Avira and this is reflected in the high number of registrants already received.

"HAVING SUCCESSFULLY ESTABLISHED ITS TRACK RECORD AT SERI TANJUNG PINANG 1, THE COMPANY HAS ATTAINED A STRONG GROUP OF BOTH LOCAL AND FOREIGN FOLLOWERS."

RHB Research
3 January 2013

We have selected a lead international wellness consultant – responsible for Thailand's most-acclaimed 6-star boutique wellness destination – who is tasked with defining and detailing Avira's wellness concept, planning the facilities and services at the wellness centre, which forms the core of Avira, as well as their holistic integration into the development. The overall masterplan has been approved by the relevant authorities and we are targeting a maiden launch within the second half of 2013.

Also on the horizon is the launch of The Mews serviced residences in Kuala Lumpur's Jalan Yap Kwan Seng, targeted for the second half of 2013. This is a landmark project for E&O as it is our first joint-venture project with Mitsui Residential, a wholly-owned subsidiary of Japan's largest property company[3] Mitsui Fudosan Co Ltd.

Having acquired Princes House, a neo-classical prime freehold office property in central London, in early 2012, we have since successfully obtained planning permission from the authorities to convert the property to commercial and residential use. We are currently working towards launching our first overseas product of E&O branded serviced apartments and residential units at Princes House in late 2013. Given the property's proximity to the University of London, London School of Economics and Inns of Court where student accommodation is always in demand, we anticipate a ready sale and rental market for this prime development.

3 by revenue from operations.

THE MEWS

www.the-mews.com

Artist's Impressions of The Mews

The Mews is a joint-venture project between E&O and Mitsui Fudosan Residential Co Ltd, a wholly-owned subsidiary of Mitsui Fudosan Co Ltd. It is sited on Jalan Yap Kwan Seng, a main commercial thoroughfare that leads directly to the Petronas Twin Towers in KL city centre.

On 1.3 acres of prime real estate, construction of The Mews' two 38-storey towers consisting of 256 units of serviced apartments will start in the second half of 2013. It will feature one to three-bedroom freehold serviced apartments and penthouses ranging from 922 square feet to 2,623 square feet.

SERI TANJUNG PINANG

www.seritanjungpinang.com

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

Seri Tanjung Pinang is a world-class waterfront community unlike any other. Situated along Penang's northeast coast, this masterplanned development sits on a prime location between the UNESCO World Heritage City of George Town and the renowned beaches of Batu Ferringhi.

Residences range from courtyard terraces inspired by Penang's unique Straits-eclectic architecture, to luxury suites above the festive retail marina at Straits Quay, to grand sea fronting villas reminiscent of Caribbean plantation manors.

The first phase of this remarkable 240 acre development is close to full completion with a vibrant community of locals and expatriates numbering over 20 nationalities already in residence. Conceptualised to celebrate the best facets of island living, Seri Tanjung Pinang joins a list of world-class waterfront communities including Australia's Sovereign Islands and Sentosa Cove in Singapore.

Yet, it is Penang's old-world charm, diverse cultural mix and rich colonial heritage that truly sets Seri Tanjung Pinang apart.

A 2.2km promenade fringes the development

QUAYSIDE SEAFRONT RESORT CONDOMINIUMS

www.quaysideresort.com

The completed world-class central clubhouse at Quayside

Seven towers dotted over 21 acres of landscaped gardens in a gated and guarded enclave, Quayside Condominiums are by far the lowest density exclusive condominium in Penang.

The Andaman series are the last towers to be launched within the Quayside development, so named as 75% of the units are aligned to face the Andaman Sea, the marina at Straits Quay, the tree-lined waterpark or the twinkling night lights of Gurney Drive.

Over 4.5 acres are devoted to an extraordinary residents' private waterpark with pools, waterfalls, slides, cascades, fountains, sandy beach lagoons and spa pavilions conceptualised by award-winning American landscape designer, Geyer Coburn Hutchins of Seattle.

Other recreational facilities include a central club house with private cinema, games and event rooms, tennis courts, fully equipped gymnasium and playground all for the exclusive use of condominium residents.

Reaching up to 28 storeys, Quayside is situated at the northernmost cape of Seri Tanjung Pinang with unobstructed views of the sea. Apartments have built-up areas ranging from 900 square feet for one-bedroom units to penthouses of over 6,600 square feet.

A seafront promenade links the development to Straits Quay, Penang's only festive retail marina, offering the convenience and multiplicity of restaurants, shops and entertainment a leisurely stroll away.

CURRENT PROJECTS – *PENANG*

QUAYSIDE'S COMPLETED 4.5 ACRE PRIVATE WATERPARK

AVIRA

www.avira-medini.com.my

Wellness Centre	12.6 acres
Bungalow	96 units
Semi-D	168 units
Terrace	458 units
Condominium	2,419 units
Service Apartment	482 units
Commercial	9.49 acres

Just 10 minutes from the Second Link to Singapore, Avira is a 210 acre development located in Medini Central, Iskandar Malaysia, comprising a Wellness Centre at its core, with a commercial precinct, service apartments, condominiums and landed residences.

Premised upon the concept of prolonging active years, Avira provides an ideal environment to nurture holistic wellness. The development has two main components: Medini Estate and Medini Sanctuary. The first is the overall development fringed by nature while the second is a 12.6 acre site with a purpose-built Wellness Centre and facilities.

Avira is developed by Nuri Merdu Sdn Bhd, a joint-venture between Galaxy Prestige Sdn Bhd (a subsidiary of E&O Berhad) and Pulau Indah Ventures Sdn Bhd, a joint-venture between wholly-owned subsidiaries of Khazanah Nasional Berhad and Temasek Holdings (Private) Ltd.

PRINCES HOUSE

In 2012, E&O acquired Princes House along Kingsway, a prime freehold office property in central London within walking distance to Covent Garden, Royal Opera House, theatres of the West End and landmark hotels such as The Savoy.

With approximately 40,000 square feet of net sellable area, the ground floor lobby has eight storeys above, accommodating a total of 54 units. These range from compact 366 square feet studio apartments to a 2,580 square feet penthouse, with the majority comprising 1-, 2-and 3-bedroom units.

Slated for launch in late 2013, E&O branded serviced apartments and residential units at Princes House will find a ready rental and sale market given its proximity to the University of London, London School of Economics and Inns of Court where student accommodation is always in demand.

COMPLETED PROJECTS – *KUALA LUMPUR*

ST MARY RESIDENCES
Condominiums,
Jalan Tengah

COMPLETED PROJECTS – *KUALA LUMPUR*

DUA RESIDENCY
Condominiums,
Jalan Tun Razak



SEVENTY DAMANSARA
3-Storey Detached
Homes, Damansara
Heights



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



COMPLETED PROJECTS – *PENANG*


ARIZA
Terraced Homes,
Seri Tanjung Pinang


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

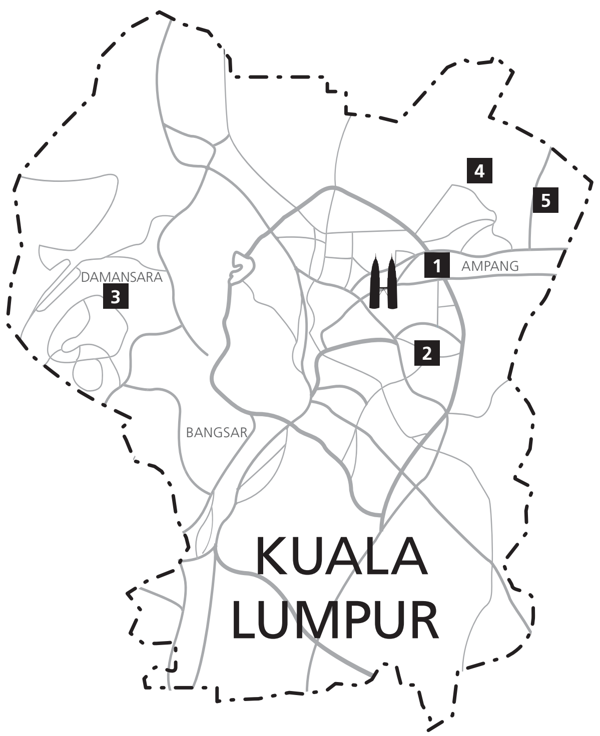

CAYMAN & CASPIAN
Super Semi-Detached Homes, Seri Tanjung Pinang

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

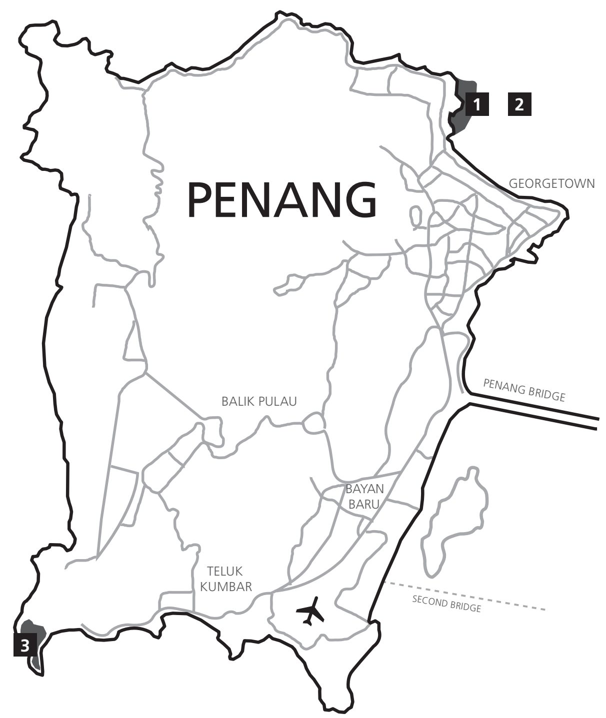

MARTINIQUE
2-Storey
Villas By-The-Sea™,
Seri Tanjung Pinang


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

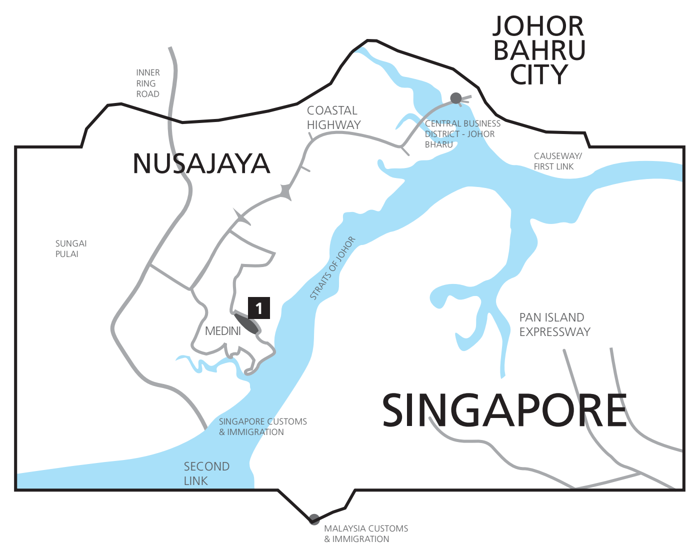

LIST OF MAJOR LANDBANKS



LANDBANKS	ACRES
1. Jalan Yap Kwan Seng	1.3
2. Jalan Conlay	1.4
3. Jalan Teruntung, Damansara Heights (The Peak)	3.9
4. Ukay Heights, Ulu Kelang	9.4
5. Kemensah Heights, Ulu Kelang	309.5



LANDBANKS	ACRES
1. Seri Tanjung Pinang, Tanjung Tokong, Phase 1	240
2. Seri Tanjung Pinang, Tanjung Tokong, Phase 2	760
3. Gertak Sanggul	348



LANDBANKS	ACRES
1. Avira, Medini, Iskandar Malaysia	210

Panoramic night view of Straits Quay

PROPERTY INVESTMENT

E&O's Property Investment arm enables the Group to realise optimal gains in capital appreciation over the medium-term from investments in E&O-developed residential units and commercial/retail space. At the same time, the division presents an avenue for the Group to participate directly in the concept realisation of its developments to ensure the E&O brand standards are continuously upheld. 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, which include:

- Straits Quay, Seri Tanjung Pinang, Penang – this 270,000 sq ft festive retail marina has become one of Penang's must-visit destinations attracting a host of familiar and new, local and international, retail and dining brands to Penang. Catering to the MICE market, Straits Quay's convention centre offers an additional 30,000 sq ft of conference and banqueting space to Penang. Straits Quay also houses Royal Selangor's second signature Visitors Centre in the country as well as the 30,000 sq ft 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.

- Dua Annexe, Kuala Lumpur – a retail block directly opposite the United States Embassy occupying approximately an acre of land fronting Jalan Tun Razak and covering a space of approximately 21,000 sq ft in net floor area, this lifestyle-driven boutique retail complex caters to the surrounding affluent community.

- St Mary Place, Kuala Lumpur – this 35,000 sq ft 2-storey retail annexe at St Mary Residences has just begun operations in early 2013. Comprising an intimate enclave of service outlets, art gallery and restaurants, including a Delicious Café, it provides convenience to the residents of St Mary as well as the surrounding community.

Planters Lounge at E&O Hotel Victory Annexe

HOSPITALITY & LIFESTYLE

E&O's core business of property development is supported by a cachet of complementary lifestyle elements. The Hospitality & Lifestyle segment includes the luxury heritage Eastern & Oriental Hotel and Lone Pine Hotel, both in Penang. The Group's operational expertise in hospitality and lifestyle is extended to the management of serviced suites at E&O Residences Kuala Lumpur. In the food and beverage (F&B) space, E&O owns The Delicious Group which has outlets in the main city centres of Malaysia and Singapore.

Eastern & Oriental Hotel
www.eohotels.com

- Established by the famed Sarkies Brothers in 1885, whose architectural landmarks include The Raffles in Singapore (1887) and The Strand in Rangoon (1901), the E&O Hotel is the only hotel in the heart of historic George Town possessing prime sea frontage where it stands as the grand dame of heritage hotels. In 2001, after a major restoration and meticulous refurbishment to restore it to its original grandeur, E&O Hotel reopened to public acclaim.

- The original site of the E&O Hotel, the Heritage Wing, features 100 elegant and expansive suites that retained its unique colonial charm whilst offering modern comforts with round-the-clock butler service. Its restaurants have a celebrated reputation for serving both Penang delicacies and European fine dining.

- Staying true to its architectural inspiration, a new wing, the Victory Annexe, was constructed and opened in March 2013, adding 122 classically appointed suites (117 Superior and five Corner Suites with private balconies) to the hotel's inventory of rooms.

- For resident guests, the 6th floor of the Victory Annexe commands unsurpassed views of the Straits of Malacca, enjoyed from the Planter's Lounge, infinity swimming pool, gym and spa.

- The Victory Annexe's 5th floor is dedicated to expanded conference facilities for the MICE market with an additional junior ballroom given that the grand ballroom at the E&O Hotel is the most coveted venue for social functions in George Town.

- Sited within the Victory Annexe retail arcade is the E&O 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.

- A pier was constructed at the hotel in 2012 to cater to E&O's upcoming water limousine services which is slated to be officially launched and to commence operations in the second half 2013.

- E&O Hotel maintained a healthy average occupancy rate of close to 75% and some of the recent awards earned by the hotel and its outlets include *Top 25 Hotels in Malaysia – Top in Penang* in the TripAdvisor Travellers' Choice® 2012 Awards; *Top Hotels (Heritage)* at the INPenang Awards 2012 and *Asia's Top Heritage Hotel 2012* by Nowtravelasia Magazine.

Victory Annexe

www.eohotels.com

LOBBY

POOL–SIDE TERRACE

SARKIES CORNER

SUPERIOR SUITE

CORNER SUITE

E&O GALLERY

Lone Pine Hotel
www.lonepinehotel.com

- Built in 1948, the Lone Pine Hotel takes pride in being the first hotel along Batu Ferringhi, and it was the scenic journey towards the island's picturesque Northern Coastline which gave rise to Penang's descriptor, "Pearl of the Orient".

- In 2010, Lone Pine reopened after expansion and refurbishment, with 90 stylish rooms and suites that face the pool and beach, fringed by rows of lofty casuarina trees and a stretch of grass lawn dotted with deck chairs and hammocks.

- 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.

- For the financial period under review, Lone Pine Hotel recorded an average occupancy rate of close to 70% and some of the recent accolades bagged by the hotel include *TripAdvisor® Top 10 Boutique Beach Resorts in the World 2011, Top 25 Trendiest Hotel in Malaysia*, Trip Advisor Traveller's Choice® 2012 and *Best Boutique Stay 2012*, Expatriate Lifestyle Magazine.

E&O Residences Kuala Lumpur
www.eoresidences.com

- In June 2012, E&O was selected by the Synod of the Diocese of West Malaysia (the Synod) through an international tender process conducted by property consultants DTZ Nawawi Tie Leung, to operate the E&O Residences.

- Occupying one of the three towers at the 4.1-acre St Mary Residences site on Jalan Tengah in the central business district of Kuala Lumpur, E&O Residences opened in December 2012.

- The first Serviced Residence to share the name and pedigree of the legendary Eastern & Oriental Hotel, Penang, it consists of 200 exclusive and stylishly appointed suites that present breath taking views of the city skyline, and promise generous space that is in itself a luxury among the city's serviced residences.

- E&O Residences cater to the global business or leisure traveller on an extended stay in Kuala Lumpur and offers guests a choice of one-bedroom and two-bedroom suites, beautifully furnished and fully equipped to make their long- or short-term stay as comfortable as possible.

The Delicious Group

www.thedeliciousgroup.com

- With F&B closely linked to lifestyle in the modern mindset, The Delicious Group of casual dining outlets are found within the E&O's prime retail properties as well as in leading shopping centres that introduce the E&O lifestyle segment to a broader and younger demographic.

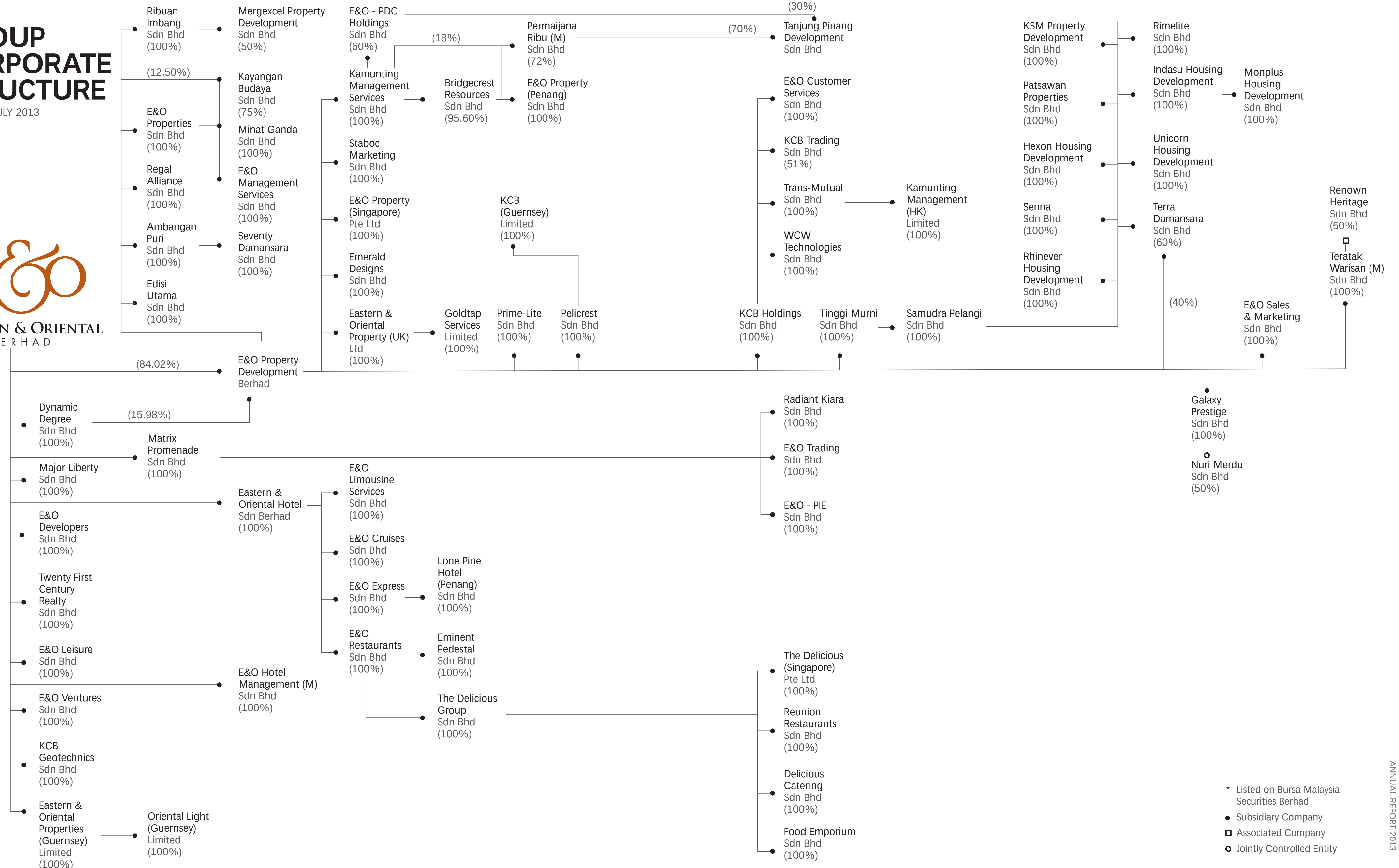
- Consistent in interior style and colours, the Delicious cafes in Klang Valley, Penang, Johor Bahru and Singapore total 10 outlets, where Dua Annexe and Straits Quay have the largest seating capacity for up to 200 customers. The Johor Bahru outlet, at Johor Bahru City Square Mall, was opened in May 2013.

- The all-day dining menu offers a variety of local and international favourites served in generous portions, known for its hearty, wholesome fare and delectable desserts. Delicious also provides banqueting and catering services for corporate and private events.

- In 2013, former Delicious Group Creative Chef, Steve Allen who came to Malaysia after serving more than a decade — with Gordon Ramsay at Claridge's in London — took on the mantle of The Delicious Group Chief Executive Officer.

GROUP CORPORATE STRUCTURE

AS AT 31 JULY 2013



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*
Tan Sri Dato' Mohd Bakke bin Salleh
Dato' Abd Wahab bin Maskan
Encik Kamil Ahmad Merican
Datuk Vijeyaratnam a/l V. Thamotharam Pillay
Mr Christopher Martin Boyd
Ms Tan Kar Leng @ Chen Kar Leng

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

TAN SRI DATO' MOHD BAKKE BIN SALLEH

DATO' ABD WAHAB BIN MASKAN

MR CHAN KOK LEONG

MADAM KOK MENG CHOW

ENCIK KAMIL AHMAD MERICAN

DATUK VIJEYARATNAM A/L V. THAMOTHARAM PILLAY

MS TAN KAR LENG @ CHEN KAR LENG

MR CHRISTOPHER MARTIN BOYD

DATUK AZIZAN BIN ABD RAHMAN
Independent Non-executive Director / Chairman

Datuk Azizan bin Abd Rahman, a Malaysian, aged 63 was appointed as Independent Non-executive Director/Chairman of Eastern & Oriental Berhad on 6 November 2003. He is the Chairman of the Nomination Committee and Remuneration 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 is the Chairman of TH Heavy Engineering Berhad and is also a Director of Apex Equity Holdings Berhad and TH Plantations Berhad. He 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 interest which conflicts with that of 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 60, 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 128-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 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 interest which conflicts with that of 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 43, 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 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 Performing Arts Centre of Penang.

