ANNUAL REPORT 2014

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 and has established itself as a premier lifestyle property developer with a proven track record for delivering innovative concepts and high standards of quality.

The Group's past signature projects include the outstanding **Dua Residency Condominium** in the Kuala Lumpur (KL) city centre and in upscale Damansara Heights, the **Idamansara** and **Seventy Damansara** exclusive landed homes. In the heart of the KL Central Business District, E&O's **St Mary Residences** and the upcoming **The Mews Serviced Residence**, a joint-venture with Japan's Mitsui Fudosan Residential, represent the latest in urbane and elegant city living. In Greater KL, E&O is embarking on a 135-acre wellness-themed development in **Elmina West**.

The masterplanned seafront development **Seri Tanjung Pinang**, E&O's flagship project in Penang, is one of the most sought-after residential addresses on the island with the exceptional **Quayside** and **Andaman Seafront Resort Condominiums** being the latest launches.

In Johor, E&O has partnered with the wholly-owned subsidiaries of Khazanah Nasional Berhad and Temasek Holdings (Private) Limited to develop the 207-acre **Avira** wellness-themed development in Medini, Iskandar Malaysia.

Taking the brand to the next level, The Group has successfully ventured overseas with its maiden project **Princes House**, a prime freehold property along Kingsway in central London.

E&O's core of property development is supported by a cachet of complementary lifestyle elements. In the hospitality space, E&O is known for its iconic heritage hotels the **Eastern & Oriental Hotel** and the **Lone Pine Hotel**, as well as the contemporary **E&O Residences Kuala Lumpur**. In the lifestyle F&B space, E&O owns **The Delicious Group** of restaurants with outlets in Kuala Lumpur and Singapore. The **Straits Quay** retail centre and marina in Seri Tanjung Pinang bring to life the holistic concept of living by-the-sea complemented by the **Performing Arts Centre of Penang** and **Straits Quay Convention Centre**. Together, these lifestyle elements 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 lifestyle aspirations 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)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
STATEMENTS OF COMPREHENSIVE INCOME										
Revenue	497,141	605,536	492,151	271,271	352,375	304,449	516,399	518,444#	270,301#	21,130
Profit/(Loss) before tax **	167,173	187,271	171,172	48,154	93,276	(38,124)	194,565	91,618#	12,536#	13,088
Income tax expense	(47,389)	(50,505)	(43,433)	(11,948)	(18,630)	6,067	(34,789)	(22,654)#	(2,332)#	1,174
Profit/(Loss) attributable to owners of the parent	113,239	129,556	123,296	32,880	70,765	(37,276)	128,854	61,178	23,058	15,341
STATEMENTS OF FINANCIAL POSITION										
Issued and Paid-up capital	1,135,622	1,135,622	1,133,463	842,592	761,644	591,995	419,061	358,961	232,472	232,472
Weighted Average Number of stock units	1,106,182	1,106,182	1,093,675	1,059,935	1,063,967	666,211	532,804	415,252	221,715	229,384
Shareholders' Fund	1,474,912	1,389,868	1,289,523	1,058,237	1,043,259	814,371	729,686	606,733	347,121	388,171
RATIOS										
Net Earnings/(Loss) per stock unit (sen)	10.2	11.7	11.3	3.0	6.6	(5.6)	24.2	14.7	10.4	6.7
Net Dividend per stock unit (sen)	3.00^	3.38	3.19	1.50	2.85	–	3.70	2.92	1.4	1.4
Net Assets per stock unit attributable to owners of the parent (RM)	1.33*	1.26*	1.17*	1.21*	1.25*	1.25*	1.55*	1.41*	1.55*	1.77*

* 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:
- 31.3.2014 of 1,106,182,310
- 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
- 31.3.2006 of 224,271,092
- 31.3.2005 of 219,456,892

** Restated from FYE 2005 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 single-tier dividend of 3.00% per stock unit, to be approved by the stockholders at the forthcoming Annual General Meeting.

CONTENTS

MESSAGE FROM OUR CHAIRMAN

The Mews, Kuala Lumpur

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Eastern & Oriental Berhad (E&O) for 2013/14.

Amidst the backdrop of a challenging economic outlook, the Group has remained resilient and continues to lay the foundations in delivering long-term value for its stakeholders through its 3-year business plan.

During 2013/14, all four growth engines that we had identified and have been fuelling in Kuala Lumpur, Penang, Iskandar Malaysia and the United Kingdom are gaining solid traction.

A significant milestone was achieved in our plans for long-term value creation in Penang Island. In April 2014, conditional approval from the Department of Environment for the Detailed Environmental Impact Assessment (DEIA) study on the proposed second phase of Seri Tanjung Pinang (STP2) was obtained.

For the proposed conceptual masterplan for STP2, E&O appointed a wide and varied team of consultants, sourced both locally and internationally, acknowledged in their respective fields of expertise covering technical, environmental and planning aspects for the project. During the process, E&O engaged with the wider audience, culminating in an open public dialogue and exhibition which was attended by almost 500 members of the public, providing a platform for clarification and valuable feedback.

At E&O, we take our role as a responsible developer, one that fully complies with regulatory requirements and best practices, seriously. At Seri Tanjung Pinang, this commitment is unwavering. From the outset in 2003, when E&O took over and revived the twice-abandoned project, we invested RM500 million upfront which represented a tremendous risk compared to E&O's balance sheet at the time.

Today, Seri Tanjung Pinang Phase 1 (STP1) is a thriving community, the home of choice to over 2,000 families, predominantly Penangites. With the positive reception garnered at STP1 and its development reaching near completion, it is timely for E&O to embark on its progression to the reclamation of Phase 2, which itself will be developed in phases spanning the next 15-20 years.

Beyond Penang, the Group has made significant headway. The newly opened Gallery of The Mews serviced residences in the Kuala Lumpur city centre was the venue for the official launch event in January, cementing our successful collaboration with Japan's largest developer Mitsui Fudosan Residential Co. Ltd.

Wellness has been earmarked as a niche concept that E&O will nurture as a future lifestyle pillar for the Group. This initiative builds on our reputation as a premier lifestyle property developer with a proven track record in delivering innovative concepts. "Living in Wellness" is the integral theme at Avira in Medini, where the first release of garden terraces in April 2014 signalled E&O's inaugural foray into Iskandar Malaysia.

Our overseas growth engine in United Kingdom, enjoyed a very encouraging debut. E&O's first property venture abroad saw all residential units reserved for without the need for advertising. Due for completion in 2016, Princes House along Kingsway in the prestigious Borough of Westminster, is our first foothold into prime Central London.

At E&O, our view is that while supply of properties is local, demand is regional and global. With our customer profile encompassing over 20 nationalities, we recognise the importance of strengthening our brand beyond Malaysia.

The opening of the E&O Property Gallery in the heart of Singapore's CBD is a vital platform in our efforts to extend our reach overseas. Singapore is an important gateway that will enable us to connect with a much wider regional and global audience that serves both our property and hospitality portfolios.

E&O's lifestyle arm continues to complement our core property business. Our hotels and serviced residences in Penang and Kuala Lumpur delivered solid financial performance, buoyed particularly by the extremely popular patronage of Eastern & Oriental Hotel's Victory Annexe which welcomed its first guests in March last year.

Fueling these growth engines, creating a strong global property brand, nurturing our talent and deepening our strategic partnerships are essential building blocks of our 3-year business plan. E&O is committed to its shareholders to achieve a 3-year cumulative profit after tax (PAT) of RM450–500 million for the financial years ending 31 March 2014 to 31 March 2016. We are on track, with the financial year 2013/14 posting revenue of RM497.14 million and profit after tax of RM119.78 million.

The milestones that E&O has achieved during the financial year have generated positive interest within the investing community leading to another two research houses initiating coverage on the Company. The foreign house Macquarie Equities Research initiated coverage in June 2013 while the local house AmResearch issued their initiation report in October 2013.

"AT E&O, WE TAKE OUR ROLE AS A RESPONSIBLE DEVELOPER, ONE THAT FULLY COMPLIES WITH REGULATORY REQUIREMENTS AND BEST PRACTICES, SERIOUSLY. "

Our purpose and values anchor our businesses. We design and build properties that cater to the aspirational needs of discerning individuals. Every E&O staff endeavors to embody the ethos of doing things differently for the better with sincerity, integrity and passion.

This spirit is infused in our efforts to engage with the communities we operate in, with the aim of making a positive and meaningful difference. For example, at Seri Tanjung Pinang's 4-acre Straits Green park—the first public recreational space with waterplay equipment open for all to enjoy—E&O teams up with teachers and schoolchildren for Think Green's educational activities, made possible with the participation and guidance from local interest groups and individuals to whom we are most grateful.

As I reflect on the past year, I am reminded that our future is built on the past. E&O has a rich history and legacy that offers invaluable lessons. Courage in challenging the status quo, perseverance in overcoming obstacles with the passion and dedication to seeing things through are traits that will help us forge ahead. With a growth path clearly laid out, we will continue to innovate, improve and invest in the business and our people to remain at the forefront.

On behalf of the E&O Group, I would like to express our sincere appreciation to the E&O family for their tireless dedication and to our customers for their steadfast support.

I would also like to express my gratitude for the guidance and wisdom offered by my fellow Board Members as well as for the continued support of the shareholders of our Company.

DATO' AZIZAN ABDUL RAHMAN
Chairman, Eastern & Oriental Berhad
July 2014

MANAGING DIRECTOR'S OPERATIONAL REVIEW

Penthouse, Quayside Condominium, Seri Tanjung Pinang

FINANCIAL PERFORMANCE

Despite the challenging conditions of 2013/14 — marked by a broad economic slowdown in regional markets, as well as reduced activity with attention focused on the general election and time to take stock of the Government's property sector cooling measures — the Group managed nevertheless to chalk up revenue of close to half a billion for the financial year ended 31 March 2014.

The RM497.14 million revenue achieved for the financial year ended 31 March 2014 (financial year ended 31 March 2013: RM605.54 million) reflected the initial stages of development of current projects and preliminary levels of revenue recognition in the property segment.

After incorporating revenue recognised for the jointly-controlled projects, St Mary Residences, Villas by-the-sea bungalows and The Mews, the Group recorded adjusted revenue of RM590.85 million (financial year ended 31 March 2013: RM902.89 million).

PAT for the Group stood at RM119.97 million for the 12-month period ended 31 March 2014. The current 12-month financial period represents the first term in E&O's 3-year business planning timeline. E&O had at the 2013 annual general meeting committed to stockholders to achieve a 3-year cumulative PAT target of RM450-500 million for FY2014-2016. The Group is confident that it is on track to meet its commitment to stockholders based on the current year's performance and upcoming launches in the next 12-18 months, especially in Penang and Iskandar Johor.

CORPORATE DEVELOPMENTS

E&O-CIMB MAPLETREE-AL SALAM BANK JV COMPLETED SUCCESSFULLY

The successful completion and sale of 73 villas in Seri Tanjung Pinang in 2013, worth an estimated RM260.60 million in gross development value, brought to fruition the tripartite venture involving E&O, CIMB-Mapletree Management Sdn Bhd (CIMB-Mapletree) and the Al Salam Bank of Bahrain. The three parties had signed an agreement in 2006 to jointly-develop the villas and a private event was held in Penang to mark the culmination of this successful collaboration with E&O represented by Deputy Managing Director, Eric Chan Kok Leong, CIMB-Mapletree by Chief Executive Officer, Raja Noorma Raja Othman, and Al Salam Bank of Bahrain by Chief Executive Officer, Yousif Taqi.

The villas comprise 2- and 3-storey units spread over 15 acres, the showpiece being the 9,040 square feet Martinique which emerged winner of the Best Villa Development (Malaysia) in the South East Asia Property Awards 2011.

ACQUISITION OF 135-ACRE FREEHOLD LAND AT ELMINA WEST

On 26 September 2013, E&O signed a Memorandom of Agreement (MOA) with Sime Darby Elmina Development Sdn Bhd (SDED), a wholly owned subsidiary of Sime Darby Property Berhad.

The MOA provided a platform for E&O and SDED to negotiate in good faith the terms of a sale and purchase agreement in relation to E&O's proposed acquisition of a parcel of freehold land measuring approximately 135 acres from SDED, which is part of the larger Elmina West estate.

E&O intends to embrace the theme of "wellness", consisting of both commercial real estate and a lifestyle residential community within the overall masterplanned development.

The Sale & Purchase Agreement (SPA) for the acquisition of the said land was signed on 4 July 2014.

"E&O PROPERTY BUSINESS HAS CARVED OUT A SOLID NAME IN THE RESIDENTIAL SEGMENT WITHIN THE PROPERTY MARKET. STRATEGIC ALLIANCE WERE SECURED WITH REPUTABLE REGIONAL AND INTERNATIONAL INSTITUTIONS, WHICH FURTHER ENHANCED ITS BRAND VISIBILITY AND EXPERIENCE."

AmResearch
9 October 2013

PROPERTY DEVELOPMENT

The year under review saw the Group push forth with its projects in the identified key growth engines of Klang Valley, Penang Island, Iskandar Malaysia and Central London, United Kingdom.

On Penang Island, E&O's flagship development, the masterplanned 240-acre Seri Tanjung Pinang Phase 1, is reaching maturity after almost a decade from its first launch in 2005. A few smaller parcels remain for development, and within the Quayside resort condominium complex, the final two blocks of the Andaman series are being promoted regionally to target markets such as Singapore and Hong Kong. The ultimate tower called Andaman Edition 18 East, whose units command superior views and enhanced specifications, is slated for launch in mid-2014. In the fourth quarter of 2013, limited units of 3-storey Link Villas were launched and these are close to 70% sold.

E&O's joint-venture project with Mitsui Fudosan Residential Co. Ltd (Mitsui Fudosan) was successfully launched in Kuala Lumpur in January 2014 and to-date, all non-Bumiputera units are fully sold. The Mews serviced residences is sited on 1.29 acres of land just off Jalan Yap Kwan Seng and features 256 units spread evenly between two 38-storey towers.

The official launch of The Mews coincided with the opening of The Mews Gallery in a traditional Japanese Kagami-wari ceremony presided by Ryousuke Uematsu, General Manager of Mitsui Fudosan Residential Overseas Business Department II and several other senior personnel from Mitsui Fudosan. This dedicated onsite showcase of fully-fitted 1, 2 and 2+1-bedroom show units allows potential customers to have a tangible representation of what they will enjoy when living at E&O's latest city development.

A significant milestone for E&O was the debut of its maiden international project, Princes House in London. E&O is converting and refurbishing this 1920s neo-classical building into a total of 54 units comprising 20 residential units and 34 serviced apartments, which it expects to complete by 2016. The 34 serviced apartments are slated for en bloc sale to institutional buyers that have also drawn interest from international serviced apartment providers keen to extend their brand to the highly sought after Kingsway address. To-date, all residential units at Princes House have been sold.

E&O's joint-venture Avira wellness project with Khazanah Nasional Berhad and Temasek Holdings (Private) Limited in Iskandar Malaysia is progressing steadily with an official launch targeted for mid-2014. A private preview of 208 units of terraced homes for Avira registrants in early 2014 reflected encouraging buyer interest with close to 70% of these units being reserved.

SERI TANJUNG PINANG PHASE 2

SETTING THE SCENE

The evolution of the project that is now known as "Seri Tanjung Pinang" was first mooted by Penang's second Chief Minister in the 1980s.

Historically, the concession was given by the Penang State Government in 1990 with the concession providing for reclamation and development in phases of approximately 980 acres of land along the north-east coast of Tanjung Tokong.

Reclamation did commence but setbacks resulting from the 1998 Asian Financial Crisis left the site idle for many years, becoming a partially reclaimed area clearly visible from Gurney Drive.

ENTER E&O

In 2003, E&O assumed the rights, obligations and liabilities of the former concessionaire. In reviving the abandoned site, E&O reconfigured the development mix in favour of residential homes instead of the original focus on high density commercial properties. Despite the substantial initial acquisition and investment cost during still testing economic conditions, E&O completed the reclamation of Seri Tanjung Pinang Phase 1 (STP1), and held its maiden launch of terraced homes in 2005, with handover to purchasers in 2006.

In almost a decade, the transformation has provided an innovative range of new homes and amenities, with Penangites forming the majority of residents at STP1, followed gradually by a wider regional audience of purchasers.

2002: Partially reclaimed site, left idle

E&O's vision for Seri Tanjung Pinang Phase 1

OVER 30 YEARS IN THE MAKING

- **1982** Project mooted under administration of the late Tun Lim Chong Eu
- **1990** Concession agreement signed
- **1997** Reclamation work started
- **1998** Asian Financial Crisis, reclamation work suspended
- **1999** Reclamation work revived
- **2000** Project halted for a second time
- **2003** E&O takes over
- **2003** E&O revises STP1 layout plan to focus more on residential properties
- **2005** Phase 1 reclamation completed
- **2005** E&O's first launch of terraced homes
- **2006** Ariza homes handed over to purchasers
- **2012-2013** Consultants appointed for proposed STP2 masterplan
- **AUG 2013** Public Dialogue on STP2 Detailed Environmental Impact Assessment (DEIA) study
- **APR 2014** Approval of DEIA by Federal Department of Environment
- **JUN 2014** Endorsement of STP2 masterplan by Penang State Government

Exhibition and Public Dialogue on 24 August 2013 at Straits Quay Convention Centre involving the project proponent panel and members of the public

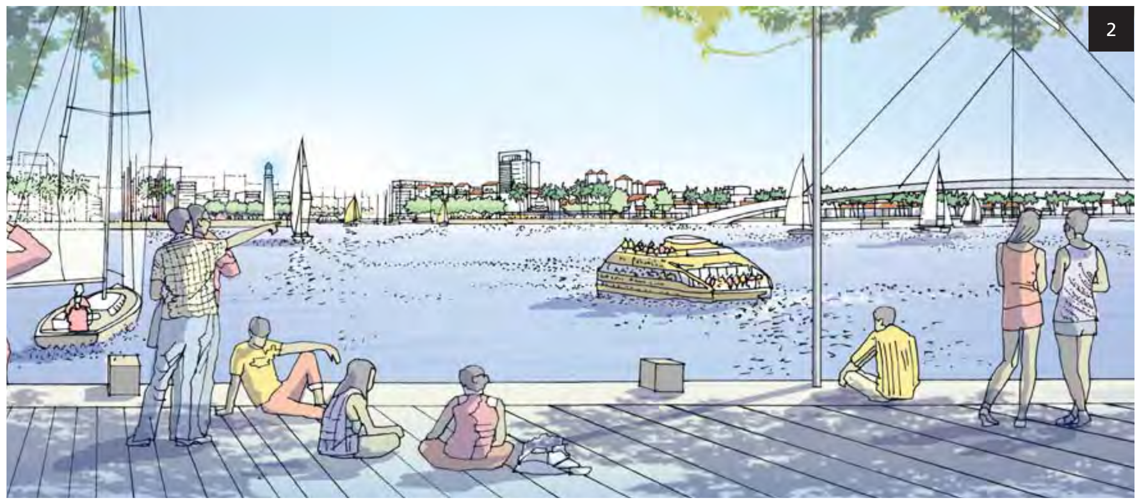
FULFILLING OBLIGATIONS

With the 240 acres of STP1 nearing completion, Seri Tanjung Pinang Phase 2 (STP2) is the natural progression for E&O to apply its efforts in accordance with the terms of the concession agreement. In this regard, E&O is fulfilling its obligations in the application to obtain necessary approvals for the reclamation of the remaining 760 acres and is ready to comply with all conditions set by relevant authorities.

In 2013-14, E&O focused on preparations to submit to the Department of Environment the Detailed Environmental Impact Assessment (DEIA) Study for STP2, which involved holding a Public Dialogue on 24 August 2013 at the Straits Quay Convention Centre, amongst other stringent requirements and studies.

Several measures were undertaken by E&O to create public awareness and garner attendance for the public dialogue. These included placing advertisements in three languages (Bahasa Malaysia, English, Chinese) in seven major dailies; placing posters at community centres in Tanjung Tokong, Gurney Drive and Tanjung Bungah; and setting up a dedicated microsite on STP2 where members of the public could register their attendance.

During the public dialogue, attended by close to 500 people, a panel comprising the E&O Group Managing Director and teams of local and international technical consultants introduced the proposed conceptual masterplan of STP2, presented the salient points of the DEIA and fielded questions from the floor. Information boards on the DEIA study and STP2 were also displayed for public viewing.



To allow the public a further opportunity to comment on the DEIA study, the document was then placed on public display for 10 weeks at several central locations nationwide including the National Library, the DOE Library at Putrajaya, Penang State Public Library, Penang Municipal Council, Tanjong Tokong Police Station and all DOE state offices.

All these steps were taken to allow the general public to have the opportunity to be aware, understand, comment and participate in this project.

GOING FORWARD

On 10 April 2014, the DEIA study for STP2 was approved with conditions by the Federal Department of Environment.

On 10 June 2014, the Penang State Government gave its endorsement of the STP2 Master Plan proposed by E&O.

This marks a major milestone for STP2, working towards a development timeline to be implemented in phases over the next 15-20 years, and that is closely aligned with Penang's future progress.

Artist's impressions of proposed STP2 character areas:

1. A vibrant new seafront promenade for Penang
2. A view of the new STP2 Marina from Straits Quay
3. Dragon boat racing along STP2's 1.8 km canal
4. Enjoying sunset at the new Marina

THE MEWS

www.the-mews.com

The Mews serviced residences convey an understated stylish simplicity, reflecting the merging of cultures between its two joint-venture partners, E&O and Mitsui Fudosan Residential.

Tucked away on the edge of Jalan Yap Kwan Seng, The Mews is removed from the clamour of the city yet within easy reach of the Kuala Lumpur business centre and its main attractions.

Sited on 1.3 acres of prime real estate, construction of two 38-storey towers consisting of 256 units of serviced apartments is underway and targeted for completion in 2017. The Mews will feature one to three-bedroom freehold serviced apartments and penthouses ranging from 923 square feet to 2,619 square feet.

Photo courtesy of Monier Malaysia

SERI TANJUNG PINANG

www.seritanjungpinang.com

Seri Tanjung Pinang is Penang Island's largest masterplanned seafront development. Developed in two phases by E&O, this world-class waterfront community is conceptualised to celebrate the best facets of island living.

Situated along Penang's northeast coast, Seri Tanjung Pinang commands a prime location between the UNESCO World Heritage City of George Town and the popular beaches of Batu Ferringhi.

It is a showcase of residential enclaves and a festive retail marina that brings to life the concept of living by-the-sea for the more than 20 nationalities residing there. Residences at Seri Tanjung Pinang range from courtyard terraces inspired by Penang's unique Straits-eclectic architecture, to award-winning seafront villas.

As the first phase of this 240-acre development is nearing completion, planning for the proposed Seri Tanjung Pinang Phase 2 masterplan is currently in progress, in accordance with the 1990 Concession Agreement to reclaim and develop 980 acres off the northeast coast of Tanjung Tokong.

QUAYSIDE SEAFRONT RESORT CONDOMINIUMS

www.quaysideresort.com

Quayside clubhouse and 4.5-acre waterpark

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

The first phase of Quayside comprising two low-rise and two high-rise towers have been completed and handed over to owners. The second phase, launched as the Andaman Series, is made up of three high-rise towers with 75 per cent of its units aligned to face the Andaman Sea, Straits Quay Marina, the tree-lined waterpark or Gurney Drive skyline.

The final tower under the Andaman Series is called Edition 18 East based on the geographical coordinates that place it at the heart of E&O's masterplanned flagship property, Seri Tanjung Pinang. Andaman Edition 18 East is slated for launch in the second half of 2014.

At the heart of this landmark development is 4.5 acres devoted to an exceptional residents' private waterpark. Fully complete and ready to enjoy, the waterpark includes a variety of pools, waterfalls, slides, cascades, fountains, sandy beach lagoons and spa pavilions conceptualised by award-winning American landscape designer, Geyer Coburn Hutchins of Seattle.

Other completed 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.

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.