Mr Chan has no family relationship with any Director and/or major stockholder of the Company nor any interest which conflicts with that of 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 53, is the Finance Director of Eastern & Oriental Berhad. She was appointed to the Board of Eastern & Oriental Berhad on 11 August 2008. She is a member of the Risk Management 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. She has more than 30 years working experience, both local and in Australia, covering auditing, finance and accounting; and has received a 25-year long-membership certificate of recognition from the Institute of Chartered Accountants in Australia. 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 interest which conflicts with that of the Company. She has had no convictions for any offences within the past 10 years.

MS TAN KAR LENG @ CHEN KAR LENG
Independent Non-executive Director

Ms Tan Kar Leng @ Chen Kar Leng, a Malaysian, aged 69 was appointed as Independent Non-executive Director of Eastern & Oriental Berhad on 3 December 2012. She is the Chairman of the Risk Management Committee and a member of the Audit Committee.

Ms Chen holds a LLB (Hons) Upper II from the University of Singapore (now National University of Singapore). She is an Advocate & Solicitor. She was called to the Malaysian Bar in January 1968. She has been with the law firm of SKRINE since then. She was a partner of SKRINE from 1974, first in the Litigation Division and thereafter in the Corporate Division. She retired as a partner of SKRINE end 2009 but was retained as a consultant by the firm. She is currently a member of the Advocates & Solicitors Disciplinary Board appointed by the Chief Justice of Malaya.

Ms Chen has no family relationship with any Director and/or major stockholder of the Company nor any interest which conflicts with that of the Company. She has had no convictions for any offences within the past 10 years.

TAN SRI DATO' MOHD BAKKE BIN SALLEH
Non-independent Non-executive Director

Tan Sri Dato' Mohd Bakke bin Salleh, a Malaysian, aged 59, 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.

Tan Sri 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.

Tan Sri Dato' Mohd Bakke is currently the President and Group Chief Executive of Sime Darby Berhad. He sits on the Board of Sime Darby Berhad, Sime Darby Property Berhad and Yayasan Sime Darby. Tan Sri Dato' Mohd Bakke was formerly the Group President and Chief Executive Officer of Felda Global Ventures Holdings Berhad. 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. He was the Managing Director of Federal Power Sdn Bhd, Managing Director of Syarikat Perumahan Pegawai Kerajaan Sdn Bhd and Group General Manager of Island & Peninsular Group.

Tan Sri Dato' Mohd Bakke has no family relationship with any Director and/or major stockholder of the Company nor any interest which conflicts with that of 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 62, 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. He is the Chairman of the Scheme Committee.

Dato' Abd Wahab holds a Bachelor of Science degree in Estate Management from the University of Reading, United Kingdom. He is a Fellow of 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 interest which conflicts with that of 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 63, 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 Nomination Committee, Remuneration Committee and Scheme 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 and Amcorp Properties Berhad.

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

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

Datuk Vijeyaratnam a/l V. Thamotharam Pillay, a Malaysian, aged 61, an Independent Non-executive Director was appointed to the Board of Eastern & Oriental Berhad on 28 July 2003. He is the Chairman of the Audit Committee and a member of the Nomination Committee and Risk Management Committee.

Datuk 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. Datuk Vijeyaratnam also sits on the Board of Multi-Purpose Holdings Berhad and Mieco Chipboard Berhad.

Datuk Vijeyaratnam has no family relationship with any Director and/or major stockholder of the Company nor any interest which conflicts with that of 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 66, 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 Audit Committee, Remuneration Committee, Risk Management Committee and Scheme Committee.

Mr Boyd is a Fellow of the Royal Institution of Chartered Surveyors and the Royal 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 interest which conflicts with that of the Company. He has had no convictions for any offences within the past 10 years.

CORPORATE SOCIAL RESPONSIBILITY

POLICY & OBJECTIVES

The E&O Group's corporate social responsibility initiatives are anchored upon our values of doing things differently and for the better, with sincerity, integrity and passion. Guided by this, we demonstrate our commitment to corporate social responsibility by conducting our business in an economically, socially and environmentally responsible manner whilst balancing the interests of our diverse stakeholders.

In pursuing our corporate responsibility objectives, we recognise the importance of promoting a culture of participation among our employees as they form the frontline of company ambassadors, who would also appreciate an alignment between their total work experience and their contributions to the community.

SUPPORT FOR ARTS & CULTURE

E&O has always had a close affinity with the arts and culture scene, and this has been demonstrated in the past by our support for initiatives in this area, which include signature events like the George Town Festival and activities aligned with the inscription of George Town as a World Heritage Site. While E&O continues with these efforts within the limits of its resources, the Group's position as a proponent of arts and culture is reinforced by its instrumental role in the setting up of the Performing Arts Centre of Penang (*penangpac*). E&O provided the bulk of start-up financing and construction expertise, which amounted to an approximate RM8 million, and joined hands with Malaysia's foremost performing arts group The Actors Studio (TAS) in the running of this 30,000 square feet facility.

Sited within the Straits Quay festive retail marina at Seri Tanjung Pinang, *penangpac* is E&O's direct contribution to enrich the lives of Penangites by making the arts more accessible to them. The centre, through the exposure that it provides on the arts scene as well as the classes conducted there, also presents a platform to nurture the talent pool in Penang. *Penangpac* offers a whole host of performances ranging from dance to music to plays, local as well as international acts, traditional as well as contemporary works; and on special occasions, the public is treated to free shows. These shows are held at the selection of well-equipped *penangpac* facilities which include a 300-seater proscenium theatre, 150-seater experimental black box theatre and multi-functional studios.

TOWARDS SUSTAINABLE COMMUNITIES

A.R.T. Programme

A.R.T. which stands for Act, Reach Out, Transform, is a programme developed and driven by E&O employees, and supported by the E&O Group. Initiated in late 2012, it is anchored on the intent of building strong social value within the communities that we operate in whilst providing E&O employees exposure, and the opportunity to participate actively in community-related activities.

A.R.T. is based on the principles of collaboration, inclusiveness and sustainability. In terms of collaboration and inclusiveness it aims to involve the employees of the E&O Group on a cross-functional and cross-locational basis whilst connecting with relevant groups and communities. The A.R.T. initiatives must also be well-planned and thought-through to ensure the overall sustainability of the programme and to be in alignment with E&O's long-term commitment to its surrounding communities.

The pilot launch of A.R.T. focused on Penang and involved E&O teams in the property development as well as hospitality segments. Covering three main thrusts—Culture & Heritage; Environment & Public Spaces and Building Communities—several programmes were initiated successfully in the first quarter of 2013.

The Culture & Heritage thrust leverages on E&O's existing close association with the theme, especially in Penang. The maiden project undertaken by this group focused on capturing for perpetuity the island's vibrant culture and heritage through a photography competition covering the George Town World Heritage Site, which was open to all staff of E&O Group. The competition generated a selection of images of George Town's heritage sites and activities which will be translated into several downstream initiatives to share these visuals with the community in Penang. These initiatives will include the adoption of bus stops where a selection of these images will be displayed as well as the production of postcards and other collaterals. Plans to upscale the project include extending participation in the competition to the general public in the future, which is expected to generate an even richer collection of images.

Within the ambit of the Environment & Public Spaces thrust, the E&O A.R.T. team has initiated a series of bi-monthly activities to encourage the neighbouring community to fully appreciate the 4-acre Straits Green public park at Seri Tanjung Pinang, whilst promoting a healthy lifestyle as an ancillary benefit. The activities alternate between a Dancercise and Traditional Games sessions. The next stage will see the team exploring environment-themed programmes for the community, which include composting and other environmentally-sustainable activities.

The Community Building team chose to work with *penangpac* to provide English speech and drama classes to underprivileged children with the ultimate aim of building their confidence and hopefully making a difference in their future. The beneficiaries of this pilot project are 15 children from the Children's Protection Society in Penang. Plans are already underway to extend the reach of this programme to other groups of children as part of E&O's continuous efforts to engage the wider community.

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.

The Group's corporate information is accessible in the public domain and regularly updated at www.easternandoriental.com. The corporate newsletter, E&O Edition, is produced twice a year to articulate the Group's position as a lifestyle property developer as well as provide updates on key company activities.

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 Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of 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 Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company 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 Group and of the Company 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.

The Board is pleased to present the Statement on Corporate Governance for the year ended 31 March 2013 outlining the application of the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 (“the Code”).

Establish Clear Roles and Responsibilities

Board Roles and Responsibilities

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 effectiveness of internal controls, identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.

The Board has adopted a Board Charter which sets out its roles, functions, composition, operation and processes, given consideration to the principles of good corporate governance and requirements of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The Board Charter further defines the roles and responsibilities of the Chairman and the Managing Director. The Board Charter is available on the Company’s website (www.easternandoriental.com).

As set out in the Board Charter, the Board is responsible for:

- reviewing and adopting a strategic plan including setting performance objectives and approving operating budgets for the Group and ensuring that the strategies promote sustainability;
- overseeing the conduct of the Group’s business and building sustainable value for shareholders;
- reviewing the procedures to identify principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- succession planning, including appointing, assessing, training, fixing the compensation of and where appropriate, replacing senior management;
- developing and implementing a Corporate Disclosure Policy (including an investor relations programme) for the Group;
- reviewing the adequacy and integrity of the Group’s internal control and management information systems, including those for compliance with applicable laws, regulations, rules, directives and guidelines;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- ensuring that the Company’s financial statements are true and fair and conform with the accounting standards;
- overseeing matters relating to occupational health and safety and compliance with relevant laws and regulations; and
- ensuring that the Company adheres to high standards of ethics and corporate behaviour.

The Board has delegated certain responsibilities to Board Committees which operate in accordance with the Terms of Reference approved by the Board and delegated the day-to-day management of the business of the Group to Executive Directors and Management subject to an agreed authority limit.

The following diagram shows a brief overview of the Board Committees of the Company:

BOARD OF DIRECTORS

Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee	Scheme Committee
Responsibilities	**Responsibilities**	**Responsibilities**	**Responsibilities**	**Responsibilities**
• Oversight on the Group’s financial reporting • Review quarterly financial results, unaudited and audited financial statements • Monitoring of internal control systems	• Nomination of new Directors • Annual assessment of the Board, the Board Committees and the contribution of each individual Director	• Recommending to the Board the remuneration of Executive Directors and Non-Executive Directors	• Identification, monitoring and control of all risks faced by the Group • Formulate and implement risk management policies and strategies	• Administering the Company’s Long-Term Stock Incentive Plan 2012

Code of Conduct and Whistle-Blowing Policy

The Board acknowledges and emphasises the importance for all Directors and employees in maintaining the highest standards of corporate governance practices and ethics.

The Board has formalised a Code of Ethics and a Code of Conduct and these codes are aimed at emphasising the Company’s commitment to ethics and compliance with applicable laws and regulations.

The Group has established a Whistle-Blowing Policy so that any officer or employee of the Group can report genuine concern relating to any malpractice or improper conduct of the Group’s businesses. Disclosure can be made in writing to the Deputy Managing Director or the Chairman of the Audit Committee. Any whistle-blowing officer or employee acting in good faith is protected from retaliation for raising such allegations. Procedures are in place for investigations and appropriate follow-up action.

Sustainability

The Company recognises the importance of sustainability and its increasing relevance to the Group's businesses. The Company is committed to understanding and implementing sustainable practices and exploring benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

The Board has formalised a Sustainability Policy which aims to integrate the principles of sustainability into the Group's strategies, policies and procedures. This is to ensure that the Board and senior management are involved in the implementation and review of this policy. The policy also aims to create a culture of sustainability within the Group, and the community, with an emphasis on integrating the environmental, social and governance considerations into decision making and the delivery of outcomes.

Details of the Corporate Social Responsibility are presented on pages 62 to 65 of this Annual Report.

Supply and Access to Information

The Board recognises that the decision-making process is largely dependent on the quality of information furnished. All Directors on the Board and committees of the Board have full and unrestricted access to senior management and the Company Secretary on all matters requiring information for deliberation. Information provided to the Board is compiled into reports via the Board papers which are circulated to Directors in a timely manner to enable them to discharge their duties and responsibilities effectively.

All Directors have the consent of the Board, whether via the Board or in his or her individual capacity to take independent professional advice at the Company's expense where necessary, in the furtherance of their duties. A Director may consult the Chairman and other Board members prior to seeking any independent professional advice.

Strengthen Composition

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(1) of the MMLR of Bursa Securities. There is no individual Director or group of Directors who dominates the Board's decision making.

The wide mix of different skill sets and professional diversity of the members provides an atmosphere where deliberations draw a wide range of viewpoints which are at times challenged before a decision is arrived at. The Board acknowledges that a well-balanced board will benefit the organisation in promptly appraising matters and to competently arrive at decisions which will enhance the performance of the Group.

The Board is satisfied that it has the optimal size that meets the needs of the kind of businesses the Company is involved in as well as the diversity of the Company's shareholders, employees, customers, stakeholders and communities.

The profile of Directors is set out on pages 58 to 61 of this Annual Report.

Nomination Committee

The Nomination Committee ("NC") comprises three (3) members, all of whom are Non-executive Directors, with a majority being Independent Directors:

Datuk Azizan bin Abd Rahman *(Re-designated as Chairman on 3/12/2012)*
(Independent and Non-executive Director)

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

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

Datuk Henry Chin Poy Wu *(Retired on 27/9/2012)*
(Senior Independent and Non-executive Director)

The NC oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors. The NC also conducts annual assessments on the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director as well as identifies candidates to fill board vacancies, and nominating them for approval by the Board.

Board Membership Criteria

The NC is responsible for determining the appropriate character, skills, and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business. All Directors are expected to be individuals with integrity, high personal and professional ethics, sound business judgment, and the ability and willingness to commit sufficient time to the duties of the Board.

In evaluating the suitability of individual Board members, the Board takes into account several factors, including skills, knowledge, expertise, experience, professionalism and time commitment to effectively discharge his or her role as a Director, contributions, background, character, integrity and competence.

The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending a group that can best perpetuate the success of the Company's businesses and represent shareholders' interests through the exercise of sound judgment, using its diversity of experience.

The Board currently has two (2) female Directors. With the current composition, the Board feels that its members have the necessary knowledge, experience, diverse range of skills and competencies to enable them to discharge their duties and responsibilities effectively.

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.

Names of Directors who are seeking re-election at the coming Annual General Meeting ("AGM") are shown in the notice of the AGM on page 237.

Board Evaluation

The NC is responsible for conducting an annual evaluation of the performance of the Board and Board Committees. The annual evaluation includes an assessment of independence of Independent Directors.

The NC has performed the annual evaluation for financial year ended 31 March 2013 in June 2013. The Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively. The Board is of the view that its present size and 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 addition, the Board has formalised a Directors' Assessment Policy which set out the procedures and criteria used in the assessments of Board, Board Committees, Directors and independence of Independent Directors.

Remuneration Committee

The Remuneration Committee ("RC") comprises three (3) members, all of whom are Non-executive Directors:

Datuk Azizan bin Abd Rahman *(Appointed on 3/12/2012)*
(Chairman, Independent and Non-executive Director)

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

Mr Christopher Martin Boyd *(Appointed on 3/12/2012)*
(Non-independent and Non-executive Director)

Datuk Vijeyaratnam a/l V. Thamotharam Pillay *(Resigned on 3/12/2012)*
(Independent and Non-executive Director)

Mr Chan Kok Leong *(Resigned on 3/12/2012)*
(Deputy Managing Director)

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering and growing the Group to achieve its long term goals and to enhance its shareholder value.

The RC is responsible for evaluating, deliberating and recommending to the Board the compensation and benefits that are fairly guided by market norms and industry practices. The RC is also responsible for evaluating the Executive Directors' remuneration which is linked to the performance of the Executive Director and performance of the Group. Individual Directors do not participate in the decisions regarding his or her individual remuneration.

The RC recommends the Directors' fees payable to Non-executive Directors of the Board and this recommendation is deliberated and decided by the Board before it is presented at the AGM for shareholders' approval.

The Board has formalised a Directors' Remuneration Policy which aims to attract, develop and retain high performing and motivated Directors with a competitive remuneration package.

The aggregate remuneration of the Executive Directors and Non-executive Directors for the financial year ended 31 March 2013 is as follows:

	SALARIES/FEES	OTHER EMOLUMENTS (INCLUDING BONUS, ALLOWANCES, BENEFITS-IN-KIND)	TOTAL
	RM'000	RM'000	RM'000
Executive Directors	2,096	9,024	11,120
Non-executive Directors	543	41	584
Total	2,639	9,065	11,704

Scheme Committee

The Scheme Committee comprises three (3) members, all of whom are Non-executive Directors:

Dato' Abd Wahab bin Maskan *(Appointed on 3/12/2012)*
(Chairman, Non-independent and Non-executive Director)

Encik Kamil Ahmad Merican *(Appointed on 3/12/2012)*
(Non-independent and Non-executive Director)

Mr Christopher Martin Boyd *(Appointed on 3/12/2012)*
(Non-independent and Non-executive Director)

The Scheme Committee is responsible for administering the Company's Long-Term Stock Incentive Plan, 2012 in accordance with such powers and duties conferred upon it under the By-Laws of the aforesaid scheme.

Reinforce Independence

The Board recognises the importance of independence and objectivity in its decision-making process which is in line with the Code.

Annual Assessment of Independence

An Independent Director of the Company is a Director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. The Board, via the NC assesses an Independent Director's independence to ensure on-going compliance with this requirement annually.

For the financial year ended 31 March 2013, the Board assessed the independence of its Independent Non-executive Directors, namely, Datuk Azizan bin Abd Rahman, Datuk Vijeyaratnam a/l V. Thamotharam Pillay and Ms Tan Kar Leng @ Chen Kar Leng, based on the criteria set out in the MMLR of Bursa Securities. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

Tenure of Independent Directors

The Board is mindful of the recommendation of the Code on limiting the tenure of Independent Directors to nine (9) years of service. However, the Board may, in appropriate cases and subject to the assessment of the NC on an annual basis, retain an Independent Director who has served a consecutive or cumulative term of nine (9) years to continue to serve as Independent Director subject to shareholders' approval.

Currently, the Company has two (2) long-serving Independent Non-executive Directors, Datuk Azizan bin Abd Rahman and Datuk Vijeyaratnam a/l V. Thamotharam Pillay, whose tenure is more than nine (9) years. The NC has reviewed and recommended to the Board for them to continue to act as Independent Directors of the Company.

The NC is of the view that the Independent Directors have carried out their responsibilities in good faith in the best interest of the Company and have safeguarded the interests of the minority shareholders of the Company. There are significant advantages to be gained from the long-serving Independent Directors who possess tremendous insight and knowledge of the Company's affairs.

In February 2013, the Company approved its three (3)-year Business Plan which charts the Group's direction for 2014-2016 with an emphasis on developing the long-term sustainability of the Group. The Board recognises its current composition has the right mix of skills, objectivity and in-depth experience required for the Group's businesses. In this respect, the Board recommended that they continue to serve as Independent Directors subject to shareholders' approval at the forthcoming AGM of the Company.

Chairman and Managing Director

The roles of the Chairman and the Managing Director are distinct and separate to engender accountability and facilitate clear division of responsibilities to ensure that there is a balance of power and authority in the Company.

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.

The Board delegates to the Group Managing Director (supported by Executive Directors and the Management) the implementation of the Company's strategic plan, policies and decisions adopted by the Board to achieve the Company's objective of creating long term value for its shareholders.

Foster Commitment

Time Commitment

The Board meets at least four (4) times a year or more when circumstances require. Where appropriate, decisions are also made by way of circular resolutions in between scheduled meetings during the financial year.

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

All Board meetings are furnished with proper agendas with due notice issued and Board papers and reports are prepared by the Management and circulated prior to the meetings to all Directors with sufficient time for their review for effective discussion and decision-making during the meetings.

All pertinent issues discussed at the Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary.

The Board met five (5) times during the financial year under review. The details of Directors' attendance are set out as follows:

NAME OF DIRECTORS	TOTAL MEETINGS ATTENDED	%
Datuk Azizan bin Abd Rahman *(Chairman, Independent and Non-executive Director)*	5/5	100
Dato' Tham Ka Hon *(Managing Director)*	5/5	100
Mr Chan Kok Leong *(Deputy Managing Director)*	5/5	100
Mdm Kok Meng Chow *(Finance Director)*	5/5	100
Tan Sri Dato' Mohd Bakke bin Salleh *(Non-independent and Non-executive Director)*	4/5	80
Dato' Abd Wahab bin Maskan *(Non-independent and Non-executive Director)*	5/5	100
Encik Kamil Ahmad Merican *(Non-independent and Non-executive Director)*	5/5	100
Datuk Vijeyaratnam a/l V. Thamotharam Pillay *(Independent and Non-executive Director)*	5/5	100
Mr Christopher Martin Boyd *(Non-independent and Non-executive Director)*	5/5	100
Ms Tan Kar Leng @ Chen Kar Leng (Appointed on 3/12/2012) *(Independent and Non-executive Director)*	1/1	100
Datuk Henry Chin Poy Wu (Retired on 27/9/2012) *(Senior Independent and Non-executive Director)*	3/3	100

It is the Board's policy for Directors to notify the Chairman before accepting any new directorship notwithstanding that the MMLR of Bursa Securities allows a Director to sit on the boards of five (5) listed issuers.

Directors' Training

All Directors of the Company have full opportunity to attend training through seminars, workshops and conferences. Directors are mindful of the need to enhance competency by improving on their skills and knowledge to stay abreast with the ever-changing business environment, regulatory requirements and corporate governance developments.