LOUNGE

THEATRETTE

GAMES AND
AEROBICS ROOM

LIVING ROOM

DINING ROOM

GYM

AVIRA

www.avira-medini.com.my

Artist's impression

Avira is a 207-acre wellness-themed development in Iskandar Malaysia, developed by Nuri Merdu Merdu Sdn Bhd, a joint-venture between E&O and the wholly-owned subsidiaries of Khazanah Nasional Berhad and Temasek Holdings (Private) Limited.

Strategically located in Medini Central, which has been earmarked to become the Central Business District of Nusajaya within Iskandar Malaysia, Avira is just 10 minutes from the Second Link to Singapore and enjoys convenient accessibility via a comprehensive network of routes and expressways.

With "Living in Wellness" as its integral theme, Avira aims to prolong active years through wellness by promoting physical vitality and mental clarity, which will be achieved through holistic, non-invasive programmes supported by scientifically-proven methods, technologies and diagnostics.

Core to achieving this is a dedicated purpose-built Wellness Centre located in a 12.5-acre Wellness Sanctuary. This will be fringed by a natural mangrove forest reserve and residential units comprising terrace and semi-detached homes, bungalows, condominiums, service apartments, as well as a retail village.

Artist's impression

Artist's impression

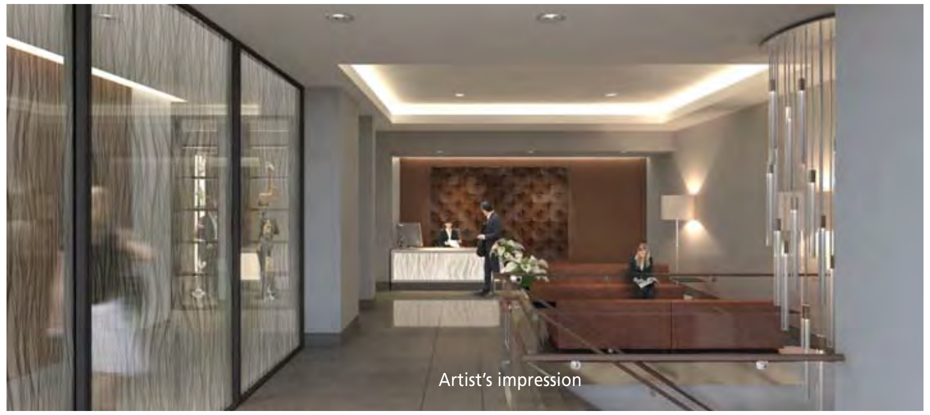
CURRENT PROJECTS – *LONDON, UNITED KINGDOM*

PRINCES HOUSE

www.princeshouselondon.com

Artist's impression

Artist's impression



Artist's impression

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

E&O is converting and refurbishing this 1920s neo-classical building into a total of 54 units comprising 20 residential units and 34 serviced apartments, with approximately 40,000 square feet of net sellable area.

The units at Princes House 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.

Launched in February 2014, all residential units are fully sold, signalling a positive debut for E&O properties in the international arena.

COMPLETED PROJECTS – *KUALA LUMPUR*

ST MARY RESIDENCES
Condominiums,
Jalan Tengah

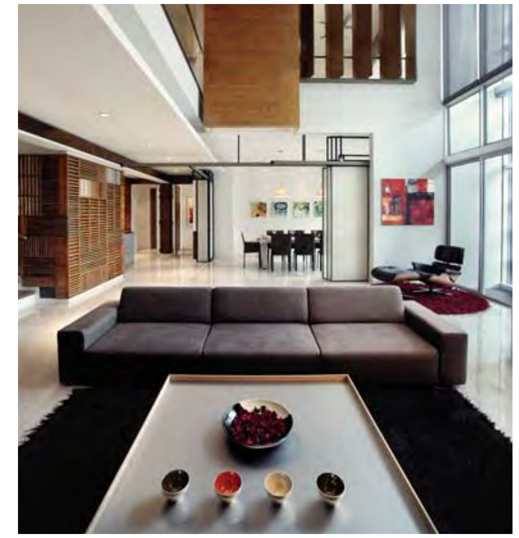






COMPLETED PROJECTS – *KUALA LUMPUR*

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

Artist's impression

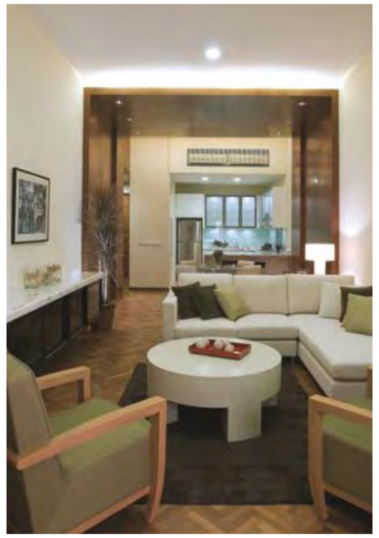
Artist's impression

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

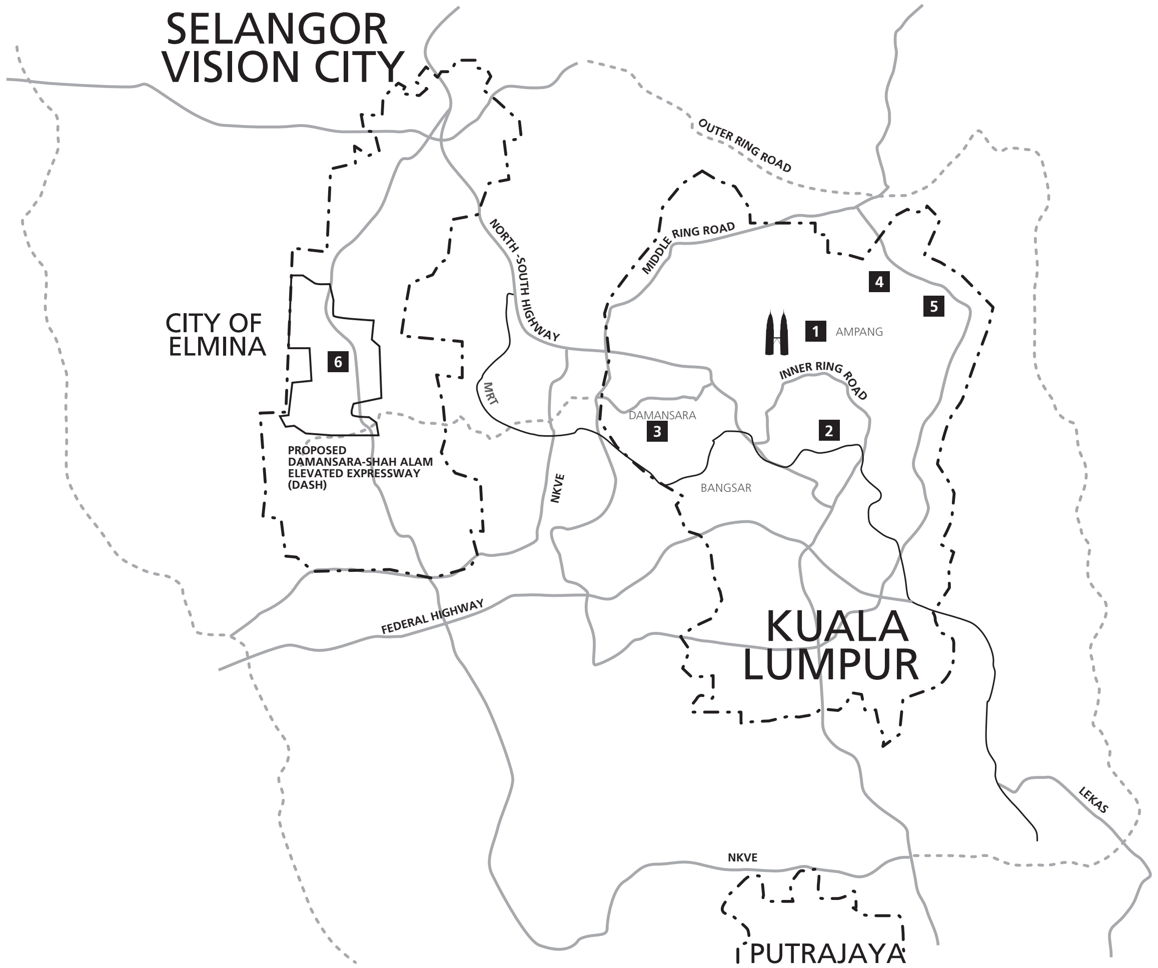
SKYE & ABREZZA
3-Storey
Villas By-The-Sea™,
Seri Tanjung Pinang

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

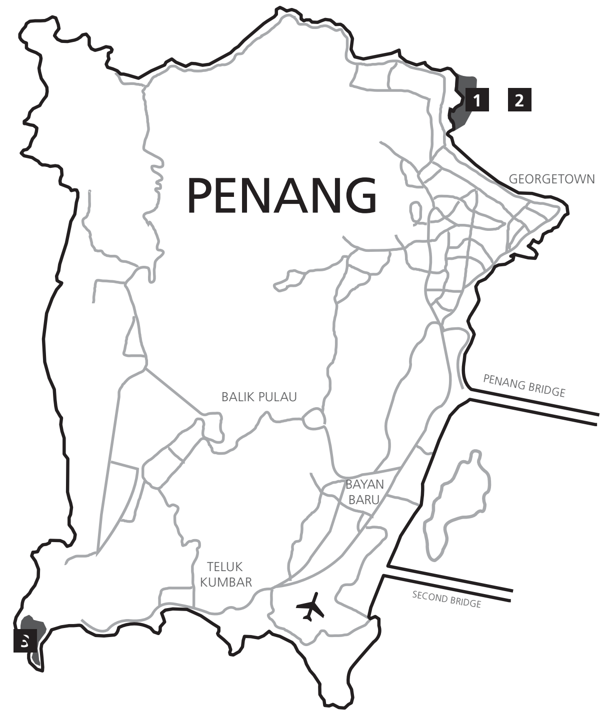
SUITES AT STRAITS QUAY
1- and 2-bedroom Serviced Residence,
Seri Tanjung Pinang



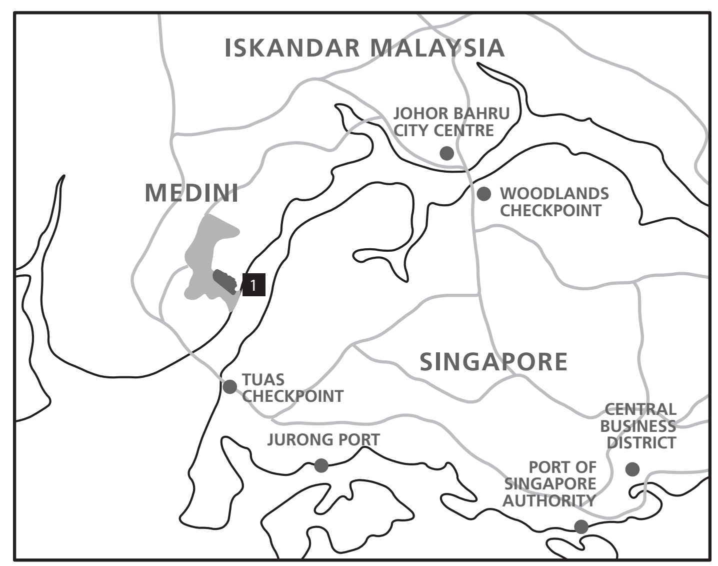
LIST OF MAJOR LANDBANKS



LANDBANKS	ACRES
1. Jalan Conlay	1.4
2. Jalan Liew Weng Chee (Off Jalan Yap Kwan Seng)	0.9
3. Jalan Teruntung, Damansara Heights (The Peak)	3.9
4. Ukay Heights, Ulu Kelang	9.4
5. Kemensah Heights, Ulu Kelang	309.5
6. Elmina West, Selangor	135



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	207

Straits Quay Marina

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 square feet festive retail marina is supported by an additional 30,000 square feet of conference and banqueting space at the Straits Quay Convention Centre. It is also home to Royal Selangor's second signature Visitors Centre in the country as well as the purpose-built 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 25,000 square feet in net floor area, perfectly positioned to cater to the surrounding affluent community.
- St Mary Place, Kuala Lumpur – this 35,000 square feet 2-storey retail annexe at St Mary Residences began 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, E&O Residences as well as the surrounding vicinity of MNC offices.

Infinity pool 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 which underpins its unique position as developer of premier lifestyle properties. The Hospitality & Lifestyle division encompasses the luxury heritage Eastern & Oriental Hotel (E&O Hotel) and Lone Pine Hotel, both in Penang. E&O extends its operational expertise in hospitality and lifestyle to the Delicious Group of restaurants and the management of serviced suites at E&O Residences Kuala Lumpur. Niche retail zones within E&O's purpose built properties include St Mary Place and Dua Annexe in Kuala Lumpur with the widest array of lifestyle offerings to be found at Straits Quay festive retail marina in Seri Tanjung Pinang.

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 sixth floor of the Victory Annexe commands unsurpassed views of the Straits of Malacca, enjoyed from the Planters Lounge, infinity swimming pool, gym and forthcoming spa.

The Victory Annexe's fifth 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 E&O 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 recent addition is the E&O Hotel Pier that caters to E&O's private water limousine service, the Lady Martina, which was launched in August 2013.

E&O Hotel maintained a healthy average occupancy rate of approximately 70% and some of the recent awards earned by the hotel and its outlets include *Top 25 Luxury Hotels in Malaysia* in the 2013 TripAdvisor Travellers' Choice Awards; *Top 25 Hotels For Romance – Malaysia* in the 2014 TripAdvisor Travellers' Choice Awards; *The Best of Malaysia Awards 2013 - Best City Hotel* by Expatriate Lifestyle Magazine and *The Right Room Awards 2013 - Most Loved Hotel* by AsiaRooms.com.

Victory Annexe

www.eohotels.com

LOBBY

PLANTERS LOUNGE

GYM

CORNER SUITE

SUPERIOR SUITE

MEETING & BANQUET ROOMS

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.

In keeping with its enviable natural setting, open air dining is informal at the restored beachfront home known as The Bungalow. Additional restaurants and facilities such as gym, spa, games and meeting rooms complete the Lone Pine Hotel. However, it is the open expanse of beachfront lawn that remains the most inspired and desired venue, especially for romantic weddings at sunset.

The successful refurbishment and expansion of Lone Pine was recognised by the Malaysian Institute of Architects (PAM) bi-annual awards for architectural design excellence in 2012. 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 the TripAdvisor's 2014 Travellers' Choice Award and the *Gold Circle Awards 2014* by Agoda.com.

E&O Residences Kuala Lumpur
www.eoresidences.com

E&O Residences offers luxury accommodation with all the comfort, character and space of a real home in the Central Business District of Kuala Lumpur.

Opened in 2012, E&O Residences are the first serviced suites to share the name and pedigree of the legendary E&O Hotel, bringing with it the service culture and care synonymous with the luxury heritage brand.

Two hundred chic apartment suites measuring 1,131 square feet and 1,442 square feet cater for travelling professionals, corporate relocations, long-stay medical visitors or tourists, easily the most spacious and stylish accommodation of its class in the city.

Occupying one of the three towers at the 4.1-acre St Mary Residences site on Jalan Tengah, E&O Residences affords guests direct access to the St Mary Place retail annexe and a private 1.2-acre urban sanctuary of recreational facilities and green as well as 5-star service provided by E&O Concierge.

Delicious

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 E&O's prime retail properties as well as in leading shopping centres in Kuala Lumpur, Johor and Singapore.

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.

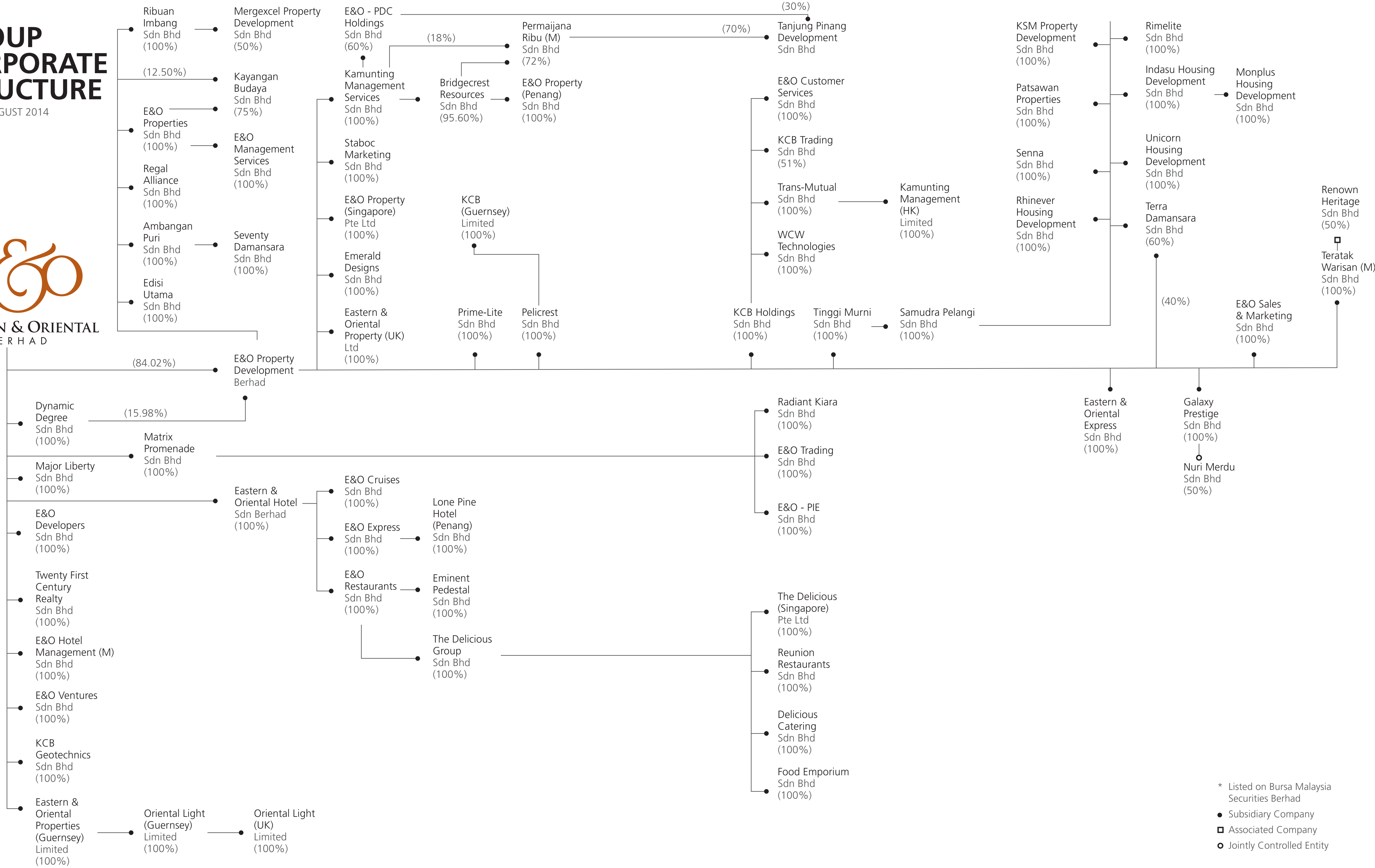
The Group unveiled a fresh new concept this year with "SimplyD" at its first outlet in Nu Sentral, Kuala Lumpur. Offering a selection of Delicious' bestselling items but with a twist, SimplyD is all about good value meals, fresh ingredients and quick service, appealing to the fast-paced office and shopping crowd.

SimplyD

GROUP CORPORATE STRUCTURE

AS AT 6 AUGUST 2014

EASTERN & ORIENTAL BERHAD



* Listed on Bursa Malaysia Securities Berhad
- ● Subsidiary Company
- ◻ Associated Company
- ○ Jointly Controlled Entity

CORPORATE INFORMATION

DIRECTORS
Dato' 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' Seri Mohd Bakke bin Salleh
Dato' Seri 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
Affin Bank Berhad
Alliance Bank Malaysia Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad
Sumitomo Mitsui Banking Corporation Malaysia Berhad

AUDITORS
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Pusat Bandar Damansara
50490 Kuala Lumpur
T 603 7495 8000
F 603 2095 9076

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Menara Multi-Purpose
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50100 Kuala Lumpur
T 603 2698 3232
F 603 2694 8571

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Menara Milenium
8 Jalan Damanlela
Damansara Heights
50490 Kuala Lumpur
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F 603 2095 9898

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad

WEBSITE
www.easternandoriental.com

DIRECTORS' PROFILE

DATO' AZIZAN BIN ABD RAHMAN

DATO' THAM KA HON

TAN SRI DATO' SERI MOHD BAKKE BIN SALLEH

DATO' SERI 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

DATO' AZIZAN BIN ABD RAHMAN
Independent Non-Executive Director / Chairman

Dato' Azizan bin Abd Rahman, a Malaysian, aged 64 was appointed as Independent Non-Executive Director/Chairman of Eastern & Oriental Berhad on 6 November 2003. He is the Chairman of the Nomination, Remuneration and Scheme Committee.

Dato' 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.

Dato' 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. Dato' Azizan is a Director of Apex Equity Holdings Berhad. He is also the Chairman of the Investment Panel of Lembaga Tabung Haji and Chairman of TH Heavy Engineering Berhad and a Director of TH Plantations Berhad.

Dato' 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 61, 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 129-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 44, is the Deputy Managing Director of Eastern & Oriental Berhad. He joined E&O Property Development Berhad in 2003 as Director of Corporate & Investment. He was appointed as Executive Director and as a Board Member of Eastern & Oriental Berhad on 11 May 2006. In 2011, he was promoted to Deputy Managing Director.

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. He is currently the Executive Director of E&O Property Development Berhad and 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 54, 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.

TAN SRI DATO' SERI MOHD BAKKE BIN SALLEH
Non-Independent Non-Executive Director

Tan Sri Dato' Seri Mohd Bakke bin Salleh, a Malaysian, aged 60, 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' Seri Mohd Bakke holds a Bachelor of Science (Economics) degree from the London School of Economics and Political Science. 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' Seri Mohd Bakke is currently the President and Group Chief Executive of Sime Darby Berhad. He sits on the Boards of Sime Darby Berhad, Sime Darby Property Berhad, Yayasan Sime Darby, Northern Corridor Economic Region and Malaysian Industry-Government Group for High Technology. Tan Sri Dato' Seri Mohd Bakke was formerly the Group President & 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' Seri Mohd Bakke has no family relationship with any Director and/or major stockholder of the Company nor has any personal interest which conflicts with that of the Company. He has had no convictions for any offences within the past 10 years.

DATO' SERI ABD WAHAB BIN MASKAN
Non-Independent Non-Executive Director

Dato' Seri Abd Wahab bin Maskan, a Malaysian, aged 63, 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 a member of the Nomination, Remuneration and Scheme Committee.

Dato' Seri 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' Seri Abd Wahab is currently the Group Chief Operating Officer of Sime Darby Berhad and the Managing Director of Sime Darby Property Berhad. He is in the Board of Pelaburan Hartanah Nasional Berhad, Prima Corporation Malaysia and Battersea Project Holding Company Limited. He has held various management and Board positions in companies in Malaysia, Europe and Asia covering plantation, property, engineering, construction and manufacturing.

Dato' Seri 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 64, 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, Remuneration 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 was one of the Master Jury Members in the Aga Khan Award for Architecture. He has been serving on the steering committee of the Greater Kuala Lumpur Council (PEMANDU) since 2010. He has also been made Adjunct Professor of the Faculty of Architecture, University of Malaya and has been the external examiner for both Universiti Teknologi Malaysia and University of 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 62, 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 Risk Management Committee and the Nomination, Remuneration and Scheme 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 Magnum Berhad (formerly known as Multi-Purpose Holdings 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.

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

Ms Tan Kar Leng @ Chen Kar Leng, a Malaysian, aged 70 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 also sits on the Board of HSBC Bank Malaysia Berhad.

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.