Details of training attended by Directors during the financial year ended 31 March 2013 are as follows:

NAME OF DIRECTORS	SEMINARS/WORKSHOPS/COURSES
Datuk Azizan bin Abd Rahman	– Building an Effective Media Relationship
Dato' Tham Ka Hon	– Building an Effective Media Relationship
Mr Chan Kok Leong	– Building an Effective Media Relationship – Advocacy Sessions on Disclosure for CEOs and CFOs – Masterclass 1: Influence & Imagination – A Powerful Combination – Khazanah Global Lectures 2012 – An evening with Dr. Victor K Fung – Malaysian Code on Corporate Governance 2012 – 1st Half Market Outlook 2013 – Normalising Risk
Mdm Kok Meng Chow	– Building an Effective Media Relationship – One Day Master Class: Turning Strategies into Profits: Making Strategy Work – Making the Most of the Chief Financial Officer Role: Everyone's Responsibility? – Making The Transition To MFRS – Advocacy Sessions on Disclosure for CEOs and CFOs – Practical issues in setting up and managing a REIT: WHAT TO LOOK OUT FOR? – MFRS update 2012/2013 seminar – Women Directors On Boarding Training Programme – Malaysian Code on Corporate Governance 2012
Tan Sri Dato' Mohd Bakke bin Salleh	– Accelerated Learning Programme Opening & Leadership Sharing Session – Rabobank's Markets Outlook 2013 Lunch Seminar: Global & Asian Economic Outlook – Bursa Malaysia: 24th Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2013/2014 – Bursa Malaysia: Sustainability Training for Directors and Practitioners

NAME OF DIRECTORS	SEMINARS/WORKSHOPS/COURSES
Dato' Abd Wahab bin Maskan	– Sime Darby Business School Accelerated Leadership Programme & Leadership Sharing Session 'A Leader's Journey' – Khazanah Megatrend Forum 2012 'The big Shift – Traversing the Complexities of a New World' – Sime Darby Berhad Dinner Talk 'Repeatability: Build Enduring Businesses for a World of Constant Change' – 1st Association of Plantation Investors of Malaysia in Indonesia (APIMI) Workshop 'The development of Plantation Investment in Indonesia' – Malaysian Institute of Management Conversation with Leaders 'Re-inventing the Government' – Tun Ismail Mohamed Ali Lecture Series 'The Fall of the West and the Rise of Asia: What are the Mechanisms at work & where is Malaysia's Place?'
Encik Kamil Ahmad Merican	– Building an Effective Media Relationship
Datuk Vijeyaratnam a/l V. Thamotharam Pillay	– Building an Effective Media Relationship – The Malaysian Code of Corporate Governance 2012 & Risk Management, Why the Push
Mr Christopher Martin Boyd	– Corporate Disclosure Guide 2011
Ms Tan Kar Leng @ Chen Kar Leng	– Mandatory Accreditation Programme for Directors of Public Listed Companies

Uphold Integrity in Financial Reporting

Financial Reporting

The Board is committed to provide a balanced, fair and comprehensive assessment of the Company's state of affairs in its financial statements. To ensure this, adequate financial processes are in place, aimed at keeping the Group's accounting records and transactions in accordance with accepted accounting standards. This ensures the preparation of annual financial statements that present a true and fair view of the state of affairs of the Group and Company at the reporting dates.

The Board is also committed to ensure that it presents a balanced and comprehensive assessment of the operation and financial results of the Group on a quarterly basis via its interim financial reports. It releases the quarterly financial report upon the Board's approval and in any event not later than two (2) months after the end of each quarter of its financial year for public announcement together with the required disclosure of the MMLR of Bursa Securities. These quarterly reports are published in a condensed format with full financial statements prepared.

The Audit Committee ("AC") is entrusted with the responsibility of assisting the Board with regard to the Company's internal and external audit functions, financial statements and internal accounting and control systems, matters that may significantly impact the financial condition or affairs of the business and to ensure that the financial statements of the Company comply with the applicable financial reporting standards in Malaysia and the Companies Act, 1965.

The AC comprises three (3) members, all of whom are Non-executive Directors, with a majority being Independent Directors. The composition of the AC, including its roles and responsibilities are set out on pages 83 to 87 under the AC Report of this Annual Report.

Suitability and Independence of Internal and External Auditors

The Board maintains a transparent and professional relationship with the external auditors of the Company through the AC. The AC invites the external auditors to attend its meetings as and when required, before commencement of the year end audit and upon completion of their audit. The internal auditors meet the AC at least four (4) times a year. During such meetings, the auditors highlight and discuss the nature, scope of the audit, audit programme, internal controls and issues that may require the attention of the AC or the Board.

In compliance with MMLR of Bursa Securities and the Code, the AC within its duties reviews the scope of work, independence, objectivity and findings and recommendations of the audits conducted by both the external and internal auditors.

The AC ensures that the external audit function is independent of the activities it audits, and reviews the contracts for the provision of non-audit services by the external auditors and ensures that it will not give rise to instances of conflict of interests.

The external auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The AC also makes arrangements to meet and discuss with the external auditors separately without the presence of Management on any matters relating to the Group and its audit activities.

Recognise and Manage Risks

The Board is ultimately responsible for the establishment of a sound framework to manage risks. The Board has established a Risk Management Committee ("RMC") which comprises of four (4) members:

Ms Tan Kar Leng @ Chen Kar Leng *(Appointed on 3/12/2012)*
(Chairman, Independent and Non-executive Director)

Datuk Vijeyaratnam a/l V. Thamotharam Pillay *(Appointed on 3/12/2012)*
(Independent and Non-executive Director)

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

Mdm Kok Meng Chow
(Finance Director)

Datuk Henry Chin Poy Wu *(Retired on 27/9/2012)*
(Senior Independent and Non-executive Director)

The RMC is responsible for formulating and implementing risk management policies and strategies. It monitors and manages principal risk exposure by ensuring that Management has taken the necessary steps to mitigate such risks and recommends actions, where necessary.

Internal Audit Function

The Board maintains a sound system of internal controls to manage the day-to-day running of the businesses of the Group. The Board delegated the AC with the overall responsibility of reviewing the adequacy and the integrity of the system of internal controls.

The membership, terms of reference and activities of the AC as well as the activities of the internal audit function are detailed in the AC Report of this Annual Report.

Ensure Timely and High Quality Disclosure

Corporate Disclosure Policies and Procedures

The Board has formalised a set of Corporate Disclosure Policies and Procedures ("CDPP") which is aimed at developing an effective Investor Relations programme and strategy to communicate fairly and accurately, the corporate vision, strategies, developments, financial results and prospects to investors, the financial community and other stakeholders.

The CDPP serves as a guide to promote and demonstrate a high standard of integrity and transparency through timely, accurate, quality and full disclosure. The Board has identified spokespersons in the handling and disclosure of material information.

Leverage on Information Technology for Effective Dissemination of Information

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

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 a dedicated email contact provided in the said website.

Strengthen Relationship between Company and Shareholders

The AGM is the principal forum for dialogue with shareholders. Notices of AGM and annual reports are sent to the shareholders at least 21 days ahead of the meeting date to enable shareholders to have sufficient time to peruse the annual report and papers supporting the resolutions proposed.

At the AGM, shareholders would be given the opportunity to ask questions regarding resolutions being proposed before putting the resolutions to vote as well as matters relating to the Group's operations in general. The Board encourages participation at general meetings and encourages poll voting by informing the shareholders of their right to demand for poll.

The Company ensures transparency and good corporate governance by promptly disseminating corporate information (such as all major corporate developments, financial performance and other relevant information) to the shareholders and investors via announcements to Bursa Securities and dialogues with analysts and media.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Eastern & Oriental Berhad ("the Company") is responsible for maintaining a sound system of internal controls in the Company and its subsidiaries ("Group") and is pleased to provide the following Statement on Risk Management and Internal Control ("the Statement"), which outlines the nature and scope of risk management and internal control systems of the Group during the financial year ended 31 March 2013 ("Financial Year"). This Statement is issued pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and in accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITY

The Board is responsible for the Group's internal control and risk management systems to safeguard shareholders' investment and the Group's assets and for reviewing the adequacy and effectiveness of the said systems. 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 the management.

The Board has received assurance from the Managing Director and Finance Director that the Group's risk management and internal control systems have operated adequately and effectively for the Financial Year, in all material aspects.

The assurance has been given based on the internal controls established and maintained by the Group, work performed and reports provided by the internal audit function, management letters provided by external auditors, reviews performed by management and various Board Committees as well as confirmations by the management.

The system of internal controls 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 provide only reasonable assurance and not absolute assurance against material misstatement or loss.

The Board is of the opinion that the internal control and risk management systems were adequate for the Financial Year to address the risks which the Group considers relevant and material to its operations.

RISK MANAGEMENT

The Group has a formalised risk management process for identifying, evaluating, monitoring and managing significant risks. This process has been in place for the financial year under review.

Key aspects of the risk management process are set out below.

(i) The Risk Management Committee was established by the Board for ensuring an effective risk management process. The Risk Management Committee comprises of two (2) Independent Non-executive Directors, one (1) Non-independent Non-executive Director and one (1) Executive Director who, together, constitute of relevant business and management knowledge and experience.

(ii) The Risk Management Committee meets on a quarterly basis to review the risk profile, control procedures and status of mitigating action plans.

(iii) A structured risk management framework, which includes a process for identifying significant risks and mitigating action plans is in place.

(iv) Any significant risks that require the Board's attention are escalated to it for deliberation.

(v) Key risks are highlighted to the internal audit function for the development of the internal audit plan. The risk management framework and activities are reviewed by the internal audit function annually.

INTERNAL AUDIT FUNCTION

The Group's independent internal audit function is outsourced to a professional service firm to assist the Board and the Audit Committee in providing an 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.

For the Financial Year, internal audit reviews were carried out in accordance with an internal audit plan approved by the Audit Committee. Observations from these internal audit reviews are presented, together with proposed action plans and the management's response, to the Audit Committee for its review. The internal audit function also follows up and reports to the Audit Committee if the corrective action plans to address the weaknesses have been satisfactorily implemented by the management. Further details on the activities of the internal audit function are provided in the Audit Committee Report.

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 cost incurred in maintaining the outsourced internal audit function for the financial year ended 31 March 2013 amounted to RM192,778.

INTERNAL CONTROL

The key elements of the Group's internal control system are described below:

(i) *Organisation Structure & Authorisation Procedures*
The Group maintains a formal organisational 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.

(ii) *Documented Policies & Procedures*
Clearly defined policies and procedures are in place and are regularly updated to reflect changing risks or to address operational deficiencies.

(iii) *Planning, Monitoring & Reporting*
- The Group has an annual planning and budgeting process where the financial budget and capital expenditure proposals are approved by the Board;
- Actual performances against budget are monitored closely by the management; and
- Updates on the Group's performance are provided to the Board periodically.

(iv) *Human Resource Policy*
Documented policies and guidelines covering the hiring and termination of employees, training programmes and performance appraisal to enhance the level of employee competency in carrying out their duties and responsibilities.

For the Financial Year, the Group has investments in four (4) jointly controlled entities and an associate. The Group's risk management process, internal audit review and internal control system do not apply to jointly controlled entities and associate where the Group does not have full management control.

The Group's interest in these companies is served through representation in their respective joint management committees or boards. 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

Pursuant to paragraph 15.23 of the Bursa Securities Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the Financial Year and reported to the Board that nothing has come to their attention which has caused them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control systems.

CONCLUSION

The Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems to meet the Group's objectives.

This statement is made in accordance with the Board's resolution dated 24 July 2013.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee during the financial year ended 31 March 2013 were as follows:

Datuk Vijeyaratnam a/l V. Thamotharam Pillay
Independent Non-executive Director (Redesignated as Chairman on 3 December 2012)

Mr Christopher Martin Boyd
Non-independent Non-executive Director (Member) – appointed on 3 December 2012

Ms Tan Kar Leng @ Chen Kar Leng
Independent Non-executive Director (Member) – appointed on 3 December 2012

Datuk Henry Chin Poy Wu
Independent Non-executive Director (Chairman) – retired on 27 September 2012

Datuk Azizan bin Abd Rahman
Independent Non-executive Director/Chairman of the Board (Member) – resigned on 3 December 2012

Encik Kamil Ahmad Merican
Non-independent Non-executive Director (Member) – resigned on 3 December 2012

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 (3) 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 (1) 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 (3) 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 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 on the Audit Committee resulting in the non-compliance with the Main Market Listing Requirements ("MMLR") of Bursa Securities, the Board shall within three (3) 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 terms of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and its 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:

   (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 interests 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 is not suitable for re-appointment.

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

3. To ensure that the external audit function is independent of the activities it audits and to review the contracts for the provision of non-audit services by the external auditors and ensure it will not give rise to any conflict of interest.

4. To ensure that the internal audit function is independent of the activities it audits and that the head of internal audit reports directly to the Audit Committee. The head of internal audit will be responsible for the regular review and/or appraisal of the effectiveness of risk management, internal control and governance processes within the Company.

5. To carry out any 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 Executive Directors, 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 Audit Committee should meet with external auditors without Executive Directors present at least twice a year.

The Chairman of the Audit Committee shall engage with senior management, the head of internal audit and external auditors on a continuous basis 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 2013 and the details of attendance of the Committee Members are as follows:

NAME OF COMMITTEE MEMBERS	TOTAL MEETINGS ATTENDED	%
1 Datuk Vijeyaratnam a/l V. Thamotharam Pillay	5/5	100
2 Mr Christopher Martin Boyd	1/1	100
3 Ms Tan Kar Leng @ Chen Kar Leng	1/1	100
4 Datuk Henry Chin Poy Wu	3/3	100
5 Datuk Azizan bin Abd Rahman	4/4	100
6 Encik Kamil Ahmad Merican	4/4	100

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee carried out the following activities during the financial year ended 31 March 2013 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 and tabled them to the Board for deliberation 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;
(iii) Reviewed the audit plan, strategy and scope of the external auditors prior to the commencement of the annual audit; and
(iv) Reviewed the independence of the external auditor.

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 significant issues and ensure all significant 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; and
(ii) Reviewed the recurrent related party transactions procedures on whether the procedures are sufficient to ensure that the recurrent related party transactions are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

Long-Term Stock Incentive Plan

(i) As per requirement under paragraph 8.17(2) of MMLR of Bursa Securities, the Audit Committee reviewed and verified the first allocation of Performance-Based Restricted Stock Units and Restricted Stock Units pursuant to E&O Long-Term Stock Incentive Plan 2012 ("LTIP") during the year ended 31 March 2013, to ensure its compliance with the allocation criteria set out in the guidelines and By-Laws of the LTIP.

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 controls to provide reasonable assurance to the members of the Audit Committee.

The internal audit activities carried out for the financial year ended 31 March 2013 include the following:

(i) Formulated annual risk based audit plan and presented it 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 2013;
(iii) Reviewed recurrent related party transactions to ascertain if the transactions were at arm's length basis and on normal commercial terms;
(iv) Reviewed the system of internal controls and ascertained the extent of compliance with the Group's formalized 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 industry best practices agreed with the management through follow up reviews; 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

During the financial year under review, the cash 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") has been fully utilised as follows:

PURPOSE	AMOUNT TO BE UTILISED RM'000	UTILISED AS AT 31 MARCH 2013 RM'000	UNUTILISED AS AT 31 MARCH 2013 RM'000
- working capital; and/or - strategic merger/ acquisition/expansion; and/or repayment of borrowings	233,121	(233,121)	0
To defray expenses to be incurred in relation to the rights issue	2,500	(2,500)	0
Total	**235,621**	**(235,621)**	**0**

The Company had on 27 December 2011 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-BACK

There was no share buy-back for the financial year under review.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial period from 1 April 2012 to 28 April 2012, the Company issued 2,158,500 ordinary stock units of RM1.00 each for cash pursuant to Employees' Share Option Scheme ("ESOS"), of which 551,500 ordinary stock units were issued from the exercise of 551,500 ESOS units at an exercise price of RM1.06 per unit and 1,607,000 ordinary stock units were issued from the exercise of 1,607,000 ESOS units at an exercise price of RM1.00 per unit. The ESOS has expired on 28 April 2012.

During the financial year under review, the Company did not issue any warrants or convertible securities.

4. INFORMATION IN RELATION TO LONG-TERM STOCK INCENTIVE PLAN

During the financial year under review, the Company has established a Long-Term Stock Incentive Plan ("LTIP") of up to 10% of the issued and paid-up ordinary stock units of the Company (excluding treasury stock units) for eligible employees and executive directors of the Company and its subsidiaries (excluding dormant subsidiaries). The effective date of implementation of the LTIP is on 26 February 2013 and is in force for a period of 10 years from the LTIP effective date. Information of the LTIP is set out in Note 35(b) of the financial statements.

On 15 March 2013, the Company has awarded ordinary stock units of RM1.00 each in the Company ("LTIP Stock Units") under the performance-based restricted stock unit incentive plan ("PSU Award") and restricted stock unit incentive plan ("RSU Award") as set out in the table below:

DESCRIPTION OF LTIP STOCK UNITS	PSU AWARD	RSU AWARD
Number of LTIP Stock Units awarded to the Eligible Employees and Executive Directors:		
(a) Executive Directors	444,000	1,796,000
(b) Eligible Employees	1,055,000	10,883,100
Total	1,499,000	12,679,100
First vesting period	15 March 2013 – 31 July 2015	15 March 2013 – 31 July 2014
Second vesting period	–	15 March 2013 – 31 July 2015

The LTIP Stock Units under the PSU Award and RSU Award may be settled by an issuance of new stock units, acquisition of stock units from the market, payment by cash or a combination of any of the above. The vesting of the LTIP Stock Units awarded under the PSU Award is contingent upon the satisfaction and fulfilment of the vesting conditions at the end of the vesting period.

Brief details of the LTIP Stock Units awarded during the financial year are set out in the table below:

FOR THE PERIOD FROM 26 FEBRUARY 2013 TO 31 MARCH 2013	TOTAL		DIRECTORS AND CHIEF EXECUTIVE		SENIOR MANAGEMENT		OTHER ELIGIBLE EMPLOYEES
	PSU AWARD	RSU AWARD	PSU AWARD	RSU AWARD	PSU AWARD	RSU AWARD	RSU AWARD
Number of LTIP Stock Units Granted	1,499,000	12,679,100	444,000	1,796,000	1,055,000	7,834,000	3,049,100
Number of LTIP Stock Units Vested	–	–	–	–	–	–	–
Number of LTIP Stock Units Outstanding	1,499,000	12,679,100	444,000	1,796,000	1,055,000	7,834,000	3,049,100

Non-executive Directors are not eligible to participate in the LTIP.

The details of the LTIP Stock Units awarded to Directors and senior management during the financial year and since the commencement of the LTIP (26 February 2013 to 31 March 2013) are as follows:

(i) There is no aggregate maximum applicable in percentage.

(ii) The actual percentage awarded to them is 5.75%.

5. DEPOSITORY RECEIPT PROGRAMME

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

6. 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.

7. NON-AUDIT FEES

During the financial year ended 31 March 2013, non-audit fees paid to Messrs Ernst & Young by the Company and its subsidiaries amounted to approximately RM151,580.

8. 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.

9. PROFIT GUARANTEE

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

10. 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 2013 or entered into since the end of the previous financial year ended 31 March 2012.

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

On 27 September 2012, 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 2013 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	GDP Architects Sdn Bhd	Kamil Ahmad Merican(1)	2
Receipt of maritime and general contracting works and engineering consultancy services	Dr. Nik & Associates Sdn Bhd and Tidalmarine Engineering Sdn Bhd	Dato' Ir. Dr. Nik Mohd Kamel bin Nik Hassan(2)	6,496
Receipt of interior design services and trading of interior design products	Interiors International (M) Sdn Bhd	Dato' Tham Ka Hon(3)	4,879
Purchase of properties sold by E&O Group	Kok Meng Chow, brother and brother's spouse	Kok Meng Chow(4)	1,510

Notes:

(1) Kamil Ahmad Merican is a Director of the Company and is a Chief Executive Officer of GDP Architects Sdn Bhd.

(2) Dato' Ir. Dr. Nik Mohd Kamel bin Nik Hassan ("NMK") was a Director of Bridgecrest Resources Sdn Bhd ("BRSB"), which is a subsidiary of the Company. During the financial year, he has resigned as a Director of BRSB. NMK is also a Director and major shareholder of Dr. Nik & Associates Sdn Bhd and Tidalmarine Engineering Sdn Bhd.

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

(4) Kok Meng Chow is the Finance Director of the Company.

FINANCIAL STATEMENTS 2013

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 2013.

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	136,766	24,046
Profit attributable to:		
Owners of the parent	129,556	24,046
Non-controlling interests	7,210	–
	136,766	24,046

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.

DIVIDENDS

The amount of dividend paid by the Company since 31 March 2012 was as follows:

	RM'000
In respect of the financial year ended 31 March 2012 as reported in the directors' report of that year:	
First and final dividend of 4.25% less 25% taxation, on 1,106,182,310 ordinary stock units of RM1.00 each declared on 3 September 2012 and paid on 2 November 2012	35,260

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year ended 31 March 2013, of 4.50% less 25% (3.375 sen net per ordinary stock unit), amounting to a net dividend payable of approximately RM37,333,653 (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 2013, 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 2014.

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
Kamil Ahmad Merican
Datuk Vijeyaratnam a/l V. Thamotharam Pillay
Chan Kok Leong
Kok Meng Chow
Christopher Martin Boyd
Tan Sri Dato' Mohd Bakke bin Salleh
Dato' Abd Wahab bin Maskan
Tan Kar Leng @ Chen Kar Leng *(appointed on 3 December 2012)*
Datuk Henry Chin Poy Wu *(retired on 27 September 2012)*

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 and stock units granted and awarded under the Company's Employees' Share Option Scheme and Long-Term Stock Incentive Plan ("LTIP").

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, options over stock units and LTIP in the Company during the financial year were as follows:

INTERESTS IN THE COMPANY

	NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH			
	AT 1.4.2012	ACQUIRED (DURING THE FINANCIAL YEAR)	SOLD (DURING THE FINANCIAL YEAR)	AT 31.3.2013
Direct interests:				
Datuk Azizan bin Abd Rahman	6,300,000	1,000,000	–	7,300,000
Dato' Tham Ka Hon	44,290,233	1,200,000	–	45,490,233
Kamil Ahmad Merican	1,875,000	–	–	1,875,000
Chan Kok Leong	7,450,000	–	(1,050,000)	6,400,000
Kok Meng Chow	200,000	550,000	(650,000)	100,000
Indirect interests:				
Dato' Tham Ka Hon	11,766,928	–	–	11,766,928
Christopher Martin Boyd	280,000	–	(280,000)	–

	NUMBER OF OPTIONS OVER ORDINARY STOCK UNITS OF RM1.00 EACH			
	AT 1.4.2012	GRANTED (DURING THE FINANCIAL YEAR)	EXERCISED (DURING THE FINANCIAL YEAR)	AT 31.3.2013
Dato' Tham Ka Hon	1,200,000	–	(1,200,000)	–
Kok Meng Chow	550,000	–	(550,000)	–

	NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH AWARDED UNDER THE LTIP			
	AT 1.4.2012	AWARDED (DURING THE FINANCIAL YEAR)	VESTED (DURING THE FINANCIAL YEAR)	AT 31.3.2013
Chan Kok Leong	–	548,000	–	548,000
Kok Meng Chow	–	1,692,000	–	1,692,000

None of the other directors in office at the end of the financial year had any interest in stock units, options over stock units and LTIP 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:

(a) authorised ordinary share capital from RM1,200,000,000 to RM2,000,000,000 through the creation of 800,000,000 ordinary stock units of RM1.00 each; and

(b) issued and paid-up ordinary stock units from RM1,133,463,210 to RM1,135,621,710 by way of the issuance of 2,158,500 ordinary stock units of RM1.00 each for cash pursuant to the Company's ESOS, of which 551,500 ordinary stock units were issued on 551,500 ESOS at an exercise price of RM1.06 per ordinary stock unit and 1,607,000 ordinary stock units were issued on 1,607,000 ESOS at an exercise price of RM1.00 per ordinary stock unit.

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.