MR CHRISTOPHER MARTIN BOYD
Independent Non-Executive Director

Mr Christopher Martin Boyd, a British citizen with permanent residence in Malaysia, aged 67, was appointed to the Board of Eastern & Oriental Berhad on 11 August 2008 as a Non-Independent Non-Executive Director. He was redesignated to an Independent Non-Executive Director on 17 June 2014. Mr Boyd is a member of the Audit Committee, the Risk Management Committee and the Nomination, Remuneration 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

Official launch of Think Green Community education program on 15 February 2014 by YB Tuan Chow Kon Yeow, Penang State Executive Councillor and Local Government, Traffic Management and Environment Committee Chairman.

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.

PLACE MAKING AND COMMUNITY BUILDING

As a lifestyle property group, E&O recognises the need to redefine and foster meaningful relationships with communities in which we operate in. In pursuing our corporate responsibility objectives, we also recognise the importance of promoting a culture of participation among our employees.

In Penang, E&O is committed to developing communities at Seri Tanjung Pinang (STP) where various place-making tools are used to make Straits Green a catalyst for holistic and healthy lifestyles that help bring communities together.

Straits Green is a 4 acre public park, a vital green space in STP which provides communities with more than just a recreational space. Set up at a cost of RM4 million and maintained at RM30,000 annually, Straits Green features a unique and interactive waterplay area, a community education programme called Think Green as well as weekly exercise activities open to the public at no charge that was rolled out by E&O volunteer employees.

Think Green Community Education Programme

E&O's Think Green community education programme aims to build eco-centric communities and strengthen the civic spirit through a community food garden. Incorporating a composting site, the Think Green food garden at Straits Green serves as an outdoor classroom for local communities, partners and employees to come together in a proactive manner and embrace volunteerism, earth care practices and community building.

In the first phase of Think Green, the community garden included a compost bay, keyhole mulch bed with herbs, raised vegetable beds and informative education boards to teach visitors how to compost and grow healthy food. In early 2014, an additional compost bay was included to increase the capacity for landscape waste composting, whereby a collection of organic material from Seri Tanjung Pinang's common landscaped areas are ultimately returned to enrich the soil.


Introducing E&O staff to composting


CAP engaging school children on nature studies

Young members of the Seri Tanjung Pinang community engrossed in their handiwork

The Green Crusaders educating on zero waste households


Water play equipment at Straits Green


Dancercise at Straits Green

Communities and Collaboration in Action

The Think Green site has brought together a diverse range of groups from headmasters, teachers, and students from partnering schools and the local kindergarten, E&O employees, as well as local NGOs and urban food growing enthusiasts. A notable mention must be to acknowledge the Natural Farming Unit from the Consumers Association of Penang (CAP), who play a vital role as our key community engagement partner providing invaluable expertise and enthusiasm in Think Green's ongoing awareness and education programmes.

Within the financial year, about 120 students and their teachers participated in various activities at the food garden. Partnering with three public schools SRK Tanjong Tokong, SRK (C) Hun Bin and SRK (T) Azad, a pilot project was rolled out from October 2013 to January 2014, and E&O has since received requests for more advanced programmes to follow on from the basic introduction.

Landscapers working at Straits Green are also constantly engaged and given training on organic composting and fertilising to ensure natural practices onsite. All landscape waste from Straits Green is composted at the compost bays at the Think Green site and reused for growing herbs and vegetables as well as for the plants at Straits Green. This means close to 3 tonnes of landscape waste from Straits Green is composted instead of heading to the landfills.

The Green Crusaders are another important collaborator in the Think Green programme. They have shared unique and viable methods of organising community based recycling initiatives. A workshop was carried out with employees demonstrating simple everyday practices to help attain a Zero Waste household. With inspiration from this workshop, employee volunteers together with the Green Crusaders will assist in rolling out recycling initiatives with students and teachers in SRK Tanjong Tokong.

Moving forward in 2014, Think Green activities and initiatives will be designed to ensure long term, focused and meaningful community engagement. The programme will have a concentrated focus on the young living in the Tanjung Tokong area to help build a vibrant community of students that are eco-conscious, enterprising and creative.

Primary school students living and schooling in the vicinity are the direct beneficiaries of our long term programme as we are committed to helping the next generation make a difference at home and within their communities. They have kept the community food garden alive by participating in garden care initiatives, nature observation games, composting activities, germinating seeds and creating recycled DIY herb pots. Moving forward, the students will also co-create and build new garden features for the community garden.


Photo courtesy of Weeling Chen

SUPPORT FOR ARTS & CULTURE

E&O maintains a close affinity with the arts and culture scene, demonstrated by our continued support for initiatives and activities aligned to George Town's position as a UNESCO World Heritage Site as well as State-led cultural events and festivals in Penang.

While E&O continues with these efforts, 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) and support in its ongoing operations. E&O had provided the bulk of the RM8 million start-up financing and construction expertise, joining 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 making the performing arts more accessible to the public and it is E&O's honour to invite special needs groups with complimentary tickets to attend performances. The penangpac programme includes dance, music and theatre, local and international productions that are both traditional and contemporary, held at penangpac's facilities, which include a 300-seat proscenium theatre and a 150-seater experimental black box theatre. In the multi-functional studios, regular classes are conducted to nurture interest and talent in the local performing arts scene.

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.

Set out below is a statement on how the Group has applied the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("the Code").

PRINCIPLE 1 : 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 is guided by a Board Charter which sets out the roles and responsibilities of the Board. 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, namely, the Audit Committee, the Nomination, Remuneration and Scheme Committee and the Risk Management Committee 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.

On 17 June 2014, the Nomination Committee, the Remuneration Committee and the Scheme Committee had been merged into a new committee known as the Nomination, Remuneration and Scheme Committee. The merger is to enhance the effectiveness of the Board Committee through the combined responsibilities and contributions from the members of the Board Committee.

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

BOARD OF DIRECTORS

Audit Committee	Nomination, Remuneration and Scheme Committee	Risk Management Committee
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 • Administering the Company's Long-Term Stock Incentive Plan 2012	• Identification, monitoring and managing of significant risks faced by the Group • Formulate and implement risk management policies and strategies

Code of Conduct and Whistle-Blowing Policy

The Company has established a Code of Ethics and a Code of Conduct that set out the principles and standards of business ethics and conduct of the Group.

The Company has also established a Whistle-Blowing Policy so that any officer or employee of the Group can report genuine concerns 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 has established 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 66 to 71 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.

PRINCIPLE 2 : STRENGTHEN COMPOSITION

The Board currently comprises ten (10) members, of whom three (3) are Executive Directors, four (4) are Independent Non-Executive Directors and three (3) 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 Main Market Listing Requirements ("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 62 to 65 of this Annual Report.

Nomination, Remuneration and Scheme Committee

The Nomination, Remuneration and Scheme Committee ("NRSC") comprises of five (5) members, all of whom are Non-Executive Directors, with a majority being Independent Directors.

The composition before and after the merger of the Nomination Committee ("NC"), the Remuneration Committee ("RC") and the Scheme Committee ("SC") into a single committee, the NRSC, are as follows:

DIRECTORS	COMPOSITION BEFORE MERGER OF BOARD COMMITTEE			COMPOSITION AFTER MERGER OF BOARD COMMITTEE
	NC	RC	SC	NRSC
Dato' Azizan bin Abd Rahman *(Independent Non-Executive Director)*	Chairman	Chairman	–	Chairman
Dato' Seri Abd Wahab bin Maskan *(Non-Independent Non-Executive Director)*	–	–	Chairman	Member
Datuk Vijeyaratnam a/l V. Thamotharam Pillay *(Independent Non-Executive Director)*	Member	–	–	Member
Encik Kamil Ahmad Merican *(Non-Independent Non-Executive Director)*	Member	Member	Member	Member
Mr Christopher Martin Boyd* *(Independent Non-Executive Director)*	–	Member	Member	Member

* *Mr Christopher Martin Boyd was redesignated from Non-Independent Non-Executive Director to Independent Non-Executive Director of the Company effective 17 June 2014.*

The NRSC is primarily responsible for nominating new Directors, assessing annually the effectiveness of the Board, Board Committees and the contribution of each individual Director, recommending to the Board the remuneration of Executive Directors and Non-Executive Directors and administering the Company's Long-Term Stock Incentive Plan 2012 ("LTIP") in accordance with such power and duties conferred upon it under the By-Laws of the aforesaid scheme.

The NRSC has undertaken the following activities in July 2014:

- reviewed the effectiveness of the Board and the Board Committees for financial year ended 31 March 2014;
- reviewed the independence of the Independent Directors for financial year ended 31 March 2014;
- reviewed the training needs of the Directors; and
- reviewed the LTIP grant to the eligible employees.

Board Membership Criteria

The NRSC 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 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 and re-appointment at the coming Annual General Meeting ("AGM") are shown in the notice of the AGM on page 236.

Board Evaluation

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

The Board has formalised a Directors' Assessment Policy which sets out the procedures and criteria used in the assessments of Board, Board Committees, individual Directors and independence of Independent Directors.

The NRSC has in July 2014, reviewed the annual evaluation of Board, Board Committees and individual Directors for the financial year ended 31 March 2014 and has subsequently submitted its findings to the Board. 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.

Directors' Remuneration

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. In this respect, 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 NRSC 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 NRSC is also responsible for evaluating the Executive Directors' remuneration which is linked to the performance of the Executive Director and performance of the Group.

The NRSC 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 Company has engaged an external consultant to undertake a review and benchmarking of the Company's existing Non-Executive Directors' fees structure against selected peer companies in property industry and general industry. Following the findings of the review, the Board approved the remuneration in the form of fees for the Non-Executive Directors, as members of the Board and Board Committees for the financial year ended 31 March 2014 as follows:

BOARD/COMMITTEE	CHAIRMAN (RM'000/YEAR)	MEMBER (RM'000/YEAR)
Board	200	65
Audit Committee/Risk Management Committee	30	20
Scheme Committee	30	15
Nomination Committee/Remuneration Committee	30	10

The aggregate remuneration of the Executive Directors and Non-Executive Directors for the financial year ended 31 March 2014 is as follows:

	SALARIES/FEES (RM'000)	OTHER EMOLUMENTS (INCLUDING BONUS, ALLOWANCES, BENEFITS-IN-KIND) (RM'000)	TOTAL (RM'000)
Executive Directors	2,109	11,687	13,796
Non-Executive Directors	890	54	944
Total	2,999	11,741	14,740

PRINCIPLE 3 : 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 NRSC assesses an Independent Director's independence to ensure on-going compliance with this requirement annually.

For the financial year ended 31 March 2014, the Board assessed the independence of its Independent Non-Executive Directors, namely, Dato' 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 the Independent Directors and their ability to act in the best interest of the Company. In June 2014, the Board has reviewed the redesignation of Mr Christopher Martin Boyd as Independent Non-Executive Director of the Company and was satisfied that he has fulfilled all the independence criteria as set out in the MMLR of Bursa Securities and is able to exercise independent judgment and act in the best interest of the Company. Mr Christopher Martin Boyd was redesignated to an Independent Non-Executive Director of the Company effective 17 June 2014.

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 NRSC 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, Dato' Azizan bin Abd Rahman and Datuk Vijeyaratnam a/l V. Thamotharam Pillay, whose tenure is more than nine (9) years. The NRSC has reviewed and recommended to the Board for them to continue to act as Independent Directors of the Company.

The NRSC 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 furtherance, the Company is in its second year of execution of 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 that its current composition has the right mix of skills, objectivity and in-depth experience required for the Group's businesses and endeavour to retain Dato' Azizan bin Abd Rahman and Datuk Vijeyaratnam a/l V. Thamotharam Pillay as Independent Directors. 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.

Dato' 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.

PRINCIPLE 4 : 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 six (6) times during the financial year under review. The details of Directors' attendance are set out as follows:

DIRECTORS	TOTAL MEETINGS ATTENDED	%
Dato' Azizan bin Abd Rahman *(Chairman, Independent Non-Executive Director)*	6/6	100
Dato' Tham Ka Hon *(Managing Director)*	6/6	100
Mr Chan Kok Leong *(Deputy Managing Director)*	6/6	100
Mdm Kok Meng Chow *(Finance Director)*	6/6	100
Tan Sri Dato' Seri Mohd Bakke bin Salleh *(Non-Independent Non-Executive Director)*	6/6	100
Dato' Seri Abd Wahab bin Maskan *(Non-Independent Non-Executive Director)*	6/6	100
Encik Kamil Ahmad Merican *(Non-Independent Non-Executive Director)*	6/6	100
Datuk Vijeyaratnam a/l V. Thamotharam Pillay *(Independent Non-Executive Director)*	5/6	83
Mr Christopher Martin Boyd *(Independent Non-Executive Director)*	6/6	100
Ms Tan Kar Leng @ Chen Kar Leng *(Independent Non-Executive Director)*	6/6	100

The Board is satisfied with the level of the time commitment given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board meetings.

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.

The Board has reviewed the training needs of the Directors and an in-house training session for Directors and senior management was held during financial year ended 31 March 2014.

Details of training attended by Directors during the financial year ended 31 March 2014 are as follows:

DIRECTORS	SEMINARS/WORKSHOPS/COURSES
Dato' Azizan bin Abd Rahman	• Khazanah Megatrends Forum 2013 • 9th World Islamic Economic Forum
Dato' Tham Ka Hon	• Future Proofing: Global Macroeconomic Impact-Consumer Trends and Insights
Mr Chan Kok Leong	• 5th ASEAN Senior Management Development Program by Harvard Business School • Khazanah Megatrends Forum 2013 • Future Proofing: Global Macroeconomic Impact-Consumer Trends and Insights
Mdm Kok Meng Chow	• Women Directors Onboarding Training Programme • Private Retirement Scheme Conference • Outreach on New Revenue Standard & Draft Lease (IFRS) • GST briefing for property developers • Personal Data Protection Act Talk • Impact of Budget 2014 on Property Sector • Talk on Strata Title Act & Strata Management Act • Corporate Outlook 2014: Navigating Challenges and Cross-Border Investment Opportunities • Future Proofing: Global Macroeconomic Impact-Consumer Trends and Insights
Tan Sri Dato' Seri Mohd Bakke bin Salleh	• Business Talk - Ethical Investing: Future Outlook and Opportunities • Forbes Global CEO Conference "Taking The Lead" • High Level Forum on Green Future (in conjunction with 3rd Global Science Innovation Advisory Council) • PNB Nominee Directors' Convention 2014
Dato' Seri Abd Wahab bin Maskan	• Presented a Keynote Paper at Forum IPIMA 2013 "Pertanian & Keselamatan Makanan" • PNB Nominee Directors' Convention 2014
Encik Kamil Ahmad Merican	• Impact of Budget 2014 on Property Sector • Future Proofing: Global Macroeconomic Impact-Consumer Trends and Insights
Datuk Vijeyaratnam a/l V. Thamotharam Pillay	• Training on MFRS 10,11 & 12, IC 15 & GST Updates • Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers
Mr Christopher Martin Boyd	• Financial Statement Integrity & Directors' Legal Responsibility • Impact of Budget 2014 on Property Sector • Corporate Outlook 2014: Navigating Challenges and Cross-Border Investment Opportunities
Ms Tan Kar Leng @ Chen Kar Leng	• Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers • Symposium on "A New Legal Landscape in the Malaysian Financial Industry" • Impact of Budget 2014 on Property Sector • Future Proofing: Global Macroeconomic Impact-Consumer Trends and Insights

PRINCIPLE 5 : 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 Independent Non-Executive Directors. The composition of the AC, including its roles and responsibilities are set out on pages 90 to 93 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.

PRINCIPLE 6 : 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:

DIRECTORS
Ms Tan Kar Leng @ Chen Kar Leng *(Chairman, Independent Non-Executive Director)*
Datuk Vijeyaratnam a/l V. Thamotharam Pillay *(Member, Independent Non-Executive Director)*
Mr Christopher Martin Boyd *(Member, Independent Non-Executive Director)*
Mdm Kok Meng Chow *(Member, Finance Director)*

The RMC is responsible for implementing risk management policies and strategies approved by the Board. 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.

PRINCIPLE 7 : 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 Strategy & Communications 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.

PRINCIPLE 8 : 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 the media.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Eastern & Oriental Berhad ("the Company") is pleased to present the following Statement on Risk Management and Internal Control ("the Statement") for the financial year ended 31 March 2014 ("Financial Year"). This Statement is made 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. This Statement outlines the scope of risk management and internal control systems within the Company and its subsidiaries ("Group") during Financial Year.

BOARD'S RESPONSIBILITY

The Board acknowledges and affirms its overall responsibility for the Group's internal control and risk management systems to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and effectiveness of the said systems. These responsibilities are delegated to the Audit Committee and Risk Management Committee, which are empowered by their respective terms of reference.

Due to inherent limitations in the systems of internal control and risk management, such systems implemented can only manage rather than to eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the internal control and risk management systems can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Group has adopted an ongoing risk management process for identifying, evaluating, monitoring and managing significant risks. This process has been in place for the Financial Year and up to the date of approval of this Statement.

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

(i) The Risk Management Committee was established by the Board to maintain risk oversight within the Group. The Risk Management Committee comprises of three (3) Independent Non-executive Directors and one (1) Executive Director who bring a mix of relevant business and management knowledge and experience.

(ii) The Risk Management Committee meets on a quarterly basis to discuss and deliberate on the significant risks affecting the Group. Risk profiles, control procedures and status of action plans are presented and deliberated in the Risk Management Committee meetings. The Risk Management Committee will meet with different management team quarterly, for updates.

(iii) There is a structured risk management framework which outlines the Group's risk management system and defines management's responsibilities. Quarterly risk assessments are undertaken by management to identify and update risks. Outcome of the assessments are brought to the attention of executive management.

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

(v) Key risks are highlighted to the internal audit function to develop internal audit plan, ensuring proper controls are in place to mitigate those risks. Internal audit function performs a walk-through of significant risk areas to confirm management's assessment of risks and the effectiveness of internal controls.

(vi) 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 and the internal audit plans are tabled to the Audit Committee for review and approval.

For the Financial Year, internal audit reviews were carried out in accordance with an internal audit plan approved by the Audit Committee. The result from internal audit reviews, together with proposed action plans and management's response are presented to the Audit Committee for its review. In addition, the internal audit function follows up and reports to the Audit Committee if the corrective action plans to address control weaknesses have been satisfactorily implemented by the management.

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 2014 amounted to RM228,062.

OTHER KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL SYSTEM

(i) Organisation Structure & Delegation Procedures
There is an organisation structure in place, which formally defines lines of responsibility and delegation of authority. In addition, authorisation limits are documented and formalised.

(ii) Documented Policies & Procedures
Clearly defined policies and procedures are documented. These policies and procedures are subject to regular review and update to reflect changing risks or to address operational deficiencies.

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

(iv) Human Resource Policy
Documented policies and guidelines covering hiring and termination of employee, training programmes and performance appraisal to enhance the level of employees' competency in carrying out their duties and responsibilities. E&O values, which emphasise ethical behavior, have been communicated to all employees.

For the Financial Year under review, the Group has investments in four (4) joint ventures and an associate. The Group's risk management process, internal audit review and internal control system do not apply to the joint ventures and associate over which the Group does not have full management control.

The Group's interest in these companies is served through representation on 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. Their review was performed in accordance with the Recommended Practice Guide 5 (Revised) issued by Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that 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 systems of risk management and internal control.

CONCLUSION

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 under review, 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 reliance on written confirmations by management.

The Board is of the view that the existing internal control and risk management systems were adequate and effective for the Financial Year to address the risks which the Group considers relevant and material to its operations. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

This statement is made in accordance with the Board's resolution dated 23 July 2014.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee during the financial year ended 31 March 2014 were as follows:

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

Mr Christopher Martin Boyd
Independent Non-executive Director (Member)

Ms Tan Kar Leng @ Chen Kar Leng
Independent Non-executive Director (Member)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Structure of the Audit Committee

The Audit Committee shall be appointed by the board of directors ("the Board") and shall comprise at least three (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 be elected from amongst their members. All members of the Audit Committee, including the Chairman, will hold office until otherwise determined by the Board. In the event of any vacancy in the Audit Committee resulting in the non-compliance with the Main Market Listing Requirements ("MMLR") of Bursa Securities, the Board shall within three (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 term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

Objectives

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

Authority

The Audit Committee is authorised by the Board to:

(i) Investigate any matter within its terms of reference;
(ii) Have the resources which are required to perform its duties;
(iii) Have full and unrestricted access to any information pertaining to the Company;
(iv) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function activity (if any);
(v) Obtain independent professional or other advice; and
(vi) Convene any meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

Functions

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

   (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 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 conflict of interests.

4. To ensure the internal audit function is independent of the activities it audits and 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 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 on a continuous basis with senior management, the head of internal audit and external auditors in order to be kept informed of matters affecting the Company.

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

The Audit Committee held six (6) meetings during the financial year ended 31 March 2014 and the details for the attendance of the Committee Members are as follows:

NAME OF COMMITTEE MEMBERS	TOTAL MEETINGS ATTENDED	%
1 Datuk Vijeyaratnam a/l V. Thamotharam Pillay	6/6	100
2 Mr Christopher Martin Boyd	6/6	100
3 Ms Tan Kar Leng @ Chen Kar Leng	6/6	100

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee carried out the following activities during the financial year ended 31 March 2014 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 external auditors' reports in relation to audit, accounting and internal control issues arising from the audit and updates of the developments on accounting standards issued by the Malaysian Accounting Standard Board;
(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 assessed the adequacy and effectiveness of management response relating to significant issues and ensure all significant issues are addressed by management 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 second 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 2014, 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.

During the financial year ended 31 March 2014, the outsourced internal audit function carried out the following activities:

(i) Formulated annual risk-based audit plan which was presented to the Audit Committee for approval and reviewed the resource requirements for audit executions;
(ii) Performed internal audit reviews in accordance with the approved annual audit plan including an assessment on the risk management framework;
(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 internal controls system and ascertained the extent of compliance with the Group's formalised policies and procedures and other statutory requirements;
(v) Issued internal audit reports incorporating audit recommendations and management response;
(vi) Monitored the implementation of corrective action plans or industry best practices, agreed by the management, through follow up reviews to ensure that satisfactory actions were taken to address previous internal audit findings; 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

There were no proceeds raised from any proposal or any utilisation of such.

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

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

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) comprising a performance-based restricted stock unit incentive plan ("PSU Award") and a restricted stock unit incentive plan ("RSU Award") 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 on the LTIP is set out in Note 32(b) of the financial statements.

Brief details on the number of ordinary stock units of RM1.00 each ("LTIP Stock Units") awarded, vested and outstanding since the implementation of the LTIP on 26 February 2013 and during the financial year ended 31 March 2014 under the PSU Award and RSU Award are set out in the table below:

FOR THE PERIOD FROM 26 FEBRUARY 2013 TO 31 MARCH 2013	TYPE OF GRANT	TOTAL	DIRECTORS AND CHIEF EXECUTIVE	OTHER ELIGIBLE EMPLOYEES
Number of	PSU Award for FY12/13	1,499,000	444,000	1,055,000
LTIP Stock Units Granted	RSU Award for FY12/13	12,679,100	1,796,000	10,883,100
	Total	**14,178,100**	**2,240,000**	**11,938,100**
Number of	PSU Award for FY12/13	–	–	–
LTIP Stock Units Vested	RSU Award for FY12/13	–	–	–
	Total	**–**	**–**	**–**
Number of	PSU Award for FY12/13	–	–	–
LTIP Stock Units Forfeited	RSU Award for FY12/13	–	–	–
	Total	**–**	**–**	**–**
Number of	PSU Award for FY12/13	1,499,000	444,000	1,055,000
LTIP Stock Units Outstanding	RSU Award for FY12/13	12,679,100	1,796,000	10,883,100
	Total	**14,178,100**	**2,240,000**	**11,938,100**

FOR THE PERIOD FROM 1 APRIL 2013 TO 31 MARCH 2014	TYPE OF GRANT	TOTAL	DIRECTORS AND CHIEF EXECUTIVE	OTHER ELIGIBLE EMPLOYEES
Number of	PSU Award for FY13/14	906,000	283,000	623,000
LTIP Stock Units Granted	RSU Award for FY13/14	3,680,900	230,000	3,450,900
	Total	**4,586,900**	**513,000**	**4,073,900**
Number of	PSU Award for FY12/13	–	–	–
LTIP Stock Units Vested	RSU Award for FY12/13	–	–	–
	PSU Award for FY13/14	–	–	–
	RSU Award for FY13/14	–	–	–
	Total	**–**	**–**	**–**
Number of	PSU Award for FY12/13 (1)	(106,000)	–	(106,000)
LTIP Stock Units Forfeited	RSU Award for FY12/13 (1)	(1,023,700)	–	(1,023,700)
	PSU Award for FY13/14 (1)	(8,000)	–	(8,000)
	RSU Award for FY13/14 (1)	(357,800)	–	(357,800)
	Total	**(1,495,500)**	**–**	**(1,495,500)**
Number of	PSU Award for FY12/13	1,393,000	444,000	949,000
LTIP Stock Units Outstanding	RSU Award for FY12/13	11,655,400	1,796,000	9,859,400
	PSU Award for FY13/14	898,000	283,000	615,000
	RSU Award for FY13/14	3,323,100	230,000	3,093,100
	Total	**17,269,500**	**2,753,000**	**14,516,500**

Note: (1) These LTIP Stock Units were forfeited as they were granted to eligible employees who resigned subsequent to the grant dates, but prior to vesting dates.