TREASURY STOCK UNITS

As at 31 March 2013, the Company held as treasury stock units a total of 29,439,400 of its 1,135,621,710 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 expired on 28 April 2012.

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

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.

LONG-TERM STOCK INCENTIVE PLAN ("LTIP")

The LTIP of the Company was approved by its stockholders at an Extraordinary General Meeting held on 27 September 2012. The LTIP has been implemented on 26 February 2013.

On 15 March 2013, the Company announced that the eligible employees and executive directors of the Company and its subsidiaries are entitled to the award of stock units under the LTIP, which made up of two plans, i.e. the Performance-based Restricted Stock Unit Incentive Plan ("PSU Award") and the Restricted Stock Unit Incentive Plan ("RSU Award").

The salient features, terms and details of the LTIP are disclosed in Note 35(b) to the financial statements.

During the financial year, the Company awarded 1,499,000 stock units under the PSU Award and 12,679,100 stock units under the RSU Award to its eligible employees and executive directors. The details of the stock units awarded under the LTIP and its vesting conditions are disclosed in Note 35(b) to the financial statements.

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.

(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.

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 24 July 2013.

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 103 to 225 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 2013 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 226 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 24 July 2013.

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 103 to 226 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 24 July 2013

KOK MENG CHOW

Before me,

KAPT. (B) JASNI BIN YUSOFF
No. W465
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 2013 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 103 to 225.

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 2013 and of their financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITORS' REPORT

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

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 226 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
24 July 2013

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000 (RESTATED)	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Revenue	4	**605,536**	492,151	**70,732**	56,082
Cost of sales	5	**(325,969)**	(300,391)	**–**	–
Gross profit		**279,567**	191,760	**70,732**	56,082
Other income	6	**39,393**	86,301	**14,427**	15,718
Administrative expenses		**(74,469)**	(73,673)	**(34,768)**	(33,450)
Selling and marketing expenses		**(34,215)**	(16,964)	**–**	–
Other expenses		**(25,267)**	(20,327)	**(2,749)**	(4,150)
Operating profit		**185,009**	167,097	**47,642**	34,200
Finance costs	7	**(29,753)**	(30,145)	**(19,745)**	(27,737)
Share of results of associate		**80**	177	**–**	–
Share of results of jointly controlled entities		**31,935**	34,043	**–**	–
Profit before tax	8	**187,271**	171,172	**27,897**	6,463
Income tax expense	11	**(50,505)**	(43,433)	**(3,851)**	(5,876)
Profit net of tax		**136,766**	127,739	**24,046**	587
Other comprehensive income:					
Foreign currency translation		**421**	(116)	**–**	–
Income tax relating to components of other comprehensive income		**–**	–	**–**	–
Other comprehensive income for the financial year, net of tax		**421**	(116)	**–**	–
Total comprehensive income for the financial year		**137,187**	127,623	**24,046**	587
Profit attributable to:					
Owners of the parent		**129,556**	123,296	**24,046**	587
Non-controlling interests		**7,210**	4,443	**–**	–
		136,766	127,739	**24,046**	587
Total comprehensive income attributable to:					
Owners of the parent		**129,977**	123,180	**24,046**	587
Non-controlling interests		**7,210**	4,443	**–**	–
		137,187	127,623	**24,046**	587
Earnings per stock unit attributable to owners of the parent (sen):					
Basic	12(a)	**11.71**	11.27		
Diluted	12(b)	**11.56**	11.25		

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	NOTE	2013 RM'000	2012 RM'000 (RESTATED)	1.4.2011 RM'000 (RESTATED)
ASSETS				
Non-current assets				
Property, plant and equipment	14	**364,249**	296,634	260,634
Land held for property development	15(a)	**622,183**	666,101	669,906
Investment properties	16	**411,060**	281,651	325,837
Land use rights	17	**–**	–	676
Intangible assets	18	**316**	3,231	3,227
Investment in associate	20	**17,006**	16,926	16,749
Investment in jointly controlled entities	21	**95,998**	57,658	17,822
Investment securities	22	**2,114**	2,405	3,050
Deferred tax assets	23	**4,372**	1,651	14,210
Trade and other receivables	25	**3,422**	1,478	1,103
		1,520,720	1,327,735	1,313,214
Current assets				
Property development costs	15(b)	**222,346**	297,755	300,598
Inventories	24	**109,894**	37,938	38,362
Trade and other receivables	25	**111,428**	85,675	122,398
Prepayments		**3,905**	8,214	6,266
Tax recoverable		**25,877**	27,630	23,584
Accrued billings in respect of property development costs		**200,288**	124,837	–
Cash and bank balances	26	**283,413**	268,535	309,374
		957,151	850,584	800,582
Total assets		**2,477,871**	2,178,319	2,113,796

	NOTE	2013 RM'000	2012 RM'000 (RESTATED)	1.4.2011 RM'000 (RESTATED)
EQUITY AND LIABILITIES				
Current liabilities				
Irredeemable convertible unsecured loan stocks	31	**–**	–	153
Loans and borrowings	27	**281,359**	276,362	378,934
Provisions	28	**162**	183	162
Trade and other payables	29	**182,166**	171,661	118,597
Progress billings in respect of property development costs		**–**	–	22,940
Provision for retirement benefits	35(a)	**12**	–	–
Income tax payable		**22,468**	12,974	7,356
		486,167	461,180	528,142
Net current assets		**470,984**	389,404	272,440
Non-current liabilities				
Irredeemable convertible secured loan stocks	32	**–**	–	81,836
Provision for retirement benefits	35(a)	**304**	–	–
Loans and borrowings	27	**490,655**	328,463	364,204
Provisions	28	**500**	468	328
Trade and other payables	29	**29,158**	26,096	11,870
Deferred tax liabilities	23	**45,229**	43,809	44,842
		565,846	398,836	503,080
Total liabilities		**1,052,013**	860,016	1,031,222
Net assets		**1,425,858**	1,318,303	1,082,574
Equity attributable to owners of the parent				
Share capital	30	**1,135,622**	1,133,463	842,592
Irredeemable convertible unsecured loan stocks	31	**–**	–	1,345
Irredeemable convertible secured loan stocks	32	**–**	–	71,133
Treasury stock units	33	**(27,720)**	(27,720)	(27,645)
Reserves	34	**281,966**	183,780	170,812
		1,389,868	1,289,523	1,058,237
Non-controlling interests		**35,990**	28,780	24,337
Total equity		**1,425,858**	1,318,303	1,082,574
Total equity and liabilities		**2,477,871**	2,178,319	2,113,796

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

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	NOTE	2013 RM'000	2012 RM'000 (RESTATED)
ASSETS			
Non-current assets			
Property, plant and equipment	14	**2,481**	2,143
Intangible assets	18	**11**	17
Investment in subsidiaries	19	**1,127,721**	1,127,974
Trade and other receivables	25	**286**	298
		1,130,499	1,130,432
Current assets			
Trade and other receivables	25	**665,619**	705,231
Prepayments		**358**	420
Tax recoverable		**24,918**	31,688
Cash and bank balances	26	**1,895**	1,951
		692,790	739,290
Total assets		**1,823,289**	1,869,722

	NOTE	2013 RM'000	2012 RM'000 (RESTATED)
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	27	**112,043**	121,200
Trade and other payables	29	**395,545**	414,148
		507,588	535,348
Net current assets		**185,202**	203,942
Non-current liabilities			
Loans and borrowings	27	**613**	11,034
Provisions	28	**39**	–
Deferred tax liabilities	23	**6,057**	8,762
		6,709	19,796
Total liabilities		**514,297**	555,144
Net assets		**1,308,992**	1,314,578
Equity attributable to owners of the parent			
Share capital	30	**1,135,622**	1,133,463
Treasury stock units	33	**(27,720)**	(27,720)
Reserves	34	**201,090**	208,835
Total equity		**1,308,992**	1,314,578
Total equity and liabilities		**1,823,289**	1,869,722

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 2013

		ATTRIBUTABLE TO OWNERS OF THE PARENT										
			NON-DISTRIBUTABLE						DISTRIBUTABLE			
	NOTE	SHARE CAPITAL RM'000	ICULS RM'000	ICSLS RM'000	SHARE PREMIUM RM'000	TREASURY STOCK UNITS RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	SHARE OPTION/ LTIP RESERVE RM'000	(ACCUMULATED LOSSES)/ RETAINED PROFITS RM'000	TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 April 2012		1,133,463	–	–	141,481	(27,720)	533	891	40,366	1,289,014	28,780	1,317,794
Effects of adopting the amendments to FRS 112	2.2	–	–	–	–	–	–	–	509	509	–	509
At 1 April 2012 (restated)		1,133,463			141,481	(27,720)	533	891	40,875	1,289,523	28,780	1,318,303
Total comprehensive income for the financial year		–	–	–	–	–	421	–	129,556	129,977	7,210	137,187
Transactions with owners												
Issue of ordinary stock units:												
- Pursuant to ESOS		2,159	–	–	33	–	–	–	–	2,192	–	2,192
Share options lapsed under ESOS		–	–	–	–	–	–	(260)	–	(260)	–	(260)
Share options granted under ESOS exercised		–	–	–	631	–	–	(631)	–	–	–	–
Award of LTIP to employees		–	–	–	–	–	–	3,696	–	3,696	–	3,696
Dividend on ordinary stock units	13	–	–	–	–	–	–	–	(35,260)	(35,260)	–	(35,260)
Total transactions with owners		2,159	–	–	664	–	–	2,805	(35,260)	(29,632)	–	(29,632)
At 31 March 2013		**1,135,622**	**–**	**–**	**142,145**	**(27,720)**	**954**	**3,696**	**135,171**	**1,389,868**	**35,990**	**1,425,858**
At 1 April 2011		842,592	1,345	71,133	241,699	(27,645)	649	1,726	(73,931)	1,057,568	24,337	1,081,905
Effects of adopting the amendments to FRS 112	2.2	–	–	–	–	–	–	–	669	669	–	669
At 1 April 2011 (restated)		842,592	1,345	71,133	241,699	(27,645)	649	1,726	(73,262)	1,058,237	24,337	1,082,574
Total comprehensive income for the financial year		–	–	–	–	–	(116)	–	123,296	123,180	4,443	127,623
Transactions with owners												
Issue of ordinary stock units:												
- Pursuant to ESOS		4,185	–	–	249	–	–	–	–	4,434	–	4,434
- Warrants exercised		29,833	–	–	–	–	–	–	–	29,833	–	29,833
- Conversion of ICULS*		1,970	(1,345)	–	(624)	–	–	–	–	1	–	1
- Conversion of ICSLS*		254,883	–	(76,739)	(100,850)	–	–	–	–	77,294	–	77,294
Purchase of treasury stock units		–	–	–	–	(75)	–	–	–	(75)	–	(75)
Sale of ICSLS		–	–	5,606	–	–	–	–	4,272	9,878	–	9,878
Share options granted under ESOS		–	–	–	–	–	–	197	–	197	–	197
Share options lapsed under ESOS		–	–	–	–	–	–	(25)	–	(25)	–	(25)
Share options granted under ESOS exercised		–	–	–	1,007	–	–	(1,007)	–	–	–	–
Dividend on ordinary stock units	13	–	–	–	–	–	–	–	(13,431)	(13,431)	–	(13,431)
Total transactions with owners		290,871	(1,345)	(71,133)	(100,218)	(75)	–	(835)	(9,159)	108,106	–	108,106
At 31 March 2012		1,133,463	–	–	141,481	(27,720)	533	891	40,875	1,289,523	28,780	1,318,303

* 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.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

			NON-DISTRIBUTABLE					DISTRIBUTABLE	
	NOTE	SHARE CAPITAL RM'000	ICULS RM'000	ICSLS RM'000	SHARE PREMIUM RM'000	TREASURY STOCK UNITS RM'000	SHARE OPTION/ LTIP RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL EQUITY RM'000
At 1 April 2012		1,133,463	–	–	141,481	(27,720)	891	66,463	1,314,578
Total comprehensive income for the financial year		–	–	–	–	–	–	24,046	24,046
Transactions with owners									
Issue of ordinary stock units:									
- Pursuant to ESOS		2,159	–	–	33	–	–	–	2,192
Share options lapsed under ESOS		–	–	–	–	–	(260)	–	(260)
Share options granted under ESOS exercised		–	–	–	631	–	(631)	–	–
Award of LTIP to employees		–	–	–	–	–	3,696	–	3,696
Dividend on ordinary stock units	13	–	–	–	–	–	–	(35,260)	(35,260)
Total transactions with owners		2,159	–	–	664	–	2,805	(35,260)	(29,632)
At 31 March 2013		**1,135,622**	**–**	**–**	**142,145**	**(27,720)**	**3,696**	**55,249**	**1,308,992**
At 1 April 2011		842,592	1,345	71,133	241,699	(27,645)	1,726	75,035	1,205,885
Total comprehensive income for the financial year		–	–	–	–	–	–	587	587
Transactions with owners									
Issue of ordinary stock units:									
- Pursuant to ESOS		4,185	–	–	249	–	–	–	4,434
- Warrants exercised		29,833	–	–	–	–	–	–	29,833
- Conversion of ICULS*		1,970	(1,345)	–	(624)	–	–	–	1
- Conversion of ICSLS*		254,883	–	(76,739)	(100,850)	–	–	–	77,294
Purchase of treasury stock units		–	–	–	–	(75)	–	–	(75)
Sale of ICSLS		–	–	5,606	–	–	–	4,272	9,878
Share options granted under ESOS		–	–	–	–	–	197	–	197
Share options lapsed under ESOS		–	–	–	–	–	(25)	–	(25)
Share options granted under ESOS exercised		–	–	–	1,007	–	(1,007)	–	–
Dividend on ordinary stock units	13	–	–	–	–	–	–	(13,431)	(13,431)
Total transactions with owners		290,871	(1,345)	(71,133)	(100,218)	(75)	(835)	(9,159)	108,106
At 31 March 2012		1,133,463	–	–	141,481	(27,720)	891	66,463	1,314,578

* 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.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	2013 RM'000	2012 RM'000
OPERATING ACTIVITIES		
Profit before tax	**187,271**	171,172
Adjustments for:		
Impairment loss on financial assets:		
- trade receivables	**508**	743
- other receivables	**14**	5
Amortisation of:		
- land use rights	**–**	7
- intangible assets	**113**	90
Depreciation of property, plant and equipment	**14,827**	13,071
Bad debts written off	**224**	99
Gain from fair value movement of investment properties	**(9,484)**	(64,538)
Net fair value adjustment	**228**	(2,026)
Fair value loss on investment securities	**227**	645
Interest expense	**29,146**	29,891
Intangible assets written off	**3**	–
Inventories written off	**47**	–
Property, plant and equipment written off	**25**	59
Inventories written down	**–**	290
Impairment loss on property, plant and equipment	**–**	524
Impairment loss on intangible assets	**2,911**	–
Reversal of impairment loss on:		
- trade receivables	**(761)**	–
- other receivables	**–**	(17)
Net (gain)/loss on disposal of:		
- a subsidiary	**(7,601)**	–
- property, plant and equipment	**(75)**	60
- land use rights	**–**	269
Unrealised loss/(gain) on foreign exchange	**1,127**	(100)
Investment written off	**63**	–
Interest income	**(5,709)**	(10,220)
Dividend income	**(368)**	(196)
Short term accumulating compensated absences	**–**	(120)
Share of results of associate	**(80)**	(177)
Share of results of jointly controlled entities	**(31,935)**	(34,043)
Share options granted under ESOS	**–**	197
Share options lapsed under ESOS	**(260)**	(25)
Award of LTIP to employees	**3,696**	–
Provision for retirement benefits	**316**	–
Operating profit before changes in working capital carried forward	**184,473**	105,660

	2013 RM'000	2012 RM'000
Operating profit before changes in working capital brought forward	**184,473**	105,660
Changes in working capital		
Land held for property development	**(37,831)**	(4,946)
Property development cost	**11,058**	19,489
Inventories	**1,093**	2,471
Receivables	**(23,550)**	(90,561)
Payables	**17,461**	47,523
Cash flows from operations	**152,704**	79,636
Interest received	**5,860**	10,309
Interest paid	**(36,798)**	(49,397)
Income taxes refunded	**6,513**	4,962
Income taxes paid	**(49,957)**	(34,502)
Real property gains tax paid	**(40)**	(791)
Net cash flows from operating activities	**78,282**	10,217
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(82,292)**	(50,115)
Purchase of intangible assets	**(112)**	(94)
Purchase of investment properties:		
- additions	**(100,906)**	(20,361)
- subsequent expenditure	**(24,165)**	(5,545)
Proceeds from disposal of property, plant and equipment	**207**	1,025
Proceeds from disposal of an investment property	**–**	134,000
Net cash inflow from disposal of a subsidiary (Note 19(b))	**4,811**	–
Proceeds from disposal of land use rights	**–**	400
Profit distribution from a jointly controlled entity	**–**	1,337
Investment in a jointly controlled entity	**–**	(6,500)
Dividends received	**365**	192
Net cash flows (used in)/from investing activities	**(202,092)**	54,339

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONT'D)

	2013 RM'000	2012 RM'000
FINANCING ACTIVITIES		
Proceeds from exercise of ESOS	**2,192**	4,434
Proceeds from exercise of warrants	**–**	29,833
Purchase of treasury stock units	**–**	(75)
Proceeds from sale of ICSLS	**–**	12,697
Drawdown of borrowings	**274,870**	97,302
Repayment of borrowings	**(102,760)**	(239,998)
Repayment of obligations under finance lease	**(592)**	(835)
Dividends paid	**(35,260)**	(13,431)
Net cash flows from/(used in) financing activities	**138,450**	(110,073)
Net increase/(decrease) in cash and cash equivalents	**14,640**	(45,517)
Effect of exchange rate changes on cash and cash equivalents	**421**	(116)
Cash and cash equivalents at the beginning of financial year	**240,769**	286,402
Cash and cash equivalents at the end of financial year (Note 26)	**255,830**	240,769

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 2013

	2013 RM'000	2012 RM'000
OPERATING ACTIVITIES		
Profit before tax	**27,897**	6,463
Adjustments for:		
Fair value adjustment	**(10)**	34
Impairment loss on other receivables	**352**	2,977
Amortisation of intangible assets	**6**	6
Depreciation of property, plant and equipment	**426**	294
Impairment loss on investment in subsidiaries	**253**	653
Interest expense	**19,745**	27,703
Unrealised loss on foreign exchange	**1,251**	–
Waiver of debts	**823**	–
Dividend income	**(68,538)**	(53,960)
Reversal of impairment loss on other receivables	**(816)**	(65)
Interest income	**(13,600)**	(15,631)
Share options granted under ESOS	**–**	197
Share options lapsed under ESOS	**(260)**	(25)
Award of LTIP to employees	**3,696**	–
Operating loss before changes in working capital	**(28,775)**	(31,354)
Changes in working capital		
Receivables	**(603)**	2,687
Payables	**3,113**	8,739
Cash flows used in operations	**(26,265)**	(19,928)
Interest paid	**(5,377)**	(17,345)
Income taxes refunded	**6,271**	4,440
Net cash flows used in operating activities	**(25,371)**	(32,833)
Investing activities		
Purchase of property, plant and equipment	**(495)**	(394)
Dividends received	**59,285**	28,204
Interest received	**114**	43
Net cash flows from investing activities	**58,904**	27,853

COMPANY STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONT'D)

	2013 RM'000	2012 RM'000
FINANCING ACTIVITIES		
Proceeds from exercise of ESOS	**2,192**	4,434
Proceeds from exercise of warrants	**–**	29,833
Purchase of treasury stock units	**–**	(75)
Proceeds from sale of ICSLS	**–**	12,697
Drawdown of borrowings	**20,000**	5,000
Repayment of borrowings	**(40,000)**	(30,000)
Repayment of obligations under finance lease	**(287)**	(248)
Repayment/advances from/(to) subsidiaries	**19,287**	(6,343)
Dividends paid	**(35,260)**	(13,431)
Net cash flows (used in)/from financing activities	**(34,068)**	1,867
Net decrease in cash and cash equivalents	**(535)**	(3,113)
Cash and cash equivalents at the beginning of financial year	**(23,970)**	(20,857)
Cash and cash equivalents at the end of financial year (Note 26)	**(24,505)**	(23,970)

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2013

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 24 July 2013.

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 2012 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 2012, 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 2012.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

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:

Amendments to FRS 7: Transfers of Financial Assets

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.

Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets

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 effects arising from the adoption of this Standard have been accounted for retrospectively by adjusting the opening balance of retained profits/(accumulated losses) as follows:

	INCREASE/(DECREASE) AS AT 31.3.2012 RM'000	AS AT 1.4.2011 RM'000
Group		
Statement of financial position		
Non-current assets		
Deferred tax assets	(3,241)	(3,081)
Non-current liabilities		
Deferred tax liabilities	(3,750)	(3,750)
Equity		
Retained profits	509	–
Accumulated losses	–	(669)

	INCREASE/(DECREASE) 2012 RM'000
Group	
Statement of comprehensive income	
Income tax expense	160
Profit for the financial year	(160)

	DECREASE 2012 SEN PER STOCK UNIT
Group	
Statement of comprehensive income	
Earnings per stock unit	
Basic	0.02
Diluted	0.02

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
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 101: Presentation of Financial Statements (Improvements to FRSs (2012))	1 January 2013
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
Amendments to FRS 7: Disclosure - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards - Government Loans	1 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards and interpretations issued but not yet effective (cont'd)

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective: (cont'd)

DESCRIPTION	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 116: Property, Plant and Equipment (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 132: Financial Instruments: Presentation (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 134: Interim Financial Reporting (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to FRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	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:

Amendments to FRS 101: Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)

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, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which would never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

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. The Group is in the process of making an assessment of the impact of this implementation.

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.

The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

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 119: Employee Benefits

The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" as permitted under the previous version of FRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to FRS 119 require retrospective application with certain exceptions. The application of the amendments will not have any material impact to the financial position of the Group.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

2.3 Standards and interpretations issued but not yet effective (cont'd)

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.

FRS 9: Financial Instruments

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.

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 2013 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.

2.4 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Subsidiaries and basis of consolidation (cont'd)

(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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Land held for property development and property development costs (cont'd)

(c) Property development costs (cont'd)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Intangible assets (cont'd)

(a) Goodwill (cont'd)

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.

2.14 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial assets (cont'd)

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.

(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. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

2.22 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 investment 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 it 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.29 Foreign currency (cont'd)

(b) Foreign currency transactions (cont'd)

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

Two subsidiaries of the Group, namely Eastern & Oriental Hotel Sdn. Bhd. and Lone Pine Hotel (Penang) Sdn. Bhd. (collectively referred to as the "Hotel Group"), operate an unfunded, defined benefit Retirement Benefit Scheme ("Unfunded Scheme") for the eligible employees of the Hotel Group. The Hotel Group'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.