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

The details of the LTIP Stock Units awarded to Directors and senior management who are key personnel in the Company since the commencement of the LTIP and during the financial year are as follows:

(i) There is no aggregate maximum applicable in percentage.
(ii) The actual percentage awarded to them is 6.69%.

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 2014, non-audit fees paid to Messrs Ernst & Young by the Company and its subsidiaries amounted to approximately RM29,000.

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 33 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 2014 or entered into since the end of the previous financial year ended 31 March 2013.

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

On 26 September 2013, 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 2014 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, GDP Projects Sdn Bhd and Adaptus Design System Sdn Bhd	Kamil Ahmad Merican(1)	15,083
Receipt of interior design services and trading of interior design products	Interiors International (M) Sdn Bhd	Dato' Tham Ka Hon(2)	3,199
Purchase of properties sold by E&O Group	Tham Oi Fah and Tham Sau Wa	Dato' Tham Ka Hon(3)	2,292
	Dato' Seri Abd Wahab bin Maskan and spouse	Dato' Seri Abd Wahab bin Maskan(4)	1,999
	Kok Meng Chow and spouse	Kok Meng Chow(5)	1,530
	Kon Pik Sia	Kon Pik Sia(6)	1,365

Notes:

(1) Kamil Ahmad Merican is a Director of the Company and is a Director and a major shareholder of GDP Projects Sdn Bhd and Adaptus Design System Sdn Bhd. He is the Chief Executive Officer of GDP Architects Sdn Bhd.
(2) 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.
(3) TOF and Tham Sau Wa are sisters of DTKH, a Director and substantial stockholder of the Company.
(4) Dato' Seri Abd Wahab bin Maskan is a Non-Independent Non-Executive Director of the Company.
(5) Kok Meng Chow is the Finance Director of the Company.
(6) Kon Pik Sia is a Director of the Company's subsidiaries.

FINANCIAL STATEMENTS 2014

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 2014.

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 18 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	119,784	48,042
Profit attributable to:		
Owners of the parent	113,239	48,042
Non-controlling interests	6,545	–
	119,784	48,042

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 2013 was as follows:

	RM'000
In respect of the financial year ended 31 March 2013 as reported in the directors' report of that year:	
First and final dividend of 4.50% less 25% taxation, on 1,106,182,310 ordinary stock units of RM1.00 each declared on 10 October 2013 and paid on 7 November 2013	37,334

At the forthcoming Annual General Meeting, a first and final single-tier dividend in respect of the current financial year ended 31 March 2014, of 3.00%, amounting to total dividend payable of approximately RM33,185,469 (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 2014, 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 2015.

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:

Dato' 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' Seri Mohd Bakke bin Salleh
Dato' Seri Abd Wahab bin Maskan
Tan Kar Leng @ Chen Kar Leng

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 stock units granted and awarded under the Company's 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 33 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 ordinary 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 1.4.2013	ACQUIRED	SOLD	AT 31.3.2014
Direct interests:				
Dato' Azizan bin Abd Rahman	7,300,000	–	–	7,300,000
Dato' Tham Ka Hon	45,490,233	395,000	–	45,885,233
Kamil Ahmad Merican	1,875,000	–	–	1,875,000
Chan Kok Leong	6,400,000	–	–	6,400,000
Kok Meng Chow	100,000	–	–	100,000
Indirect interests:				
Dato' Tham Ka Hon	11,766,928	–	(395,000)	11,371,928

	NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH AWARDED UNDER THE LTIP			
	AT 1.4.2013	AWARDED	VESTED	AT 31.3.2014
Chan Kok Leong	548,000	361,000	–	909,000
Kok Meng Chow	1,692,000	152,000	–	1,844,000

None of the other directors in office at the end of the financial year had any interest in ordinary stock units and LTIP in the Company or its related corporations during the financial year.

TREASURY STOCK UNITS

As at 31 March 2014, 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 30 to the financial statements.

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 is 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 32(b) to the financial statements.

During the financial year, the Company awarded 906,000 stock units under the PSU Award and 3,680,900 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 32(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.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

(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.

EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

Details of events subsequent to the financial year end are disclosed in Note 40 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 23 July 2014.

DATO' AZIZAN BIN ABD RAHMAN **DATO' THAM KA HON**

STATEMENT BY DIRECTORS

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

We, Dato' Azizan bin Abd Rahman and Dato' Tham Ka Hon, 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 108 to 224 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 2014 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 41 on page 225 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 23 July 2014.

DATO' AZIZAN BIN ABD RAHMAN **DATO' THAM KA HON**

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 108 to 225 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 23 July 2014

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 2014 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 108 to 224.

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 2014 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 18 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 41 on page 225 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. 2871/07/15(J)
Chartered Accountant

Kuala Lumpur, Malaysia
23 July 2014

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	NOTE	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
Revenue	4	**497,141**	605,536	**87,522**	70,732
Cost of sales	5	**(231,529)**	(325,969)	**–**	–
Gross profit		**265,612**	279,567	**87,522**	70,732
Other income	6	**62,185**	39,393	**23,166**	14,427
Administrative expenses		**(83,285)**	(74,469)	**(33,322)**	(34,768)
Selling and marketing expenses		**(14,672)**	(34,215)	**–**	–
Other expenses		**(38,071)**	(25,267)	**(10,710)**	(2,749)
Operating profit		**191,769**	185,009	**66,656**	47,642
Finance costs	7	**(35,621)**	(29,753)	**(23,070)**	(19,745)
Share of results of associate		**538**	80	**–**	–
Share of results of joint ventures		**10,487**	31,935	**–**	–
Profit before tax	8	**167,173**	187,271	**43,586**	27,897
Income tax expense	11	**(47,389)**	(50,505)	**4,456**	(3,851)
Profit net of tax		**119,784**	136,766	**48,042**	24,046
Other comprehensive income:					
Foreign currency translation, representing other comprehensive income for the financial year, net of tax		**(1,723)**	421	**–**	–
Total comprehensive income for the financial year		**118,061**	137,187	**48,042**	24,046
Profit attributable to:					
Owners of the parent		**113,239**	129,556	**48,042**	24,046
Non-controlling interests		**6,545**	7,210	**–**	–
		119,784	136,766	**48,042**	24,046
Total comprehensive income attributable to:					
Owners of the parent		**111,516**	129,977	**48,042**	24,046
Non-controlling interests		**6,545**	7,210	**–**	–
		118,061	137,187	**48,042**	24,046
Earnings per stock unit attributable to owners of the parent (sen):					
Basic	12(a)	**10.24**	11.71		
Diluted	12(b)	**10.07**	11.56		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	NOTE	2014 RM'000	2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**359,663**	364,249
Land held for property development	15(a)	**616,270**	622,183
Investment properties	16	**484,337**	411,060
Intangible assets	17	**215**	316
Investment in associate	19	**17,108**	17,006
Investment in joint ventures	20	**78,223**	95,998
Investment securities	21	**3,697**	2,114
Deferred tax assets	22	**1,815**	4,372
Trade and other receivables	24	**19,225**	3,422
		1,580,553	1,520,720
Current assets			
Property development costs	15(b)	**264,455**	222,346
Inventories	23	**74,767**	109,894
Trade and other receivables	24	**79,615**	111,428
Prepayments		**2,553**	3,905
Tax recoverable		**23,352**	25,877
Accrued billings in respect of property development costs		**171,537**	200,288
Cash and bank balances	25	**277,166**	283,413
		893,445	957,151
Total assets		**2,473,998**	2,477,871

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014 (CONT'D)

	NOTE	2014 RM'000	2013 RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	26	**160,848**	281,359
Provisions	27	**31,434**	162
Trade and other payables	28	**115,208**	182,166
Provision for retirement benefits	32(a)	**8**	12
Income tax payable		**7,415**	22,468
		314,913	486,167
Net current assets		**578,532**	470,984
Non-current liabilities			
Provision for retirement benefits	32(a)	**383**	304
Loans and borrowings	26	**567,311**	490,655
Provisions	27	**252**	500
Trade and other payables	28	**26,880**	29,158
Deferred tax liabilities	22	**46,812**	45,229
		641,638	565,846
Total liabilities		**956,551**	1,052,013
Net assets		**1,517,447**	1,425,858
Equity attributable to owners of the parent			
Share capital	29	**1,135,622**	1,135,622
Treasury stock units	30	**(27,720)**	(27,720)
Reserves	31	**367,010**	281,966
		1,474,912	1,389,868
Non-controlling interests		**42,535**	35,990
Total equity		**1,517,447**	1,425,858
Total equity and liabilities		**2,473,998**	2,477,871

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

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	NOTE	2014 RM'000	2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**2,348**	2,481
Intangible assets	17	**5**	11
Investment in subsidiaries	18	**1,135,851**	1,127,721
Trade and other receivables	24	**–**	286
		1,138,204	1,130,499
Current assets			
Trade and other receivables	24	**648,169**	665,619
Prepayments		**342**	358
Tax recoverable		**19,106**	24,918
Cash and bank balances	25	**5,016**	1,895
		672,633	692,790
Total assets		**1,810,837**	1,823,289
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	26	**70,248**	112,043
Provisions	27	**39**	–
Trade and other payables	28	**379,632**	395,545
		449,919	507,588
Net current assets		**222,714**	185,202
Non-current liabilities			
Loans and borrowings	26	**30,356**	613
Provisions	27	**–**	39
Deferred tax liabilities	22	**–**	6,057
		30,356	6,709
Total liabilities		**480,275**	514,297
Net assets		**1,330,562**	1,308,992
Equity attributable to owners of the parent			
Share capital	29	**1,135,622**	1,135,622
Treasury stock units	30	**(27,720)**	(27,720)
Reserves	31	**222,660**	201,090
Total equity		**1,330,562**	1,308,992
Total equity and liabilities		**1,810,837**	1,823,289

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 2014

	NOTE	ATTRIBUTABLE TO OWNERS OF THE PARENT								
			NON-DISTRIBUTABLE				DISTRIBUTABLE			
		SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	TREASURY STOCK UNITS RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	LTIP RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 April 2013		1,135,622	142,145	(27,720)	954	3,696	135,171	1,389,868	35,990	1,425,858
Total comprehensive income for the financial year		–	–	–	(1,723)	–	113,239	111,516	6,545	118,061
Transactions with owners										
Award of LTIP to employees		–	–	–	–	10,862	–	10,862	–	10,862
Dividend on ordinary stock units	13	–	–	–	–	–	(37,334)	(37,334)	–	(37,334)
Total transactions with owners		–	–	–	–	10,862	(37,334)	(26,472)	–	(26,472)
At 31 March 2014		**1,135,622**	**142,145**	**(27,720)**	**(769)**	**14,558**	**211,076**	**1,474,912**	**42,535**	**1,517,447**
At 1 April 2012		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