(d) Share-based compensation

- **Long-Term Stock Incentive Plan ("LTIP")**

The Company's LTIP, an equity-settled or cash-settled or combination of both, allows eligible employees of the Group to be entitled for ordinary stock units or payment by cash or a combination of any of the aforesaid of the Company. The total fair value of LTIP awarded to employees are recognised as an employee cost with a corresponding increase in the LTIP reserve or accrued liability within equity and payable over the vesting period and taking into account the probability that the LTIP will vest. The fair value of LTIP is measured at grant date, taking into account, if any, the market vesting conditions upon which the LTIPs were awarded but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of LTIPs that are expected to be awarded on vesting date.

At each financial year end, the Group revises its estimates of the number of LTIPs that are expected to be awarded on vesting date. It recognises the impact of revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity or liability over the remaining vesting period. The equity amount is recognised in the LTIP reserve and the cash amount is recognised in accrued liability.

- **Employees' Share Option Scheme**

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 Employee benefits (cont'd)

(d) Share-based compensation (cont'd)

- **Employees' Share Option Scheme** (cont'd)

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.

(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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainties (cont'd)

(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 RM171,422,000 (2012: RM160,391,000) and RM11,535,000 (2012: RM9,450,000) respectively.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. This 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Property development activities	504,187	384,700	–	–
Sale of land held for property development	63	–	–	–
Sale of completed properties	1,461	9,863	–	–
Rental income	12,736	11,725	–	–
Hotel and restaurant operations	83,906	82,192	–	–
Investments and others	3,183	3,671	70,732	56,082
	605,536	492,151	70,732	56,082

5. COST OF SALES

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Property development costs (Note 15(b))	256,332	233,501	–	–
Cost of land held for property development	16	–	–	–
Cost of completed properties	975	2,660	–	–
Cost of rental related	10,329	5,460	–	–
Cost of hotel and restaurant operations	52,750	54,853	–	–
Cost of sales with respect to management services rendered	5,067	3,167	–	–
Write back of cost of completed projects	–	(150)	–	–
Others	500	900	–	–
	325,969	300,391	–	–

6. OTHER INCOME

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest income:				
- subsidiaries	–	–	13,486	15,587
- others	5,709	10,220	114	44
Reversal of impairment loss on:				
- trade receivables (Note 25)	761	–	–	–
- other receivables (Note 25)	–	17	816	65
Gain on disposal of:				
- a subsidiary (Note 19(b))	7,601	–	–	–
- property, plant and equipment	92	26	–	–
Hotel and restaurant related services	3,757	3,629	–	–
Rental income	1,027	1,315	–	–
Realised gain on foreign exchange	19	13	–	–
Unrealised gain on foreign exchange	299	100	–	–
Fair value adjustment	379	2,280	10	–
Fair value gain on investment securities	–	8	–	–
Gain on fair value movement of investment properties (Note 16)	9,494	65,178	–	–
Savings arising from land area adjustment	7,390	–	–	–
Miscellaneous	2,865	3,515	1	22
	39,393	86,301	14,427	15,718

7. FINANCE COSTS

	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Interest expense on:				
Bank overdrafts	**2,027**	1,098	**1,718**	915
Term loans	**22,227**	23,700	**1,060**	2,587
Revolving credits	**9,672**	5,283	**2,236**	2,037
Bank guarantee	**1,497**	2,541	**–**	–
Irredeemable convertible unsecured loan stocks	**–**	4	**–**	4
Irredeemable convertible secured loan stocks	**–**	4,116	**–**	4,116
Commercial papers	**1,940**	2,463	**–**	–
Medium term notes	**–**	4,151	**–**	–
Obligations under finance leases	**75**	95	**44**	60
Advances from subsidiaries	**–**	–	**14,687**	17,984
Fair value adjustment	**607**	254	**–**	34
	38,045	43,705	**19,745**	27,737
Less: Interest expense capitalised in:				
Property, plant and equipment (Note 14(c))	**(4,973)**	(2,729)	**–**	–
Land held for property development (Note 15(a)(iii))	**(677)**	(1,985)	**–**	–
Investment properties (Note 16)	**–**	(599)	**–**	–
Property development costs (Note 15(b))	**(2,642)**	(8,247)	**–**	–
	29,753	30,145	**19,745**	27,737

8. PROFIT BEFORE TAX

In addition to the other items disclosed elsewhere in the financial statements, the following items have been included in arriving at profit before tax:

	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Auditors' remuneration:				
- statutory audits	**590**	509	**58**	58
- underprovision in prior year	**17**	4	**–**	3
- other services (EY Malaysia)	**20**	13	**5**	4
- other services (member firms of EY Global)	**132**	–	**–**	–
Amortisation of:				
- land use rights (Note 17)	**–**	7	**–**	–
- intangible assets (Note 18)	**113**	90	**6**	6
Impairment loss on financial assets				
- trade receivables (Note 25)	**508**	743	**–**	–
- other receivables (Note 25)	**14**	5	**352**	2,977
Bad debts written off	**224**	99	**–**	–
Depreciation of property, plant and equipment (Note 14)	**14,827**	13,071	**426**	294
Intangible assets written off	**3**	–	**–**	–
Employee benefits expense (Note 9)	**71,759**	70,122	**26,876**	26,240
Loss on fair value movement of investment properties (Note 16)	**10**	640	**–**	–
Non-executive directors' remuneration (Note 10)	**589**	543	**543**	516
Impairment loss on:				
- property, plant and equipment (Note 14)	**–**	524	**–**	–
- investment in subsidiaries	**–**	–	**253**	653
- intangible assets (Note 18)	**2,911**	–	**–**	–
Inventories written down	**–**	290	**–**	–
Inventories written off	**47**	–	**–**	–
Loss on disposal of:				
- property, plant and equipment	**17**	86	**–**	–
- land use rights	**–**	269	**–**	–
Property, plant and equipment written off	**25**	59	**–**	–
Rental of land and buildings	**8,841**	5,923	**900**	800
Rental of plant and machinery	**384**	246	**73**	38
Realised loss on foreign exchange	**14**	7	**–**	–
Unrealised loss on foreign exchange	**1,426**	–	**1,251**	–
Waiver of debts	**–**	–	**823**	–
Investment written off	**63**	–	**–**	–
Fair value loss on investment securities	**227**	653	**–**	–

9. EMPLOYEE BENEFITS EXPENSE

	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Wages and salaries	**55,798**	59,818	**19,688**	23,325
Social security contributions	**667**	516	**35**	33
Short term accumulating compensated absences	**–**	(120)	**–**	–
Contributions to defined contribution plan	**6,600**	5,040	**2,727**	1,691
Increase in liability of defined benefit plans (Note 35(a))	**316**	–	**–**	–
Award of LTIP to employees	**3,696**	–	**3,696**	–
Net share options (lapsed)/granted under ESOS	**(260)**	172	**(260)**	172
Other benefits	**4,942**	4,696	**990**	1,019
	71,759	70,122	**26,876**	26,240

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM10,195,000 (2012: RM10,554,000) and RM10,195,000 (2012: RM10,554,000) respectively, as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Executive directors' remuneration:				
- other emoluments (Note 9)	**10,195**	10,554	**10,195**	10,554
Non-executive directors' remuneration:				
- fees (Note 8)	**589**	543	**543**	516
Total directors' remuneration	**10,784**	11,097	**10,738**	11,070
Estimated money value of benefits-in-kind:				
- Award of LTIP	**640**	–	**640**	–
- others	**326**	360	**326**	360
Total directors' remuneration including benefits-in-kind	**11,750**	11,457	**11,704**	11,430

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

	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Executive:				
Salaries and other emoluments	**8,725**	10,105	**8,725**	10,105
Defined contribution plan	**1,470**	449	**1,470**	449
Estimated money value of benefits-in-kind				
- Award of LTIP	**640**	–	**640**	–
- others	**285**	319	**285**	319
	11,120	10,873	**11,120**	10,873
Non-executive:				
Fees	**543**	516	**543**	516
Others	**41**	41	**41**	41
	584	557	**584**	557
Total directors' remuneration including benefits-in-kind	**11,704**	11,430	**11,704**	11,430

The number of directors of the Company whose total remuneration during the financial year fell within the following bands (excluding the award of LTIP) is analysed below:

	NUMBER OF DIRECTORS 2013	NUMBER OF DIRECTORS 2012
Executive directors:		
RM650,001 - RM700,000	**–**	1
RM1,350,001 - RM1,400,000	**–**	1
RM1,700,001 - RM1,750,000	**1**	–
RM3,700,001 - RM3,750,000	**1**	–
RM5,000,001 - RM5,050,000	**1**	–
RM8,850,001 - RM8,900,000	**–**	1
Non-executive directors:		
Below RM50,000	**2**	3
RM50,001 - RM100,000	**5**	4
RM100,001 - RM150,000	**1**	1

11. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2013 and 2012 are:

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000 (RESTATED)	2013 RM'000	2012 RM'000 (RESTATED)
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	**53,290**	32,930	**6,595**	475
(Over)/under provision in prior years	**(1,524)**	(1,814)	**(39)**	1,312
	51,766	31,116	**6,556**	1,787
Malaysian real property gains tax	**40**	791	**–**	–
Deferred income tax (Note 23):				
Relating to origination and reversal of temporary differences	**(2,508)**	11,905	**(2,705)**	4,089
Under/(over) provision in prior years	**1,207**	(379)	**–**	–
	(1,301)	11,526	**(2,705)**	4,089
	50,505	43,433	**3,851**	5,876

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 2013 and 2012 are as follows:

	2013 RM'000	2012 RM'000 (RESTATED)
Group		
Profit before tax	**187,271**	171,172
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	**46,818**	42,793
Effect of different tax rates in foreign jurisdiction	**236**	123
Effect of expenses not deductible for tax purposes	**9,969**	9,599
Effect of income not subject to tax	**(995)**	(4,157)
Effect of utilisation of previously unrecognised deferred tax assets	**(1,218)**	(14)
Effect of share of results of associate	**(20)**	(44)
Effect of share of results of jointly controlled entities	**(7,984)**	(8,511)
Effect of income subject to real property gains tax	**40**	791
Deferred tax assets not recognised during the financial year	**3,976**	5,046
Over provision of income tax in prior years	**(1,524)**	(1,814)
Under/(over) provision of deferred tax in prior years	**1,207**	(379)
	50,505	43,433

	2013 RM'000	2012 RM'000 (RESTATED)
Company		
Profit before tax	**27,897**	6,463
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	**6,974**	1,616
Effect of expenses not deductible for tax purposes	**2,785**	863
Effect of income not subject to tax	**(6,390)**	(16)
Deferred tax assets not recognised during the financial year	**521**	2,101
(Over)/under provision of income tax in prior years	**(39)**	1,312
	3,851	5,876

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	
	2013 RM'000	2012 RM'000 (RESTATED)
Profit net of tax attributable to owners of the parent	**129,556**	123,296

	2013 '000	2012 '000
Weighted average number of ordinary stock units in issue	**1,106,182**	955,319
Weighted average number of ordinary stock units arising from conversion of ICULS	**–**	491
Weighted average number of ordinary stock units arising from conversion of ICSLS	**–**	137,865
Adjusted weighted average number of ordinary stock units	**1,106,182**	1,093,675

	2013 SEN	2012 SEN
Basic earnings per stock unit	**11.71**	11.27

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.

12. EARNINGS PER ORDINARY STOCK UNIT (CONT'D)

(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 and award of LTIP to employees.

	GROUP	
	2013 RM'000	2012 RM'000 (RESTATED)
Profit net of tax attributable to owners of the parent	**129,556**	123,296

	2013 '000	2012 '000
Weighted average number of ordinary stock units in issue	**1,106,182**	955,319
Weighted average number of ordinary stock units arising from conversion of ICULS	**–**	491
Weighted average number of ordinary stock units arising from conversion of ICSLS	**–**	137,865
Effect of dilution of warrants	**–**	857
Effect of dilution of ESOS	**–**	1,296
Effect of dilution of LTIP	**14,178**	–
Adjusted weighted average number of ordinary stock units in issue and issuable	**1,120,360**	1,095,828

	2013 SEN	2012 SEN
Diluted earnings per stock unit	**11.56**	11.25

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	
	2013 RM'000	2012 RM'000
Recognised during the financial year		
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
First and final dividend for 2012:		
4.25% less 25% taxation, on 1,106,182,310 ordinary stock units (3.1875 sen net per ordinary stock unit)	**35,260**	–
	35,260	13,431

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year ended 31 March 2013, of 4.50% less 25% (3.375 sen net per ordinary stock unit), amounting to a net dividend payable of approximately RM37,333,653 (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 2013, 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 2014.

14. PROPERTY, PLANT AND EQUIPMENT

GROUP	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
Cost							
At 1 April 2012	242,030	13,835	37,082	4,560	7,087	73,089	377,683
Additions	105	6,395	26,281	–	355	49,457	82,593
Disposals	–	(272)	(469)	–	(1,344)	–	(2,085)
Written off	–	(69)	(742)	–	–	–	(811)
Exchange differences	–	–	10	–	–	–	10
At 31 March 2013	242,135	19,889	62,162	4,560	6,098	122,546	457,390
Accumulated depreciation and impairment losses							
At 1 April 2012	44,878	5,336	22,613	4,446	3,776	–	81,049
Depreciation charge for the financial year (Note 8)	6,766	2,059	5,283	114	605	–	14,827
Disposals	–	(255)	(463)	–	(1,235)	–	(1,953)
Written off	–	(69)	(717)	–	–	–	(786)
Exchange differences	–	–	4	–	–	–	4
At 31 March 2013	51,644	7,071	26,720	4,560	3,146	–	93,141
Analysed as:							
Accumulated depreciation	51,644	7,071	26,196	4,560	3,146	–	92,617
Accumulated impairment losses	–	–	524	–	–	–	524
	51,644	7,071	26,720	4,560	3,146	–	93,141
Net carrying amount	190,491	12,818	35,442	–	2,952	122,546	364,249

*** 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 2012	40,977	96,709	103,595	386	363	242,030
Addition	–	105	–	–	–	105
At 31 March 2013	40,977	96,814	103,595	386	363	242,135
Accumulated depreciation						
At 1 April 2012	–	13,079	31,267	380	152	44,878
Depreciation charge for the financial year	–	3,503	3,252	6	5	6,766
At 31 March 2013	–	16,582	34,519	386	157	51,644
Net carrying amount	40,977	80,232	69,076	–	206	190,491

GROUP	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
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
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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2013

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

*** 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

COMPANY	OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
At 31 March 2013			
Cost			
At 1 April 2012	**864**	**1,872**	**2,736**
Additions	**481**	**283**	**764**
At 31 March 2013	**1,345**	**2,155**	**3,500**
Accumulated depreciation			
At 1 April 2012	**224**	**369**	**593**
Depreciation charge for the financial year (Note 8)	**217**	**209**	**426**
At 31 March 2013	**441**	**578**	**1,019**
Net carrying amount	**904**	**1,577**	**2,481**

COMPANY	OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
At 31 March 2012			
Cost			
At 1 April 2011	501	1,631	2,132
Additions	367	241	608
Disposals	(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
Disposals	(4)	–	(4)
At 31 March 2012	224	369	593
Net carrying amount	640	1,503	2,143

(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 2013 RM'000	2012 RM'000
Freehold land and buildings	**189,858**	196,079
Short term leasehold land	**–**	6
Long term leasehold land	**206**	211
	190,064	196,296

(b) Capital work-in-progress of the Group with carrying amount of RM122,546,000 (2012: RM73,089,000) 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 RM4,973,000 (2012: RM2,729,000).

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM82,593,000 (2012: RM50,732,000) and RM764,000 (2012: RM608,000) respectively, of which RM230,000 (2012: RM424,000) and RM230,000 (2012: RM214,000) 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	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Equipment	**–**	26	**–**	–
Motor vehicles	**2,208**	2,800	**1,572**	1,500
	2,208	2,826	**1,572**	1,500

(e) Included in the Group's and the Company's property, plant and equipment are provision for restoration costs of RM500,000 (2012: RM489,000) and RM39,000 (2012: Nil) respectively.

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 2013				
At 1 April 2012	**327,368**	**269,199**	**69,534**	**666,101**
Additions	**6,369**	**821**	**15,906**	**23,096**
Disposal	**(16)**	**–**	**–**	**(16)**
Disposal of a subsidiary (Note 19(b))	**(55,555)**	**–**	**(20,768)**	**(76,323)**
Re-allocation of costs	**20,562**	**(5,134)**	**–**	**15,428**
Reclassification	**573**	**(573)**	**–**	**–**
Transfer from/(to) property development cost (Note 15(b))	**481**	**(3,364)**	**(3,220)**	**(6,103)**
At 31 March 2013	**299,782**	**260,949**	**61,452**	**622,183**

	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

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 RM295,921,000 (2012: RM355,023,000) and RM99,772,000 (2012: RM89,580,000) 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 RM677,000 (2012: RM1,985,000).

15. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property development costs

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
Group				
At 31 March 2013				
Cumulative property development costs				
At 1 April 2012	**170,760**	**–**	**405,273**	**576,033**
Costs incurred during the financial year	**2,333**	**3**	**266,546**	**268,882**
Re-allocation of costs	**(23,100)**	**2,134**	**–**	**(20,966)**
Transfer (to)/from land held for property development (Note 15(a))	**(481)**	**3,364**	**3,220**	**6,103**
Unsold units transferred to inventories	**(7,890)**	**–**	**(65,206)**	**(73,096)**
At 31 March 2013	**141,622**	**5,501**	**609,833**	**756,956**
Cumulative costs recognised in profit or loss				
At 1 April 2012	**(35,655)**	**–**	**(242,623)**	**(278,278)**
Recognised during the financial year (Note 5)	**(26,958)**	**–**	**(229,374)**	**(256,332)**
At 31 March 2013	**(62,613)**	**–**	**(471,997)**	**(534,610)**
Property development cost at 31 March 2013	**79,009**	**5,501**	**137,836**	**222,346**
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 to 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

Development properties of the Group with carrying amount of RM221,042,000 (2012: RM296,479,000) 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 to the financial institutions as securities for a syndicated term loan facility and 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 RM2,642,000 (2012: RM8,247,000).

16. INVESTMENT PROPERTIES

	GROUP 2013 RM'000	2012 RM'000
At fair value		
At the beginning of financial year	**281,651**	325,837
Additions	**100,906**	20,361
Disposal	**–**	(134,000)
Subsequent expenditure	**24,165**	4,915
Fair value gain recognised in profit or loss (Note 6)	**9,494**	65,178
Fair value loss recognised in profit or loss (Note 8)	**(10)**	(640)
Exchange differences	**(5,146)**	–
At the end of financial year	**411,060**	281,651

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 in the previous financial year was interest expense of RM599,000.

Investment properties of the Group amounting to RM390,229,000 (2012: RM253,000,000) have been pledged as security for the credit facilities granted to a subsidiary, as disclosed in Note 27.

17. LAND USE RIGHTS

	GROUP 2013 RM'000	2012 RM'000
Long term leasehold land and building		
Cost		
At the beginning of financial year	–	800
Disposal	–	(800)
At the end of financial year	–	–
Accumulated amortisation		
At the beginning of financial year	–	124
Amortisation charge for the financial year (Note 8)	–	7
Disposal	–	(131)
At the end of financial year	–	–
Net carrying amount	–	–

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 2013			
Cost			
At 1 April 2012	2,911	1,143	4,054
Additions	–	112	112
Written off	–	(7)	(7)
At 31 March 2013	2,911	1,248	4,159
Accumulated amortisation and impairment losses			
At 1 April 2012	–	823	823
Amortisation charge for the financial year (Note 8)	–	113	113
Impairment loss recognised (Note 8)	2,911	–	2,911
Written off	–	(4)	(4)
At 31 March 2013	2,911	932	3,843
Net carrying amount	–	316	316
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

	COMPUTER SOFTWARE RM'000
Company	
At 31 March 2013	
Cost	
At 1 April 2012/At 31 March 2013	29
Accumulated amortisation	
At 1 April 2012	12
Amortisation charge for the financial year (Note 8)	6
At 31 March 2013	18
Net carrying amount	11
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

18. INTANGIBLE ASSETS (cont'd)

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 5% (2012: 10%). The cash flow projections are discounted using the current market assessment of the risks specific to the CGU at 5% (2012: 5%).

(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.

During the financial year, an impairment loss was recognised to write down the carrying amount of goodwill arising from acquisition of a subsidiary.

19. INVESTMENT IN SUBSIDIARIES

	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Unquoted shares at cost	**1,190,494**	1,190,494
Less: Accumulated impairment losses	**(62,773)**	(62,520)
	1,127,721	1,127,974

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2013 %	PROPORTION OF OWNERSHIP INTEREST 2012 %	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	**100**	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	Property investment	**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**	100	2

19. INVESTMENT IN SUBSIDIARIES (CONT'D)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2013 %	2012 %	PAID-UP SHARE CAPITAL RM
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
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

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2013 %	2012 %	PAID-UP SHARE CAPITAL RM
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
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

19. INVESTMENT IN SUBSIDIARIES (CONT'D)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2013 %	2012 %	PAID-UP SHARE CAPITAL RM
V) SUBSIDIARIES OF E&OPROP (CONT'D)					
Kamunting Management Services Sdn. Bhd.	Malaysia	Investment holding	**100**	100	100,000
KCB Holdings Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2
Eastern & Oriental Property (UK) Limited **	United Kingdom	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

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2013 %	2012 %	PAID-UP SHARE CAPITAL RM
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 Malaysia (M) Sdn. Bhd.		Investment holding	**86.8**	86.8	5,000,000
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. (Note (b))	Malaysia	Property development and property investment	**–**	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
E&O Customer Services Sdn. Bhd. ^	Malaysia	Property management and property investment	**100**	100	2,500,010
i) Subsidiary of Trans-Mutual Sdn. Bhd.					
Kamunting Management (HK) Limited *	Hong Kong	Dormant	**100**	100	HK$1,000

19. INVESTMENT IN SUBSIDIARIES (CONT'D)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2013 %	2012 %	PAID-UP SHARE CAPITAL RM
V) SUBSIDIARIES OF E&OPROP (CONT'D)					
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
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

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2013 %	2012 %	PAID-UP SHARE CAPITAL RM
f) Subsidiary of Pelicrest Sdn. Bhd.					
KCB (Guernsey) Limited **	Channel Islands	Investment holding	**100**	100	£1,000
g) Subsidiary of Eastern & Oriental Property (UK) Limited					
Goldtap Services Limited **	United Kingdom	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 (2012: RM547,784,000) has been pledged as security for borrowings as disclosed in Note 27.

^ E&O Customer Services Sdn. Bhd. was a wholly-owned subsidiary of KCB Trading Sdn. Bhd. in the previous financial year.

(a) Acquisitions of subsidiaries/additional investment in subsidiaries

2013

The Company had on 8 October 2012 acquired the remaining 49% equity interest in E&O Ventures Sdn. Bhd. ("EOV") comprising of 49 ordinary shares of RM1.00 each for a total cash consideration of RM49. Following the said acquisition, EOV is now a wholly-owned subsidiary of the Company. The additional investment in EOV has no significant effect on the financial position and financial results of the Group.

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.

(b) Disposal of a subsidiary

KCB Holdings Sdn. Bhd. ("KCBH"), a wholly-owned subsidiary of E&OPROP, which in turn is a wholly-owned subsidiary of the Company, had on 20 March 2013 entered into a sale and purchase agreement for the disposal of 49% equity interest in its wholly-owned subsidiary, KCB Trading Sdn. Bhd. ("KCBT") to Sea Investment Three Pte. Ltd. ("SEAI3") for a total consideration of RM41,288,000.

A shareholders' agreement has been entered into on 20 March 2013 between KCBH, SEAI3 and KCBT to regulate KCBH's and SEAI3's equity participation in KCBT of 51% and 49% respectively, to jointly develop the residential project known as The Mews over the land owned by KCBT. Based on the terms of the shareholders' agreement, KCBT is now a jointly controlled entity of the Group, as disclosed in Note 21.

19. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Disposal of a subsidiary (cont'd)

The disposal has the following effects on the financial position of the Group as at the end of the year:

	2013 RM'000	2012 RM'000
Land held for property development (Note 15(a))	**76,323**	59,554
Receivables	**451**	3,504
Cash and bank balances	**264**	3
Payables	**(25)**	(50,738)
Borrowings	**–**	(9,000)
Net assets	**77,013**	3,323
Net assets disposed	**37,736**	
Total disposal proceeds settled by cash	**(41,288)**	
Gain on disposal to the Group	**(3,552)**	
Gain on re-measurement of interest retained in KCBT	**(4,049)**	
Total gain on disposal to the Group (Note 6)	**(7,601)**	
Disposal proceeds settled by:		
Cash	**5,075**	
Settlement of intercompany balance	**36,213**	
	41,288	
Cash inflow arising on disposals:		
Cash consideration	**5,075**	
Cash and bank balances of subsidiary disposed	**(264)**	
Net cash inflow on disposal	**4,811**	

(c) E&OPROP agreed 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 2013 RM'000	GROUP 2012 RM'000
Unquoted shares in Malaysia, at cost	**16,810**	16,810
Share of post-acquisition reserves	**196**	116
	17,006	16,926

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

NAME OF ASSOCIATE	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP INTEREST 2013 %	PROPORTION OF OWNERSHIP INTEREST 2012 %	PROPORTION OF VOTING POWER 2013 %	PROPORTION OF VOTING POWER 2012 %
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:

	2013 RM'000	2012 RM'000
Assets and liabilities		
Current assets	**1,531**	1,300
Non-current asset	**12,234**	12,234
Total assets	**13,765**	13,534
Current liabilities, representing total liabilities	**427**	356
Results		
Revenue	**1,246**	1,037
Profit for the financial year	**160**	354

21. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	GROUP 2013 RM'000	GROUP 2012 RM'000
Unquoted shares at cost	**12,260**	6,625
Share of post-acquisition reserves	**93,374**	60,669
Less: Distribution of profits	**(9,636)**	(9,636)
	95,998	57,658

Details of the jointly controlled entities are as follows:

NAME OF JOINTLY CONTROLLED ENTITIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP INTEREST 2013 %	PROPORTION OF OWNERSHIP INTEREST 2012 %
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**	50.00
KCB Trading Sdn. Bhd. ("KCBT") (Note 19(b))	Malaysia	Property development and property investment	**51.00**	–

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.

Pursuant to the Shareholders' Agreement entered between KCB Holdings Sdn. Bhd. ("KCBH") and Sea Investment Three Pte. Ltd. ("SEAI3"), profit and loss of KCBT shall be distributed at 51% in favour of KCBH and 49% in favour of SEAI3.

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:

	GROUP 2013 RM'000	GROUP 2012 RM'000
Assets and liabilities		
Current assets	**151,363**	214,434
Non-current assets	**41,492**	1,146
Total assets	**192,855**	215,580
Current liabilities, representing total liabilities	**100,906**	157,922

	GROUP 2013 RM'000	GROUP 2012 RM'000
Results		
Revenue	**136,837**	161,656
Profit for the financial year	**31,935**	34,043

22. INVESTMENT SECURITIES

	GROUP 2013 RM'000	GROUP 2012 RM'000
Quoted investments in Malaysia:		
- shares	**2,114**	2,342
Others	**–**	63
	2,114	2,405
At market value:		
Quoted shares in Malaysia	**2,114**	2,342

Investments in quoted shares in Malaysia of the Group at carrying amount of RM2,114,000 (2012: RM2,342,000) 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 2013 RM'000	2012 RM'000 (RESTATED)	2011 RM'000 (RESTATED)
At the beginning of financial year (previously stated)	**(42,667)**	(31,301)	(32,071)
Effects of adopting the amendments to FRS 112	**509**	669	(107)
At the beginning of financial year (restated)	**(42,158)**	(30,632)	(32,178)
Recognised in profit or loss (Note 11)	**1,301**	(11,526)	1,546
At the end of financial year	**(40,857)**	(42,158)	(30,632)
Presented after appropriate offsetting as follows:			
Deferred tax assets	**4,372**	1,651	14,210
Deferred tax liabilities	**(45,229)**	(43,809)	(44,842)
	(40,857)	(42,158)	(30,632)

	COMPANY 2013 RM'000	2012 RM'000 (RESTATED)
At the beginning of financial year	**(8,762)**	(4,673)
Recognised in profit or loss (Note 11)	**2,705**	(4,089)
At the end of financial year	**(6,057)**	(8,762)

The deferred tax liability of the Company is in respect of dividend receivable from a subsidiary.

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 (previously stated)	2,472	14,497	925	1,222	199	19,315
Effects of adopting the amendments to FRS 112	–	–	(925)	–	–	(925)
At 1 April 2010 (restated)	2,472	14,497	–	1,222	199	18,390
Reclassification	–	(14,100)	14,100	–	–	–
Recognised in profit or loss	–	–	(295)	–	–	(295)
At 31 March 2011	2,472	397	13,805	1,222	199	18,095

	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 2011 (previously stated)	2,472	397	16,886	1,222	199	21,176
Effects of adopting the amendments to FRS 112	–	–	(3,081)	–	–	(3,081)
At 1 April 2011 (restated)	2,472	397	13,805	1,222	199	18,095
Recognised in profit or loss	1,157	–	(13,805)	134	(19)	(12,533)
At 31 March 2012	3,629	397	–	1,356	180	5,562
At 1 April 2012 (previously stated)	**3,629**	**397**	**3,241**	**1,356**	**180**	**8,803**
Effects of adopting the amendments to FRS 112	**–**	**–**	**(3,241)**	**–**	**–**	**(3,241)**
At 1 April 2012 (restated)	**3,629**	**397**	**–**	**1,356**	**180**	**5,562**
Recognised in profit or loss	**1,661**	**–**	**–**	**–**	**2,702**	**4,363**
At 31 March 2013	**5,290**	**397**	**–**	**1,356**	**2,882**	**9,925**

Deferred tax liabilities of the Group

	PROPERTY, PLANT AND EQUIPMENT RM'000	LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS RM'000	INVESTMENT PROPERTIES RM'000	INVENTORIES RM'000	OTHERS RM'000	TOTAL RM'000
At 1 April 2010 (previously stated)	(4,028)	(45,415)	(818)	(559)	(566)	(51,386)
Effects of adopting the amendments to FRS 112	–	–	818	–	–	818
At 1 April 2010 (restated)	(4,028)	(45,415)	–	(559)	(566)	(50,568)
Reclassification	–	(12)	–	12	–	–
Recognised in profit or loss	(162)	1,857	–	146	–	1,841
At 31 March 2011	(4,190)	(43,570)	–	(401)	(566)	(48,727)
At 1 April 2011 (previously stated)	(4,190)	(43,570)	(3,750)	(401)	(566)	(52,477)
Effects of adopting the amendments to FRS 112	–	–	3,750	–	–	3,750
At 1 April 2011 (restated)	(4,190)	(43,570)	–	(401)	(566)	(48,727)
Reclassification	–	7	–	(7)	–	–
Recognised in profit or loss	180	811	–	16	–	1,007
At 31 March 2012	(4,010)	(42,752)	–	(392)	(566)	(47,720)

23. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax liabilities of the Group (cont'd)

	PROPERTY, PLANT AND EQUIPMENT RM'000	LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS RM'000	INVESTMENT PROPERTIES RM'000	INVENTORIES RM'000	OTHERS RM'000	TOTAL RM'000
At 1 April 2012						
(previously stated)	**(4,010)**	**(42,752)**	**(3,750)**	**(392)**	**(566)**	**(51,470)**
Effects of adopting the						
amendments to FRS 112	**–**	**–**	**3,750**	**–**	**–**	**3,750**
At 1 April 2012 (restated)	**(4,010)**	**(42,752)**	**–**	**(392)**	**(566)**	**(47,720)**
Reclassification	**–**	**172**	**–**	**(172)**	**–**	**–**
Recognised in profit or loss	**(1,807)**	**(1,257)**	**–**	**2**	**–**	**(3,062)**
At 31 March 2013	**(5,817)**	**(43,837)**	**–**	**(562)**	**(566)**	**(50,782)**

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

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Unused tax losses	**69,119**	65,490	**–**	–
Unabsorbed capital allowances	**15,806**	11,436	**–**	–
Unabsorbed reinvestment allowances	**47,755**	47,755	**–**	–
Provisions	**11,723**	9,484	**11,535**	9,450
Others	**27,019**	26,226	**–**	–
	171,422	160,391	**11,535**	9,450

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	
	2013 RM'000	2012 RM'000
At cost:		
Completed properties	**107,971**	35,676
Trading inventories	**–**	71
Food, beverages and tobacco	**859**	1,018
General supplies	**1,000**	935
	109,830	37,700
Net realisable value:		
Completed properties	**64**	238
	109,894	37,938

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM21,199,000 (2012: RM24,717,000).

Inventories amounting to RM101,320,000 (2012: RM27,266,000) 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 2013 RM'000	GROUP 2012 RM'000 (RESTATED)	COMPANY 2013 RM'000	COMPANY 2012 RM'000 (RESTATED)
Current					
Trade receivables					
Third parties		**31,840**	36,715	**–**	–
Retention sum receivable		**7,983**	1,538	**–**	–
		39,823	38,253	**–**	–
Less: Allowance for impairment					
Third parties		**(1,138)**	(7,090)	**–**	–
Trade receivables, net	(a)	**38,685**	31,163	**–**	–
Other receivables					
Other receivables		**8,183**	7,319	**2,081**	1,434
Dividend receivable		**–**	–	**29,481**	26,285
Amounts due from subsidiaries	(b)	**–**	–	**662,266**	706,225
Amounts due from jointly controlled entities	(c)	**62,115**	45,263	**–**	–
Deposits		**3,831**	2,435	**98**	58
		74,129	55,017	**693,926**	734,002
Less: Allowance for impairment:					
- Other receivables		**(1,386)**	(505)	**(254)**	(240)
- Amount due from subsidiaries		**–**	–	**(28,053)**	(28,531)
		(1,386)	(505)	**(28,307)**	(28,771)
Other receivables, net	(d)	**72,743**	54,512	**665,619**	705,231
		111,428	85,675	**665,619**	705,231
Non-current					
Trade receivables					
Retention sum receivable	(a)	**3,071**	976	**–**	–
Other receivables					
Deposits		**351**	502	**286**	298
		3,422	1,478	**286**	298
Total trade and other receivables (current and non-current)		**114,850**	87,153	**665,905**	705,529
Add: Cash and bank balances (Note 26)		**283,413**	268,535	**1,895**	1,951
Total loans and receivables		**398,263**	355,688	**667,800**	707,480

(a) Trade receivables

The credit period for completed properties is generally for a period of three months, extending up to four months (2012: three to four months) while the term in respect of property development activities is approximately 21 (2012: 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 (2012: 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 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 total trade receivables is as follows:

	GROUP 2013 RM'000	GROUP 2012 RM'000
Neither past due nor impaired	**24,273**	29,244
1 to 30 days past due not impaired	**9,707**	467
31 to 60 days past due not impaired	**3,788**	538
61 to 90 days past due not impaired	**520**	891
91 to 120 days past due not impaired	**1,490**	32
More than 121 days past due not impaired	**1,978**	967
	17,483	2,895
Impaired	**1,138**	7,090
	42,894	39,229

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 RM17,483,000 (2012: RM2,895,000) that are past due at the reporting date but not impaired.

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

25. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

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 2013 RM'000	GROUP 2012 RM'000
Trade receivables - nominal amount	**1,138**	7,399
Less: Allowance for impairment	**(1,138)**	(7,090)
	–	309
Movement in allowance accounts:		
At the beginning of financial year	**7,090**	6,347
Charge for the financial year (Note 8)	**508**	743
Transferred to allowance for impairment in other receivables	**(1,000)**	–
Reversal of impairment losses (Note 6)	**(761)**	–
Disposal of a subsidiary	**(4,699)**	–
At the end of financial year	**1,138**	7,090

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% (2012: 0.5% to 6.60%) 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 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Other receivables - nominal amount	**1,575**	530	**96,710**	62,110
Less: Allowance for impairment	**(1,386)**	(505)	**(28,307)**	(28,771)
	189	25	**68,403**	33,339
Movement in allowance accounts:				
At the beginning of financial year	**505**	517	**28,771**	25,859
Charge for the financial year (Note 8)	**14**	5	**352**	2,977
Transferred from allowance for impairment in trade receivables	**1,000**	–	**–**	–
Reversal of impairment losses (Note 6)	**–**	(17)	**(816)**	(65)
Exchange differences	**(133)**	–	**–**	–
At the end of financial year	**1,386**	505	**28,307**	28,771

26. CASH AND BANK BALANCES

	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Cash on hand and at banks	**206,808**	121,792	**92**	151
Deposits with licensed banks	**76,605**	146,743	**1,803**	1,800
Cash and bank balances	**283,413**	268,535	**1,895**	1,951

(a) Included in cash on hand and at banks of the Group are amounts of RM192,911,000 (2012: RM105,807,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations. RM187,581,000 (2012: RM100,466,000) 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 as disclosed in Note 27.

(b) Cash and bank balances of the Group amounting to RM11,588,000 (2012: RM6,067,000) are assigned and charged as security for a syndicated bank guarantee facility in connection with the issuance of BG CP as disclosed in Note 27.

26. CASH AND BANK BALANCES (CONT'D)

(c) Included in deposit with licensed banks of the Group is an amount of RM292,000 (2012: RM292,000) pledged as security for bank guarantees issued to a utility company and tenors.

(d) Included in deposits with licensed banks of the Group and of the Company amounting to RM4,917,000 (2012: RM4,830,000) and RM1,803,000 (2012: RM1,800,000) respectively are pledged as securities for facilities granted to the Group and the Company.

(e) Cash and bank balances of the Group amounting to RM5,452,000 (2012: RM58,186,000) are assigned and charged as security for a syndicated term loan facility as disclosed in Note 27.

(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	
	2013	2012	**2013**	2012
Weighted average effective interest rates (%)				
- Fixed rates	**2.69%**	3.03%	**2.53%**	2.29%
- Floating rates	**2.80%**	2.80%	**–**	–
Average maturities (days)	**1 - 30**	1 - 90	**1 - 30**	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	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Cash at banks and on hand	**206,808**	121,792	**92**	151
Deposits with licensed banks	**76,605**	146,743	**1,803**	1,800
Bank overdrafts (Note 27)	**(27,583)**	(27,766)	**(26,400)**	(25,921)
Total cash and cash equivalents	**255,830**	240,769	**(24,505)**	(23,970)

27. LOANS AND BORROWINGS

	MATURITY	GROUP		COMPANY	
		2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Current					
Secured:					
Bank overdrafts	On demand	**27,583**	27,766	**26,400**	25,921
Term loans	2014	**15,844**	57,051	**10,372**	40,000
Revolving credits	On demand	**212,460**	125,960	**75,000**	55,000
Commercial papers	On demand	**25,000**	65,000	**–**	–
Obligations under finance leases (Note 37(d))	2014	**472**	585	**271**	279
		281,359	276,362	**112,043**	121,200
Non-current					
Secured:					
Term loans	2015 - 2020	**489,676**	317,235	**–**	10,372
Revolving credits	2014	**–**	10,000	**–**	–
Obligations under finance leases (Note 37(d))	2015 - 2018	**979**	1,228	**613**	662
		490,655	328,463	**613**	11,034

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Total loans and borrowings				
Secured:				
Bank overdrafts (Note 26)	**27,583**	27,766	**26,400**	25,921
Term loans	**505,520**	374,286	**10,372**	50,372
Revolving credits	**212,460**	135,960	**75,000**	55,000
Commercial papers	**25,000**	65,000	**–**	–
Obligations under finance leases	**1,451**	1,813	**884**	941
	772,014	604,825	**112,656**	132,234

27. LOANS AND BORROWINGS (CONT'D)

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

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Bank overdrafts - Floating rates	**7.30%**	7.88%	**7.25%**	7.85%
Term loans				
- Fixed rates	**5.61%**	5.10%	**5.95%**	4.81%
- Floating rates	**5.02%**	5.60%	**–**	–
Revolving credits - Floating rates	**5.06%**	4.73%	**4.20%**	3.95%
Commercial papers - Fixed rate	**3.65%**	3.65%	**–**	–
Obligations under finance leases	**2.79%**	2.80%	**2.77%**	2.78%

The remaining maturities of the loans and borrowings as at 31 March 2013 are as follows:

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
On demand or within one year	**281,359**	276,362	**112,043**	121,200
More than 1 year and less than 2 years	**105,035**	124,260	**257**	10,601
More than 2 years and less than 5 years	**298,661**	182,893	**356**	433
5 years or more	**86,959**	21,310	**–**	–
	772,014	604,825	**112,656**	132,234

(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), 16, 19 and 24 respectively.

(d) Commercial papers ("BG CP") and medium term notes ("MTNs") collectively known as ("BG CP/MTNs")

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 previous financial year while RM25 million (2012: 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(c)).

(e) Corporate guarantees

The Company has extended corporate guarantees amounting to RM492,070,000 (2012: RM305,334,000) 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 COST OF PROPERTY, PLANT AND EQUIPMENT RM'000 (A)	OTHERS RM'000 (B)	TOTAL RM'000
Group			
At 1 April 2011	328	162	490
Additional provision	193	–	193
Utilisation of provision during the financial year	(32)	–	(32)
At 31 March 2012	489	162	651
Additional provision	71	–	71
Utilisation of provision during the financial year	(60)	–	(60)
At 31 March 2013	**500**	**162**	**662**
At 31 March 2013			
Current	**–**	**162**	**162**
Non-current:			
Later than 1 year but not later than 2 years	**500**	**–**	**500**
	500	**162**	**662**
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

	RESTORATION COST OF PROPERTY, PLANT AND EQUIPMENT RM'000
Company	
At 1 April 2012	–
Additional provision	**39**
At 31 March 2013	**39**
At 31 March 2013	
Non-current:	
Later than 1 year but not later than 2 years	**39**

(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 2013 RM'000	GROUP 2012 RM'000 (RESTATED)	COMPANY 2013 RM'000	COMPANY 2012 RM'000 (RESTATED)
Current					
Trade payables	(a)				
Third parties		**43,844**	88,746	**–**	–
Retention sum payable		**5,951**	6,014	**–**	–
		49,795	94,760	**–**	–
Other payables					
Amounts due to subsidiaries	(b)	**–**	–	**380,698**	402,095
Amount due to a minority shareholder	(c)	**12,826**	12,826	**–**	–
Other payables	(d)	**26,151**	21,695	**690**	345
Accruals		**89,428**	40,895	**14,157**	11,708
Deposits received		**3,966**	1,485	**–**	–
		132,371	76,901	**395,545**	414,148
		182,166	171,661	**395,545**	414,148
Non-current					
Trade payables					
Retention sum payable		**26,019**	21,791	**–**	–
Other payables					
Other payables	(d)	**2,052**	2,615	**–**	–
Deposits received		**1,087**	1,690	**–**	–
		3,139	4,305	**–**	–
		29,158	26,096	**–**	–
Total trade and other payables (current and non-current)		**211,324**	197,757	**395,545**	414,148
Add: Loans and borrowings (Note 27)		**772,014**	604,825	**112,656**	132,234
Total financial liabilities carried at amortised cost		**983,338**	802,582	**508,201**	546,382

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 14 to 120 (2012: 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 RM336,234,000 (2012: RM264,405,000) which bears interest ranging from 4.88% to 6.6% (2012: 4.52% to 6.6%) 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 (2012: average term of six months).

30. SHARE CAPITAL

	GROUP/COMPANY NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH 2013 '000	2012 '000	AMOUNT 2013 RM'000	2012 RM'000
Authorised:				
At the beginning of financial year	**1,200,000**	1,200,000	**1,200,000**	1,200,000
Created during the financial year	**800,000**	–	**800,000**	–
At the end of financial year	**2,000,000**	1,200,000	**2,000,000**	1,200,000
Issued and fully paid:				
At the beginning of financial year	**1,133,463**	842,592	**1,133,463**	842,592
Ordinary stock units issued during the financial year:				
- warrants exercised	**–**	29,833	**–**	29,833
- conversion of ICULS	**–**	1,970	**–**	1,970
- conversion of ICSLS	**–**	254,883	**–**	254,883
- pursuant to E&O ESOS (Note 35(c)(ii))	**2,159**	4,185	**2,159**	4,185
At the end of financial year	**1,135,622**	1,133,463	**1,135,622**	1,133,463

30. SHARE CAPITAL (CONT'D)

During the financial year, the Company increased its:

(a) authorised ordinary share capital from RM1,200,000,000 to RM2,000,000,000 through the creation of 800,000,000 ordinary stock units of RM1.00 each; and

(b) issued and paid-up ordinary stock units from RM1,133,463,210 to RM1,135,621,710 by way of the issuance of 2,158,500 ordinary stock units of RM1.00 each for cash pursuant to the Company's ESOS, of which 551,500 ordinary stock units were issued on 551,500 ESOS at an exercise price of RM1.06 per ordinary stock unit and 1,607,000 ordinary stock units were issued on 1,607,000 ESOS at an exercise price of RM1.00 per ordinary stock unit.

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's ESOS under which options granted to the employees to subscribe for the Company's ordinary stock units has expired on 28 April 2012. This ESOS has been replaced by Long-Term Stock Incentive Plan, which implemented on 26 February 2013 as further disclosed in Note 35 (b).

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 1,135,621,710 (2012: 1,133,463,210) issued and fully paid-up ordinary stock units of RM1.00 each, 29,439,400 (2012: 29,439,400) stock units are held as treasury stock units by the Company. As at 31 March 2013, the number of issued and fully paid-up ordinary stock units (not held as treasury stock units) is 1,106,182,310 (2012: 1,104,023,810) 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 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	–	–	–

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.
- 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 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	–	–	–

32. IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ICSLS") (CONT'D)

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.

- 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 2013, the cash proceeds amounting to approximately RM235,621,000 arising from the issuance of ICSLS have been utilised as follows:

	GROUP/COMPANY 2013 RM'000	2012 RM'000
Repayment of bank borrowings	**205,367**	149,568
Acquisition of a property	**27,754**	27,754
ICSLS issue costs	**2,500**	2,500
	235,621	179,822

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

	GROUP/COMPANY NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH 2013 '000	2012 '000	AMOUNT 2013 RM'000	2012 RM'000
At the beginning of financial year	**29,439**	29,389	**27,720**	27,645
Purchase	**–**	50	**–**	75
At the end of financial year	**29,439**	29,439	**27,720**	27,720

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 27 September 2012 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.

In the previous 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 2013, the total stock units repurchased and held as treasury stock units amounted to 29,439,400 (2012: 29,439,400) ordinary stock units of RM1.00 each at a total cost of RM27,720,000 (2012: RM27,720,000).

34. RESERVES

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000 (RESTATED)	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Distributable:					
Retained profits	(a)	**135,171**	40,875	**55,249**	66,463
Non-distributable:					
Share premium	(b)	**142,145**	141,481	**142,145**	141,481
Share option/LTIP reserve	(c)	**3,696**	891	**3,696**	891
Foreign currency translation reserve	(d)	**954**	533	**–**	–
		146,795	142,905	**145,841**	142,372
		281,966	183,780	**201,090**	208,835

(a) Retained profits

In the year of assessment 2008, Malaysian companies adopted 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 exempt 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 2013 and 2012 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 March 2013, the Company has sufficient credit in the Section 108 balance to pay franked dividends amounting to RM49,633,000 (2012: RM84,893,000) out of its retained profits. If the remaining balance of the retained profits were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

(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/LTIP reserve

The share option/LTIP reserve represents the equity-settled share options/LTIP granted/awarded 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/award date of share options/LTIP, and is reduced by the exercise or lapse of the share options/LTIP.

(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. EMPLOYEE BENEFITS

(a) Retirement benefit obligations

Two subsidiaries of the Group, namely Eastern & Oriental Hotel Sdn. Bhd. and Lone Pine Hotel (Penang) Sdn. Bhd. (collectively referred to as the "Hotel Group"), operate an unfunded, defined benefit Retirement Benefit Scheme (the "Scheme") for their eligible employees. The Group's obligation under the Scheme is determined based on a latest actuarial valuation by an independent actuary dated 30 January 2013. Under the Unfunded Scheme, eligible employees are entitled to retirement benefits based on last drawn monthly basic salary adjusted for the number of years of service on attainment of Normal Retirement Age of 55 or Optional Retirement Age of 50.

Movements in the net liability were as follows:

	2013 RM'000	2012 RM'000
Group		
At the beginning of financial year	**–**	–
Recognised in profit or loss (Note 9)	**316**	–
At the end of financial year	**316**	–

The amounts recognised in the statement of financial position were determined as follows:

	2013 RM'000	2012 RM'000
Group		
Present value of defined benefit obligations, representing net liability	**316**	–
Analysed as:		
- current liabilities	**12**	–
- non-current liabilities	**304**	–
	316	–

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31 MARCH 2013

35. EMPLOYEE BENEFITS (CONT'D)

(a) Retirement benefit obligations (cont'd)

The amounts recognised in the profit or loss are as follows:

	2013 RM'000	2012 RM'000
Group		
Defined benefit obligations	**246**	–
Current service cost	**58**	–
Interest cost	**12**	–
	316	–

Principal actuarial assumptions used:

	2013 %	2012 %
Discount rate	**5.3**	–
Price inflation	**3.5**	–
Expected rate of salary increase	**7.0**	–

(b) LTIP

The LTIP is governed by the By-Laws approved by the stockholders at an Extraordinary General Meeting held on 27 September 2012. The LTIP was implemented on 26 February 2013 and is in force for a maximum period of 10 years from the date of implementation.

The LTIP comprises the Performance-based Restricted Stock Unit Incentive Plan ("PSU Award") and the Restricted Stock Unit Incentive Plan ("RSU Award").

Effective from 26 February 2013, the Company implemented the LTIP and started to offer eligible employees and Executive Directors ("Eligible Person") the entitlement to receive LTIP in the Company on 15 March 2013 instead of E&O ESOS.

The salient features and terms of the LTIP are as follows:

(a) The scheme committee appointed by the Board of Directors to administer the LTIP may, in its discretion where necessary, direct the implementation and administration of the plan. The scheme committee may at any time within the duration of the plan, offer PSU Award and RSU Award under the LTIP to Eligible Person of the Group.

(b) The Board of Directors and/or the scheme committee will if required by prevailing laws establish a Trust to be administered by the Trustee for purposes of subscribing for new stock units or purchasing existing stock units from the market and transferring them to Eligible Person of the Group participating in the LTIP at such time as the scheme committee may direct. The Trustee will, to the extent permitted by law, to accept funding and/or assistance, financial or otherwise from the Company and/or its subsidiaries and/or third parties to pay expenses in relation to the administration of the Trust.

(c) The aggregate number of LTIP stock units that may be allocated to an Eligible Person who, either singly or collectively through persons connected with the Eligible Person holds 20.0% or more of the issued and paid-up stock units (excluding treasury stock units) of the Company, shall not exceed 10.0% of the total number of LTIP stock units to be awarded under the scheme.

(d) All new ordinary stock units issued pursuant to the LTIP will rank pari passu in all respect with the then existing ordinary stock units of the Company, except that the new ordinary stock units so issued will not be entitled to any rights, dividends or other distributions declared, made or paid to stockholders prior to the date of allotment of such new ordinary stock units, and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission or otherwise.

(e) Any employee shall be eligible to participate in the LTIP if the following conditions are satisfied:

RSU Award

(i) his/her must be at least eighteen (18) years of age;

(ii) his/her employment has been confirmed in writing and continues to be so employed by the Group as at the Award Date; and

(iii) he/she meets any other criteria as may be determined by the scheme committee in its sole discretion from time to time.

PSU Award

(i) his/her must be at least eighteen (18) years of age;

(ii) his/her employment has been confirmed in writing and continues to be so employed by the Group at senior managers or higher level (who for avoidance of doubt includes the Executive Directors) as at the Award Date; and

(iii) he/she meets any other criteria as may be determined by the scheme committee in its sole discretion from time to time.

35. EMPLOYEE BENEFITS (CONT'D)

(b) LTIP (cont'd)

(f) The stock units awarded will only be vested to the Eligible Person of the Group under the LTIP, on their respective vesting dates, provided the following vesting conditions are fully and duly satisfied:

- the LTIP stock unit's market value as at the expiry of the vesting period is more than the LTIP stock unit's market value as at the Award Date;

- the eligible employees or Executive Directors of the Group has continued to be an Eligible Person from the Award Date up to the end of the vesting period;

- In respect of the PSU Award, Eligible Person of the Group having achieved his/her performance targets as stipulated by the scheme committee and as set out in their offer of awards.

The details of the PSU Award and RSU Award are set out in the table below:

DESCRIPTION OF AWARD OF STOCK UNITS UNDER LTIP	PSU AWARD '000	RSU AWARD '000
Date of award	15 March 2013	15 March 2013
Number of LTIP stock units awarded to the eligible employees and Executive Directors:		
(a) Executive Directors	444	1,796
(b) Eligible Employees	1,055	10,883
	1,499	12,679
First vesting period	15 March 2013 to 31 July 2015	15 March 2013 to 31 July 2014
Second vesting period	–	15 March 2013 to 31 July 2015

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movement in, stock units awarded under LTIP during the financial year:

	NUMBER OF STOCK UNITS				
	AT IMPLEMENTATION DATE '000	MOVEMENT DURING THE FINANCIAL YEAR AWARDED '000	VESTED '000	FORFEITED '000	OUTSTANDING AT END OF FINANCIAL YEAR '000
2013					
2012/13 PSU Award	–	**1,499**	–	–	**1,499**
2012/13 RSU Award	–	**12,679**	–	–	**12,679**
	–	**14,178**	–	–	**14,178**
WAEP ("RM")	–	**1.62**	–	–	**1.62**

- The weighted average fair value of LTIP awarded during the financial year was RM1.62 (2012: Nil).

- No LTIP has been exercised during the financial year.

- The weighted average remaining contractual life for the LTIP is 1.89 (2012: Nil) years.

Fair value of stock units under LTIP awarded during the financial year

The fair value of LTIP stock units awarded during the financial year was estimated by an external valuer using Monte Carlo Simulation Model, taking into account the terms and conditions upon which the LTIP stock units were awarded. The fair values of stock units measured at grant date and the assumptions were as follows:

Fair value of LTIP stock units:	
Weighted average fair value of share price (RM)	1.62
Share price at grant date (RM)	1.57
Expected volatility (day)	39.787
Expected life (years)	3 years except for RSU 2012/13
Risk free rate (%)	2.942
Expected dividend yield (%)	2.92

The share price at grant date used was the closing price of the Company's shares on that date. The expected useful life of the LTIP stock units was based on the vesting period of the stock units awarded. The expected dividend yield used was based on historical data and future estimates, which may not necessarily be the actual outcome. Volatility is measured over 3-year period on a daily basis to increase the number of data points and hence increases the credibility of assumption. No other features of the share award were incorporated into the measurement of fair value.

35. EMPLOYEE BENEFITS (CONT'D)

(c) 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 expired on 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 was valid up to the extended expiry date of the ESOS on 28 April 2012.

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 '000	MOVEMENT DURING THE FINANCIAL YEAR GRANTED '000	EXERCISED '000	FORFEITED '000	OUTSTANDING AT END OF FINANCIAL YEAR '000	EXERCISABLE AT END OF FINANCIAL YEAR '000
2013						
2003 Options	**44**	**–**	**–**	**(44)**	**–**	**–**
2009 Options	**709**	**–**	**(552)**	**(157)**	**–**	**–**
2010 Options	**1,817**	**–**	**(1,607)**	**(210)**	**–**	**–**
2011 Options	**2,304**	**–**	**–**	**(2,304)**	**–**	**–**
	4,874	**–**	**(2,159)**	**(2,715)**	**–**	**–**
WAEP ("RM")	**1.27**	**–**	**1.48**	**1.39**	**–**	**–**
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

(i) Details of share options outstanding at the end of the financial year:

2013

All share options not exercised have lapsed as at 31 March 2013.

	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

35. EMPLOYEE BENEFITS (CONT'D)

(c) Employees' Share Option Scheme (cont'd)

(ii) Share options exercised during the financial year

As disclosed in Note 30, options exercised during the financial year resulted in the issuance of 2,158,500 (2012: 4,184,625) ordinary stock units at RM1.00 each. The related weighted average stock unit prices at the date of exercise was RM1.48 (2012: RM1.54).

(iii) Fair value of share options granted during the financial year

There were no share options granted during the financial year. The fair value of share options granted in the previous 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
Weighted average share price (RM)	1.51
Weighted average exercise price (RM)	1.55
Expected volatility (%)	16.40
Expected life (years)	0.83
Risk free rate (%)	3.00
Expected dividend yield (%)	1.98

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 2013 RM'000	GROUP 2012 RM'000
Project management and administrative services fees receivable from a jointly controlled entity	**(1,092)**	(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	**(54)**	(36)
- Interiors International (M) Sdn. Bhd. ("Interiors") in which a director of Interiors is the sister of one of the directors of the Company	**(67)**	(41)
Selling and marketing fees receivable from a jointly controlled entity	**(4,588)**	(1,080)
Management fee receivable from a jointly controlled entity	**(310)**	(363)
Dividend income received from an associate	**(355)**	(174)
Transactions with companies in which a director of a subsidiary has financial interest:		
- Progress claim from Tidalmarine Engineering Sdn. Bhd.	**1,093**	2,723
- Progress claim from Dr. Nik & Associates Sdn. Bhd.	**–**	114
Procurement of consultancy services from:		
- GDP Group in which a key management personnel of the Company also holds directorship in certain companies in the GDP Group	**183**	126
- 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	**2,230**	430
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
- Interiors in which a director of Interiors is the sister of one of the directors of the Company	**2,098**	2,078
- Coffeehouse Quartet Sdn. Bhd. ("Coffeehouse") in which a director of Coffeehouse is the sister of one of the directors of the Company	**–**	5
Sale of property to a director of the Company	**1,510**	–

36. Related party transactions (CONT'D)

(a) Sale and purchase of goods and services (cont'd)

	COMPANY	
	2013 RM'000	2012 RM'000
Subsidiaries:		
Dividend income	**(68,538)**	(53,960)
Interest income receivable	**(13,486)**	(15,587)
Management fee receivable	**(2,194)**	(2,122)
Food catering services	**25**	68
Interest expense payable	**14,687**	17,984
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
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.

The transactions between related parties are set on terms mutually agreed between the parties.

Information regarding outstanding balances arising from related party transactions as at 31 March 2013 and 2012 are disclosed in Notes 25 and 29.

(b) Compensation of key management personnel

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Short term employee benefits	**13,152**	16,195	**13,152**	11,871
Defined contribution plan	**1,828**	580	**1,828**	580
Award of LTIP	**1,913**	–	**1,913**	–
	16,893	16,775	**16,893**	12,451

Included in the total remuneration of key management personnel are (excluding award of LTIP):

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Executive directors' remuneration (Note 10)	**10,195**	10,554	**10,195**	10,554

Executive directors of the Group and of the Company and other members of key management have been awarded the following number of options under the E&O ESOS:

	GROUP		COMPANY	
	2013 '000	2012 '000	**2013 '000**	2012 '000
At the beginning of financial year	**1,900**	2,900	**1,900**	2,900
Exercised	**(1,900)**	(1,000)	**(1,900)**	(1,000)
At the end of financial year	**–**	1,900	**–**	1,900

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(c).

Executive directors of the Group and of the Company and other members of key management have been awarded the following number of LTIPs:

	GROUP		COMPANY	
	2013 '000	2012 '000	**2013 '000**	2012 '000
At the beginning of financial year	**–**	–	**–**	–
Awarded	**6,357**	–	**6,357**	–
At the end of financial year	**6,357**	–	**6,357**	–

The LTIPs awarded were on the same terms and conditions as those offered to other employees of the Group as disclosed in Note 35(b).

37. COMMITMENTS

(a) Capital commitments

Capital expenditure as at 31 March 2013 and 2012 is as follows:

	GROUP	
	2013 RM'000	2012 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	**13,941**	3,281
Approved but not contracted for:		
Property, plant and equipment	**12,828**	51,453
Share of joint venture's capital commitments in relation to acquisition of land	**170,500**	170,500

37. COMMITMENTS (CONT'D)

(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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Future minimum rentals payable:				
Not later than 1 year	**5,715**	5,880	**1,170**	937
Later than 1 year and not later than 5 years	**3,060**	6,716	**322**	1,087
Later than 5 years	**609**	965	**–**	–
	9,384	13,561	**1,492**	2,024

(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	
	2013 RM'000	2012 RM'000
Future minimum rentals receivable:		
Not later than 1 year	**8,628**	6,666
Later than 1 year and not later than 5 years	**6,951**	6,847
	15,579	13,513

(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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Future minimum lease payments:				
Not later than 1 year	**534**	659	**308**	320
Later than 1 year and not later than 2 years	**476**	482	**280**	257
Later than 2 years and not later than 5 years	**580**	859	**371**	454
Total future minimum lease payments	**1,590**	2,000	**959**	1,031
Less: Future finance charges	**(139)**	(187)	**(75)**	(90)
Present value of finance lease liabilities	**1,451**	1,813	**884**	941
Less: Amount due within 12 months (Note 27)	**(472)**	(585)	**(271)**	(279)
Amount due after 12 months (Note 27)	**979**	1,228	**613**	662

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
2013				
Financial liabilities:				
Loans and borrowings (Note 27)				
- Term loans with fixed rate	**31,250**	**23,618**	**–**	**–**
- Obligations under finance lease	**979**	**876**	**613**	**546**
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

38. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(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 (current)	25
Loans and borrowings (current)	27
Loans and borrowings (non-current)	
- with floating rate	27
Trade and other payables (current)	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 2013 and 2012 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	
	2013	2012
	RM'000	RM'000
Level 1		
Assets		
Financial asset at fair value through profit or loss	**2,114**	2,405

The Group does not have any financial instruments classified as Level 2 or Level 3 as at 31 March 2013 and 2012.

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 through its risk management committee, reviews and agrees policies and procedures for the management of these risks. The audit committee also 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 (CONT'D)

(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:

	2013		2012	
	RM'000	% OF TOTAL	RM'000	% OF TOTAL
Properties	**39,417**	**94.4%**	30,138	93.8%
Hospitality	**2,330**	**5.6%**	1,656	5.2%
Investments and others	**9**	**0.0%**	345	1.0%
	41,756	**100%**	32,139	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% (2012: 30%) 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 (2012: four) different banks. At the reporting date, approximately 2% (2012: 10%) and 9% (2012: 30%) 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.

				2013 RM'000
	ON DEMAND OR WITHIN ONE YEAR	ONE TO FIVE YEARS	OVER FIVE YEARS	TOTAL
Group				
Financial liabilities:				
Trade and other payables	**182,166**	**29,158**	**–**	**211,324**
Loans and borrowings	**283,766**	**462,535**	**115,704**	**862,005**
Total undiscounted financial liabilities	**465,932**	**491,693**	**115,704**	**1,073,329**
Company				
Financial liabilities:				
Trade and other payables	**395,545**	**–**	**–**	**395,545**
Loans and borrowings	**112,546**	**651**	**–**	**113,197**
Total undiscounted financial liabilities	**508,091**	**651**	**–**	**508,742**

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	2012 RM'000			
	ON DEMAND OR WITHIN ONE YEAR	ONE TO FIVE YEARS	OVER FIVE YEARS	TOTAL
Group				
Financial liabilities:				
Trade and other payables	171,661	26,096	–	197,757
Loans and borrowings	279,776	288,666	107,610	676,052
Total undiscounted financial liabilities	451,437	314,762	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

(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 (2012: 25) basis points higher/lower, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM1,592,000 and RM254,000 (2012: RM954,000 and RM202,000) higher/lower respectively, 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	
	2013 RM'000	2012 RM'000
Singapore Dollar ("SGD")	**1,224**	2,642
Great Britain Pound ("GBP")	**258**	532

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	
		2013 RM'000	2012 RM'000
SGD/RM	- strengthened 2%	**24**	53
	- weakened 2%	**(24)**	(53)
GBP/RM	- strengthened 4%	**10**	21
	- weakened 4%	**(10)**	(21)

(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% (2012: 4%) higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM85,000 (2012: RM94,000) 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 and the Company'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 and the Company manage its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company 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 2013 and 2012.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's and the Company's policy is to keep gearing ratio at an acceptable limit. The Group and the Company 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.

		GROUP		COMPANY	
	NOTE	**2013 RM'000**	2012 RM'000	**2013 RM'000**	2012 RM'000
Loans and borrowings	27	**772,014**	604,825	**112,656**	132,234
Trade and other payables	29	**211,324**	197,757	**395,545**	414,148
Less: Cash and bank balances	26	**(283,413)**	(268,535)	**(1,895)**	(1,951)
Net debt		**699,925**	534,047	**506,306**	544,431
Equity attributable to the owners of the parent, representing total capital		**1,389,868**	1,289,523	**1,308,992**	1,314,578
Capital and net debt		**2,089,793**	1,823,570	**1,815,298**	1,859,009
Gearing ratio		**33%**	29%	**28%**	29%

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 (CONT'D)

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

	PROPERTIES 2013 RM'000	PROPERTIES 2012 RM'000	HOSPITALITY 2013 RM'000	HOSPITALITY 2012 RM'000	INVESTMENTS AND OTHERS 2013 RM'000	INVESTMENTS AND OTHERS 2012 RM'000	ADJUSTMENTS AND ELIMINATIONS 2013 RM'000	ADJUSTMENTS AND ELIMINATIONS 2012 RM'000	NOTE	PER CONSOLIDATED FINANCIAL STATEMENTS 2013 RM'000	PER CONSOLIDATED FINANCIAL STATEMENTS 2012 RM'000
Revenue											
External sales	**518,447**	406,288	**83,906**	82,192	**3,183**	3,671	**–**	–		**605,536**	492,151
Inter-segment sales	**1,318**	1,363	**–**	–	**17,104**	45,151	**(18,422)**	(46,514)	A	**–**	–
Total revenue	**519,765**	407,651	**83,906**	82,192	**20,287**	48,822	**(18,422)**	(46,514)		**605,536**	492,151
Results											
Interest income	**5,012**	5,525	**8**	24	**18,031**	22,160	**(17,342)**	(17,489)	A	**5,709**	10,220
Gain from fair value movement of investment properties	**9,484**	64,538	**–**	–	**–**	–	**–**	–		**9,484**	64,538
Depreciation and amortisation	**(1,574)**	(1,158)	**(12,362)**	(10,559)	**(1,004)**	(1,451)	**–**	–	B	**(14,940)**	(13,168)
Share of results of associate	**–**	–	**–**	–	**80**	177	**–**	–		**80**	177
Share of results of jointly controlled entities	**32,705**	34,673	**–**	–	**–**	–	**(770)**	(630)		**31,935**	34,043
Gain on disposal of a subsidiary	**–**	–	**–**	–	**7,601**	–	**–**	–		**7,601**	–
Other non-cash expenses	**825**	1,167	**(3,092)**	(23)	**(1,180)**	(699)	**–**	–	C	**(3,447)**	445
Segment results	**233,648**	216,898	**(9,317)**	(5,041)	**(29,817)**	19,158	**(7,243)**	(59,843)	D	**187,271**	171,172
Assets											
Investment in associate	**–**	–	**–**	–	**17,726**	17,646	**(720)**	(720)		**17,006**	16,926
Investment in jointly controlled entities	**95,998**	57,658	**–**	–	**–**	–	**–**	–		**95,998**	57,658
Additions to non-current assets	**148,627**	34,995	**80,972**	47,279	**1,273**	759	**–**	–	E	**230,872**	83,033
Segment assets	**2,050,170**	1,754,132	**369,125**	301,739	**1,297,750**	1,348,516	**(1,239,174)**	(1,226,068)	F	**2,477,871**	2,178,319
Segment liabilities	**914,114**	877,889	**111,834**	79,258	**175,346**	149,161	**(149,281)**	(246,292)	G	**1,052,013**	860,016

42. SEGMENT INFORMATION (CONT'D)

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	2013 RM'000	2012 RM'000
Amortisation of land use rights	8	**–**	(7)
Amortisation of intangible assets	8	**(113)**	(90)
Depreciation of property, plant and equipment	8	**(14,827)**	(13,071)
		(14,940)	(13,168)

C Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

		2013 RM'000	2012 RM'000
Inventories written down	8	**–**	(290)
Impairment loss on property, plant and equipment	8	**–**	(524)
Share options granted under ESOS		**–**	(197)
Share options lapsed under ESOS		**260**	25
Inventories written off	8	**(47)**	–
(Impairment loss)/reversal of financial assets			
- trade receivables	6,8	**253**	(743)
- other receivables	6,8	**(14)**	12
Bad debts written off	8	**(224)**	(99)
Gain/(loss) on disposal of property, plant and equipment	6,8	**75**	(60)
Unrealised (loss)/gain on foreign exchange	6,8	**(1,127)**	100
Fair value adjustment	6	**379**	2,280
Property, plant and equipment written off	8	**(25)**	(59)
Intangible assets written off	8	**(3)**	–
Impairment loss on intangible assets	8	**(2,911)**	–
Investment written off	8	**(63)**	–
		(3,447)	445

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:

	NOTE	2013 RM'000	2012 RM'000
Allowance for impairment in amounts due from subsidiaries		**(797)**	512
Inter-segment dividends		**(12,315)**	(63,915)
Inter-segment interests		**6,123**	4,662
Inter-segment disposal of asset		**(770)**	(630)
Unrealised gain on foreign exchange		**–**	(3)
Net impairment of subsidiaries		**516**	(469)
		(7,243)	(59,843)

E Additions to non-current assets consist of:

		2013 RM'000	2012 RM'000
Property, plant and equipment	14	**82,593**	50,732
Intangible assets	18	**112**	94
Investment properties	16	**125,071**	25,276
Land held for property development	15	**23,096**	6,931
		230,872	83,033

F The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

		2013 RM'000	2012 RM'000
Deferred tax assets	23	**4,372**	1,651
Goodwill on consolidation	18	**–**	2,911
Tax recoverable		**25,877**	27,630
Investment in associate	20	**17,006**	16,926
Investment in jointly controlled entities	21	**95,998**	57,658
Inter-segment assets		**(1,382,427)**	(1,332,844)
		(1,239,174)	(1,226,068)

42. SEGMENT INFORMATION (CONT'D)

G The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	NOTE	2013 RM'000	2012 RM'000
Deferred tax liabilities	23	**45,229**	43,809
Income tax payable		**22,468**	12,974
Loans and borrowings	27	**772,014**	604,825
Provision for retirement benefits	35(a)	**316**	–
Inter-segment liabilities		**(989,308)**	(907,900)
		(149,281)	(246,292)

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

In addition to the significant events detailed elsewhere in the financial statements, other significant event during the financial year for the Group is as follows:

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, which formed part of the additions to the Group's investment properties, had been completed on 15 June 2012.

44. Comparatives

Certain comparative amounts of the Group and of the Company have been restated to conform with current year's presentation as follows:

	AS PREVIOUSLY STATED RM	INCREASE/ (DECREASE) RM	AS RESTATED RM
Group			
Statement of financial position as at 31 March 2012			
Trade and other receivables			
- Non-current assets	–	1,478	1,478
- Current assets	87,153	(1,478)	85,675
Trade and other payables			
- Non-current liabilities	–	26,096	26,096
- Current liabilities	197,757	(26,096)	171,661
Statement of financial position as at 1 April 2011			
Trade and other receivables			
- Non-current assets	–	1,103	1,103
- Current assets	123,501	(1,103)	122,398
Trade and other payables			
- Non-current liabilities	–	11,870	11,870
- Current liabilities	130,467	(11,870)	118,597
Company			
Statement of financial position as at 31 March 2012			
Trade and other receivables			
- Non-current assets	–	298	298
- Current assets	705,529	(298)	705,231
Tax recoverable	22,926	8,762	31,688
Deferred tax liabilities	–	8,762	8,762

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2013

45. SUPPLEMENTARY INFORMATION

The breakdown of the (accumulated losses)/retained profits of the Group and of the Company as at 31 March 2013 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	
	2013 RM'000	2012 RM'000 (RESTATED)	**2013 RM'000**	2012 RM'000 (RESTATED)
Total (accumulated losses)/ retained profits of the Company and its subsidiaries				
- Realised	**(1,999)**	(79,454)	**61,346**	75,259
- Unrealised	**(1,922)**	3,901	**(6,097)**	(8,796)
Share of retained profit of an associate				
- Realised	**196**	116	**–**	–
Share of retained profits of jointly controlled entities				
- Realised	**82,424**	49,096	**–**	–
- Unrealised	**1,314**	1,937	**–**	–
	80,013	(24,404)	**55,249**	66,463
Add: Consolidated adjustments	**55,158**	65,279	**–**	–
Total retained profits as per financial statements	**135,171**	40,875	**55,249**	66,463

GROUP'S PROPERTIES

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2013 RM'000
PT 1623 H.S.(D) 3572 PT 1691 H.S.(D) 3640 Mukim Beseri, Perlis	Freehold	2009	2 units	Single Storey Terrace	24	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. mt.	Vacant Land	–	43,218
PT No. 692, 857, 858, 1122-1126, 1215, 1218, 1351, 1355, 1385-1410, 1419-1423, 1429, 1430, 1431 & 1432	Freehold	2007	22.68 acres	Currently Under Development	–	472,296
	Lease expiring 28.4.2103	2006	5,59 acres			
	Lease expiring 13.3.2111	2012	2.15 acres			
All within Bandar Tanjung Pinang Daerah Timur Laut Pulau Pinang	Lease expiring 5.11.2111	2012	5.55 acres			
PT No. 1352, H.S.(D) No. 16500 Bandar Tanjung Pinang Sek.1 Daerah Timur Laut Pulau Pinang	Freehold	2010	1 unit	Bungalow	3	5,225

GROUP'S PROPERTIES

(CONT'D)

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2013 RM'000
PT No 1416, H.S.(D) No. 17026 PT No 1417, H.S.(D) No. 17027 PT No 1418, H.S.(D) No. 17028 Bandar Tanjung Pinang Sek.1 Daerah Timur Laut Pulau Pinang	Freehold	2012	3 units	Terrace House	2	2,255
PT No. 1355 H.S.(D) 116861 Bandar Tanjung Pinang Sek.1 Daerah Timur Laut Pulau Pinang	Freehold	2013	57 units	High End Condominium	1	73,157
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	–	105,560
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
PT No. 64412 H.S.(D) No.106835 Mukim of Batu District of Gombak Selangor Darul Ehsan	Freehold	2006	1 Unit	Strata Shop/Office	14	64
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

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2013 RM'000
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	6	9,763
Dua Residency Condo Jalan Tun Razak Bandar Kuala Lumpur Wilayah Persekutuan	Freehold	2007	4 units	High end condominium	6	15,055
Lot No. 58087 Geran 70402 Daerah Kuala Lumpur Mukim Kuala Lumpur	Freehold	2007	1 unit	Semi-detached houses	6	2,448
Lot No 58056 Geran 70377 Daerah Kuala Lumpur Mukim Kuala Lumpur	Freehold	2007	726 sq. mt.	Vacant Land	–	1,303
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	–	18,170
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	6	20,000

GROUP'S PROPERTIES

(CONT'D)

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2013 RM'000
Dua Residency Condominium Jalan Tun Razak Bandar Kuala Lumpur Wilayah Pesekutuan	Freehold	2009	1 unit	Residential Condominium	6	3,175
PT No.1215, H.S.(D) No. 15927 PT No.1216, H.S.(D) No.15928 Bandar Tanjung Pinang Sek. 1 Daerah Timur Laut Pulau Pinang	Freehold	2010	575,288.47 sq. ft.	Retail Mall	3	233,000
PT No. 92,H.S.(D) 118146 Seksyen 57, Bandar Kuala Lumpur Wilayah Persekutuan	Freehold	2010	48,048 sq. ft	Retail Mall	1	35,054
74, Charlotte Street Fitzroy Square, London United Kingdom	Freehold	2012	542.3 sq. mt.	Vacant land with building	–	21,018
37-39 Kingsway London WC2B 6TP United Kingdom	Freehold	2012	46,087 sq. ft.	Land with building for office and retail	–	101,988
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	–	67,136
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	–	242,520
Lot No. 224, Geran 6391 Bandar Georgetown Daerah Timor Laut Pulau Pinang	Freehold	1978	414.7056 sq. mt.	Land with building for hotel use	–	386
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	–	206

ANALYSIS OF STOCKHOLDINGS

AS AT 31 JULY 2013

ORDINARY SHARE CAPITAL

Authorised Share Capital	:	RM2,000,000,000
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	511	2.78	14,060	0.00
100 to 1,000	6,821	37.18	3,541,108	0.31
1,001 to 10,000	8,737	47.62	32,077,958	2.83
10,001 to 100,000	1,867	10.18	54,175,597	4.77
100,001 to less than 5% of issued Stock Units	410	2.23	624,473,587	54.99
5% and above of issued Stock Units	2	0.01	421,339,400	37.10
Total	**18,348**	**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*	353,483,500	31.13
2.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Commerce Trustee Berhad for Libra Strategic Opportunity Fund*	67,855,900	5.97
3.	Maybank Nominees (Asing) Sdn Bhd *G. K. Goh Strategic Holdings Pte Ltd (260551)*	53,000,000	4.67
4.	Affin Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tham Ka Hon*	33,065,728	2.91
5.	Cimsec Nominees (Asing) Sdn Bhd *Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	19,174,294	1.69
6.	Maybank Nominees (Asing) Sdn Bhd *Cacona Pte Ltd (270700)*	16,258,508	1.43
7.	HSBC Nominees (Asing) Sdn Bhd *TNTC for Honesty LLC*	15,400,000	1.36
8.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	14,514,816	1.28
9.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohamed Ayub bin Mohamed Ali*	13,000,000	1.14
10.	Amanahraya Trustees Berhad *Public Smallcap Fund*	12,732,000	1.12
11.	Tham Ka Hon	12,424,505	1.09
12.	UOBM Nominees (Asing) Sdn Bhd *Tael One Partners Ltd for Indo Capital Growth Limited*	12,130,500	1.07
13.	HSBC Nominees (Asing) Sdn Bhd *BBH and Co Boston for Daiwa Rising Asean Equity Fund (JTSB SMTB)*	11,690,800	1.03
14.	Affin Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Pusaka Setia Sendirian Berhad*	11,371,928	1.00
15.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for J.P. Morgan Bank Luxembourg S.A.*	11,198,400	0.99
16.	Multi-Purpose Holdings Berhad	10,931,400	0.96
17.	Amanahraya Trustees Berhad *Public Islamic Sector Select Fund*	9,201,000	0.81
18.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Amundi)*	8,750,000	0.77
19.	Halfmoon Bay Ventures Limited	8,019,100	0.71
20.	Maybank Nominees (Asing) Sdn Bhd *Alpha Securities Pte Ltd (260550)*	6,500,000	0.57
21.	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt An for EFG Bank AG (A/C Client)*	6,460,200	0.57
22.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Emerging Market Core Equity Portfolio* *DFA Investment Dimensions Group Inc*	6,453,983	0.57

ANALYSIS OF STOCKHOLDINGS

AS AT 31 JULY 2013 (CONT'D)

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
23.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (HDBS)*	6,346,500	0.56
24.	HSBC Nominees (Asing) Sdn Bhd *HSBC BK PLC for Saudi Arabian Monetary Agency*	5,769,700	0.51
25.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Azizan bin Abd Rahman (MY0531)*	5,650,000	0.50
26.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for DFA Emerging Markets Small Cap Series*	5,551,900	0.49
27.	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for Wisdomtree Emerging Markets Smallcap Dividend Fund*	5,471,497	0.48
28.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (LPF)*	5,282,100	0.46
29.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Alya Chew binti Abdullah (CEB)*	5,000,000	0.44
30.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Credit Suisse Securities (USA) LLC (PB Client)*	4,800,000	0.42
	Total	**757,488,259**	**66.70**

SUBSTANTIAL STOCKHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL STOCKHOLDERS AS AT 31 JULY 2013

NAME OF SUBSTANTIAL STOCKHOLDERS	STOCKHOLDINGS DIRECT	%	INDIRECT	%
Sime Darby Nominees Sendirian Berhad	353,978,000	32.00	–	–
Sime Darby Berhad	–	–	353,978,000[1]	32.00
Sime Darby Holdings Berhad	–	–	353,978,000[2]	32.00
Dato' Tham Ka Hon	45,490,233	4.11	11,766,928[3]	1.06
Goh Geok Khim	2,000,000	0.18	80,058,508[4]	7.24
Goh Yew Lin	–	–	80,058,508[4]	7.24
GKG Investment Holdings Pte Ltd	–	–	80,058,508[5]	7.24
G. K. Goh Holdings Limited	–	–	69,258,508[6]	6.26
CIMB Commerce Trustee Berhad	–	–	67,855,900[7]	6.13

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 Terra Realty Sdn Bhd ("Terra Realty"), Pusaka Setia Sendirian Berhad ("Pusaka") and his spouse's shareholdings in Terra Realty and Pusaka.

[4] Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through GKG Investment Holdings Pte Ltd.

[5] 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.

[6] Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through G. K. Goh Strategic Holdings Pte Ltd and Cacona Pte Ltd.

[7] Held in trust by CIMB Commerce Trustee Berhad as Trustee for Libra Strategic Opportunity Fund.

DIRECTORS' INTEREST IN STOCK UNITS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 31 JULY 2013

NAME OF DIRECTORS	STOCKHOLDINGS DIRECT	%	INDIRECT	%
Datuk Azizan bin Abd Rahman	7,300,000	0.66	–	–
Dato' Tham Ka Hon	45,490,233	4.11	11,766,928[1]	1.06
Chan Kok Leong	6,400,000	0.58	–	–
Kok Meng Chow	100,000	0.01	–	–
Tan Sri Dato' Mohd Bakke bin Salleh	–	–	–	–
Dato' Abd Wahab bin Maskan	–	–	–	–
Kamil Ahmad Merican	1,875,000	0.17	–	–
Datuk Vijeyaratnam a/l V. Thamotharam Pillay	–	–	–	–
Christopher Martin Boyd	–	–	–	–
Tan Kar Leng @ Chen Kar Leng	–	–	–	–

Note:

[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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighty-Sixth Annual General Meeting of Eastern & Oriental Berhad will be held at Ballroom 3, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 26 September 2013 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 2013 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To approve a first and final dividend of 4.50 sen per stock unit less 25% income tax for the financial year ended 31 March 2013. **(Resolution 2)**

3. To approve the payment of Directors' fees of RM543,396.00 in respect of the financial year ended 31 March 2013. **(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) Dato' Tham Ka Hon **(Resolution 4)**
   (b) Mr Christopher Martin Boyd **(Resolution 5)**
   (c) Madam Kok Meng Chow **(Resolution 6)**

5. To re-elect Ms Tan Kar Leng @ Chen Kar Leng who retires in accordance with Article 103 of the Company's Articles of Association. **(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

To consider and if thought fit, to pass the following Ordinary Resolutions:

7. **Retention of Datuk Azizan bin Abd Rahman as Independent Director** **(Resolution 9)**

   "THAT Datuk Azizan bin Abd Rahman be retained as an Independent Non-Executive Director of the Company in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012."

8. **Retention of Datuk Vijeyaratnam a/l V. Thamotharam Pillay as Independent Director** **(Resolution 10)**

   "THAT Datuk Vijeyaratnam a/l V. Thamotharam Pillay be retained as an Independent Non-Executive Director of the Company in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012."

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

9. **Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** **(Resolution 11)**

"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."

10. **Proposed Renewal of General Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature** **(Resolution 12)**

"THAT:

(i) pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the general mandate for recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries ("E&O Group") ("Recurrent Transactions") given by the stockholders of the Company on 27 September 2012 be and is hereby renewed and approval be and is hereby given to E&O Group to continue to enter into and to give effect to the Recurrent Transactions with the related parties as set out in Section 2.5 of the circular to stockholders dated 30 August 2013 being transactions carried out in the ordinary course of business of the E&O Group on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority stockholders of the Company;

(ii) disclosure of the breakdown of the aggregate value of the Recurrent Transactions conducted during a financial year based on the following information will be made in the Company's Annual Report for the said financial year:

(a) the type of the recurrent related party transactions made; and

(b) the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with E&O Group;

(iii) the approval hereby given shall continue to be in force until:

(a) the conclusion of the next annual general meeting ("AGM") of the Company following the general meeting at which the general mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act, 1965); or

(c) revoked or varied by resolution passed by the stockholders in general meeting,

whichever is the earliest;

AND THAT authority be and is hereby given to the Directors of the Company to do such acts and things (including, without limitation, executing all such documents as may be required) to enter into and to give effect to the Recurrent Transactions authorised by this ordinary resolution."

11. 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 4.50 sen per stock unit less 25% income tax in respect of the financial year ended 31 March 2013, will be paid on 7 November 2013 to stockholders whose names appear on the Record of Depositors at the close of business on 10 October 2013.

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 2013 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
30 August 2013

NOTES:
1. Only members registered in the Record of Depositors as at 17 September 2013 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 not more than two (2) proxies 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

(CONT'D)

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 9 – Retention of Datuk Azizan bin Abd Rahman as Independent Director

Datuk Azizan was appointed to the Board as an Independent Non-Executive Director/Chairman of the Company on 6 November 2003. As at the date of the notice of the Eighty-Sixth Annual General Meeting, he had served the Company for more than nine (9) years. The Board has assessed his ability to continue to bring independent viewpoints and objective judgment to Board deliberations and decision making; and in the capacity as Chairman, his ability to additionally moderate deliberations in a non-partisan manner and, where required, provide that incisive analysis to guide the overall decision-making process. Having undertaken the assessment, the Board is convinced of Datuk Azizan's independence and recommends that Datuk Azizan be retained as an Independent Non-Executive Director of the Company. In addition, having served the Company for more than nine (9) years, he has proven to have a very good understanding of the Company's businesses and the Board believes that there are significant advantages to be gained here in promoting continuity, mindful also of Datuk Azizan's vast experience gained from other fields of business and the best practices of which he is able to bring to the Board to enhance its oversight of management. Specifically on the issue of continuity, during his tenure, the Company has embarked on a three (3)-year Business Plan which charts the Group's direction for 2014-2016 with an emphasis on developing the long-term sustainability of the Group. The Board believes that the long-serving Independent Directors who have the insight and knowledge of the Company's three (3)-year Business Plan from its inception, should as far as possible be retained to see through with its implementation. Therefore, the Board recommends that Datuk Azizan be retained as an Independent Non-Executive Director of the Company.

Resolution 10 – Retention of Datuk Vijeyaratnam a/l V. Thamotharam Pillay as Independent Director

Datuk Vijeyaratnam was appointed to the Board as an Independent Non-Executive Director of the Company on 28 July 2003. As at the date of the notice of the Eighty-Sixth Annual General Meeting, he had served the Company for more than nine (9) years. The Board has also assessed his independence and is confident of its findings that Datuk Vijeyaratnam not only meets the requisite criteria as an independent director, but has continually demonstrated, in the course of Board deliberations, such independence. Having served the Company for more than nine (9) years, he has proven to have a good understanding of the Company's businesses enabling him to provide independent views and judgment in the best interest of the Company. The Board is also mindful of Datuk Vijeyaratnam's extensive experience in the areas of finance and corporate advisory, and his contributions to Board deliberations in these respects have been substantial. Further, during his tenure, the Company has embarked on a three (3)-year Business Plan which charts the Group's direction for 2014-2016 with an emphasis on developing the long-term sustainability of the Group. As a matter of continuity, the Board believes there are significant advantages to be gained from the long-serving Independent Directors who possess tremendous insight and knowledge of the Company's three (3)-year Business Plan from its inception and the Group's general affairs. Therefore, the Board recommends that Datuk Vijeyaratnam be retained as an Independent Non-Executive Director of the Company.

Resolution 11 – Authority pursuant to Section 132D of the Companies Act, 1965

The proposed resolution 11, 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.

Resolution 12 – Proposed Renewal of General Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature

The proposed resolution 12, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are set out in the Company's circular to stockholders dated 30 August 2013 despatched together with the Company's 2013 Annual Report. This authority, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors standing for re-election at the Eighty-Sixth Annual General Meeting of the Company are as follows:

1. Pursuant to Article 98 of the Company's Articles of Association
   (a) Dato' Tham Ka Hon
   (b) Mr Christopher Martin Boyd
   (c) Madam Kok Meng Chow

2. Pursuant to Article 103 of the Company's Articles of Association
   (a) Ms Tan Kar Leng @ Chen Kar Leng

The details of the above Directors standing for re-election are set out in the Directors' Profile on pages 58 to 61 in the Annual Report.

The details of the above Directors' securities holding in the Company are set out on pages 235 to 236 in the Annual Report.

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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-Sixth Annual General Meeting of the Company to be held at Ballroom 3, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 26 September 2013 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 4.50 sen per stock unit less income tax		
3. To approve payment of Directors' fees		
4. To re-elect Dato' Tham Ka Hon		
5. To re-elect Mr Christopher Martin Boyd		
6. To re-elect Madam Kok Meng Chow		
7. To re-elect Ms Tan Kar Leng @ Chen Kar Leng		
8. To re-appoint Messrs Ernst & Young as Auditors of the Company		
9. To retain Datuk Azizan bin Abd Rahman as Independent Director		
10. To retain Datuk Vijeyaratnam a/l V. Thamotharam Pillay as Independent Director		
11. To authorise the issue of shares pursuant to Section 132D of the Companies Act, 1965		
12. To approve the Proposed Renewal of General Mandate		

*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 2013 Signature of member(s)/Seal

NOTES:

1. Only members registered in the Record of Depositors as at 17 September 2013 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 not more than two (2) proxies 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.

please fold here to seal

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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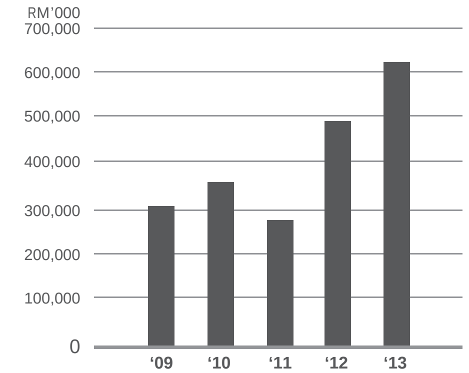
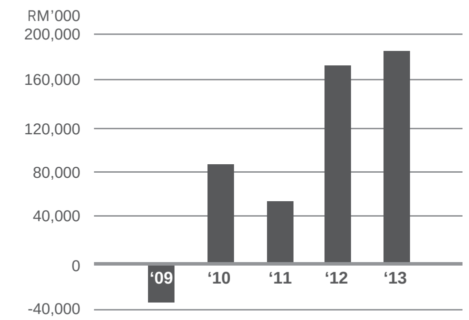
5-year group financial highlights

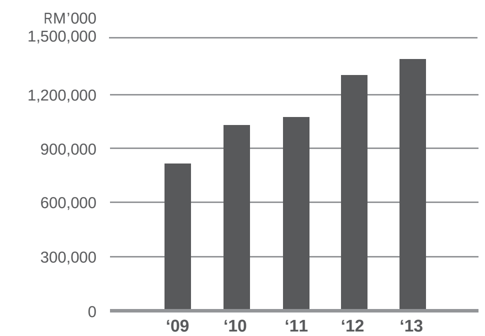
REVENUE



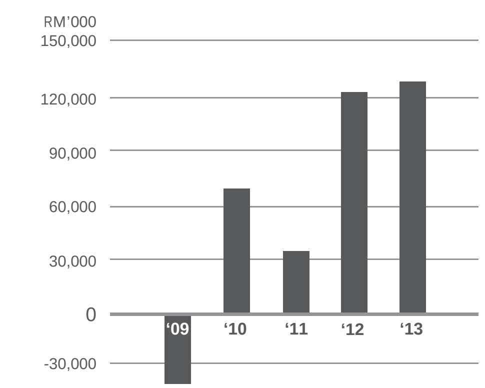
PROFIT/(LOSS) BEFORE TAX



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

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