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 2014

	NOTE	NON-DISTRIBUTABLE SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	TREASURY STOCK UNITS RM'000	LTIP RESERVE RM'000	DISTRIBUTABLE RETAINED PROFITS RM'000	TOTAL EQUITY RM'000
At 1 April 2013		1,135,622	142,145	(27,720)	3,696	55,249	1,308,992
Total comprehensive income for the financial year		–	–	–	–	48,042	48,042
Transactions with owners							
Award of LTIP to employees		–	–	–	10,862	–	10,862
Dividend on ordinary stock units	13	–	–	–	–	(37,334)	(37,334)
Total transactions with owners		–	–	–	10,862	(37,334)	(26,472)
At 31 March 2014		**1,135,622**	**142,145**	**(27,720)**	**14,558**	**65,957**	**1,330,562**
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

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 2014

	2014 RM'000	2013 RM'000
OPERATING ACTIVITIES		
Profit before tax	**167,173**	187,271
Adjustments for:		
Impairment loss on financial assets:		
- trade receivables	**398**	508
- other receivables	**9**	14
Amortisation of:		
- intangible assets	**106**	113
Depreciation of property, plant and equipment	**23,611**	14,827
Bad debts written off	**610**	224
Gain from fair value movement of investment properties	**(33,227)**	(9,484)
Net fair value adjustment	**1,416**	228
Fair value (gain)/loss on investment securities	**(1,583)**	227
Interest expense	**33,577**	29,146
Intangible assets written off	**–**	3
Inventories written off	**4**	47
Property, plant and equipment written off	**858**	25
Provision for foreseeable losses	**4,572**	–
Impairment loss on property, plant and equipment	**2,537**	–
Impairment loss on intangible assets	**–**	2,911
Reversal of impairment loss on:		
- trade receivables	**(823)**	(761)
- other receivables	**(129)**	–
Net gain on disposal of:		
- a subsidiary	**(353)**	(7,601)
- property, plant and equipment	**(214)**	(75)
Unrealised (gain)/loss on foreign exchange	**(6,750)**	1,127
Investment written off	**–**	63
Interest income	**(9,327)**	(5,709)
Dividend income	**(22)**	(368)
Share of results of associate	**(538)**	(80)
Share of results of joint ventures	**(10,487)**	(31,935)
Share options lapsed under ESOS	**–**	(260)
Award of LTIP to employees	**12,184**	3,696
Provision for retirement benefits	**79**	316
Operating profit before changes in working capital carried forward	**183,681**	184,473

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONT'D)

	2014 RM'000	2013 RM'000
Operating profit before changes in working capital brought forward	**183,681**	184,473
Changes in working capital		
Land held for property development	**(17,874)**	(37,831)
Property development cost	**6,242**	11,058
Inventories	**36,478**	1,093
Receivables	**37,079**	(23,550)
Payables	**(57,836)**	17,461
Cash flows from operations	**187,770**	152,704
Interest received	**6,900**	5,860
Interest paid	**(39,427)**	(36,798)
Income taxes refunded	**6,319**	6,513
Income taxes paid	**(62,160)**	(49,957)
Real property gains tax paid	**–**	(40)
Retirement benefits paid	**(4)**	–
Net cash flows from operating activities	**99,398**	78,282
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(21,861)**	(82,292)
Purchase of intangible assets	**(5)**	(112)
Purchase of investment properties:		
- additions	**–**	(100,906)
- subsequent expenditure	**(18,089)**	(24,165)
Proceeds from disposal of property, plant and equipment	**300**	207
Net cash inflow from disposal of a subsidiary (Note 18(b))	**164**	4,811
Profit distribution from a joint venture	**13,050**	–
Dividend from a joint venture	**40,212**	–
Investment in a joint venture	**(25,000)**	–
Dividends received	**455**	365
Net cash flows used in investing activities	**(10,774)**	(202,092)

	2014 RM'000	2013 RM'000
FINANCING ACTIVITIES		
Proceeds from exercise of ESOS	**–**	2,192
Drawdown of borrowings	**114,541**	274,870
Repayment of borrowings	**(142,286)**	(102,760)
Repayment of obligations under finance lease	**(486)**	(592)
Dividends paid	**(37,334)**	(35,260)
Net cash flows (used in)/from financing activities	**(65,565)**	138,450
Net increase in cash and cash equivalents	**23,059**	14,640
Effect of exchange rate changes on cash and cash equivalents	**(1,723)**	421
Cash and cash equivalents at the beginning of financial year	**255,830**	240,769
Cash and cash equivalents at the end of financial year (Note 25)	**277,166**	255,830

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 2014

	2014 RM'000	2013 RM'000
OPERATING ACTIVITIES		
Profit before tax	**43,586**	27,897
Adjustments for:		
Fair value adjustment	**(24)**	(10)
Impairment loss on other receivables	**10,625**	352
Amortisation of intangible assets	**6**	6
Depreciation of property, plant and equipment	**571**	426
(Reversal of)/impairment loss on investment in subsidiaries	**(1,550)**	253
Interest expense	**23,070**	19,745
Unrealised (gain)/loss on foreign exchange	**(6,118)**	1,251
Waiver of debts	**50**	823
Dividend income	**(80,622)**	(68,538)
Reversal of impairment loss on other receivables	**(741)**	(816)
Interest income	**(14,731)**	(13,600)
Gain on disposal of property, plant and equipment	**(2)**	–
Property, plant and equipment written off	**4**	–
Share options lapsed under ESOS	**–**	(260)
Award of LTIP to employees	**5,608**	3,696
Operating loss before changes in working capital	**(20,268)**	(28,775)
Changes in working capital		
Receivables	**1,593**	(603)
Payables	**(4,827)**	3,113
Cash flows used in operations	**(23,502)**	(26,265)
Interest paid	**(50,425)**	(5,377)
Income taxes refunded	**4,211**	6,271
Net cash flows used in operating activities	**(69,716)**	(25,371)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(505)**	(495)
Proceeds from disposal of property, plant and equipment	**65**	–
Dividends received	**110,104**	59,285
Interest received	**46**	114
Net cash flows from investing activities	**109,710**	58,904

	2014 RM'000	2013 RM'000
FINANCING ACTIVITIES		
Proceeds from exercise of ESOS	**–**	2,192
Drawdown of borrowings	**30,000**	20,000
Repayment of borrowings	**(15,372)**	(40,000)
Repayment of obligations under finance lease	**(280)**	(287)
Net advances from subsidiaries	**12,513**	19,287
Dividends paid	**(37,334)**	(35,260)
Net cash flows used in financing activities	**(10,473)**	(34,068)
Net increase/(decrease) in cash and cash equivalents	**29,521**	(535)
Cash and cash equivalents at the beginning of financial year	**(24,505)**	(23,970)
Cash and cash equivalents at the end of financial year (Note 25)	**5,016**	(24,505)

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

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 18.

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 23 July 2014.

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 FRSs which are mandatory for their annual financial periods beginning on or after 1 April 2013 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 2013, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for their annual financial periods beginning on or after 1 April 2013.

DESCRIPTION	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
• Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
• FRS 10: Consolidated Financial Statements	1 January 2013
• FRS 11: Joint Arrangements	1 January 2013
• FRS 12: Disclosure of Interests in Other Entities	1 January 2013
• FRS 13: Fair Value Measurement	1 January 2013
• FRS 119: Employee Benefits	1 January 2013
• FRS 127: Separate Financial Statements	1 January 2013
• FRS 128: Investments in Associates and Joint Ventures	1 January 2013
• Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
• Amendments to FRS 1: First-time Adoption of Financial Reporting Standards - Government Loans	1 January 2013
• Amendments to FRS 1: First-time Adoption of 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

Adoption of the above standards and amendments 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 101: Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (eg. net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (eg. 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 part of FRS 127: Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112: Consolidated - Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127: Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor that owns less than 50 percent of the voting shares in an investee has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders. The application of FRS 10 has no impact on the Group's accounting for its investees.

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

2.2 Changes in accounting policies (cont'd)

FRS 11: Joint Arrangements

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

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 has no significant impact the financial position of the Group as the Group has adopted equity accounting.

FRS 12: Disclosures of Interests in Other Entities

FRS 12 includes all disclosures 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. FRS 13 defines fair values as an exit price. As a result of the guidance in FRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materially impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

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 did not have any material impact on the financial position of the Group.

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.

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 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
• Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
• Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
• Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
• IC Interpretation 21: Levies	1 January 2014
• Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
• Annual Improvements to FRSs 2010- 2012 Cycle	1 July 2014
• Annual Improvements to FRSs 2011- 2013 Cycle	1 July 2014
• FRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
• FRS 9: Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
• FRS 9: Financial Instruments: Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139	To be announced

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

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

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:

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 standard was initially effective for annual periods beginning on or after 1 January 2013, but the Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. 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 the Group's financial liabilities. The Group will quantify the effect in conjuction with other phases, when the final standard including all phases is issued.

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 three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

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 2016. In presenting its first MFRS financial statements, the Group will be required to adjust 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 2014 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 2016.

2.4 Subsidiaries and basis of consolidation

(a) Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiaries is accounted for 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.

(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 for like transactions and events in similar circumstances.

The Group controls an investee if and only if the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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

2.4 Subsidiaries and basis of consolidation (cont'd)

(b) Basis of consolidation (cont'd)

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost, is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

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.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.9(a).

2.5 Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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 joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of 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 or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint ventures are 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.

After application of the equity method, the Group applies FRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates and joint ventures are accounted for 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 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.

2.7 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. This includes unavoidable costs of meeting the obligation which exceed the economic benefits expected to be recovered from the development of affordable housing on involuntary basis.

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

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

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

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

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

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

2.8 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 until either the fair value becomes reliably determinable or construction is completed. 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 2.6 up to the date of change in use.

2.9 Intangible assets

(a) Goodwill

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.24.

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.

2.10 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) Food, beverages and consumables

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

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

2.11 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.

2.12 Financial assets

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

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

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

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

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

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

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

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

(b) Loans and receivables

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

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

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

(c) Held-to-maturity investments

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

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

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

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

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

2.12 Financial assets (cont'd)

(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.

2.13 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.

2.14 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.

2.15 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.

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

2.15 Financial liabilities (cont'd)

(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.

2.16 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.

2.17 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.

2.18 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.

2.19 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)

2.20 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.

2.21 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 2.22(e).

2.22 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 2.7(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) 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.

(e) 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.

(f) Management fees

Management fees are recognised when services are rendered.

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

2.23 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 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.

2.24 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

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

2.24 Foreign currency (cont'd)

(b) Foreign currency transactions

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

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

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

(c) Foreign operations

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

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

2.25 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 immediately through other comprehensive income. Past service costs are recognised at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognised.

(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 within equity or accrued liability 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.

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

2.25 Employee benefits (cont'd)

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

- **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.

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.

2.26 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 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 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 and of the Company.

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

2.28 Fair value measurement

The Group measures financial instruments, such as, quoted securities, and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability; or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.28 Fair value measurement (cont'd)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, such as properties, and significant liabilities, such as contingent consideration. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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 judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

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 24.

(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 RM179,530,000 (2013: RM176,323,000) and RM7,850,000 (2013: RM11,577,000) 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	
	2014 RM'000	2013 RM'000	**2014 RM'000**	2013 RM'000
Property development activities	**303,804**	504,187	**–**	–
Sale of land held for property development	**–**	63	**–**	–
Sale of completed properties	**56,521**	1,461	**–**	–
Rental income	**15,730**	12,736	**–**	–
Hotel and restaurant operations	**113,220**	83,906	**–**	–
Dividend income	**22**	368	**80,622**	68,538
Management services fees	**7,844**	2,376	**6,900**	2,194
Others	**–**	439	**–**	–
	497,141	605,536	**87,522**	70,732

5. COST OF SALES

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	**2014 RM'000**	2013 RM'000
Property development costs (Note 15(b))	**119,236**	256,332	**–**	–
Cost of land held for property development	**–**	16	**–**	–
Cost of completed properties	**36,451**	975	**–**	–
Cost of rental related	**9,486**	10,329	**–**	–
Cost of hotel and restaurant operations	**61,903**	52,750	**–**	–
Cost of sales with respect to management services rendered	**4,188**	5,067	**–**	–
Others	**265**	500	**–**	–
	231,529	325,969	**–**	–

6. OTHER INCOME

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	**2014 RM'000**	2013 RM'000
Interest income:				
- subsidiaries	**–**	–	**14,685**	13,486
- deposit	**7,419**	5,699	**46**	114
- others	**1,908**	10	**–**	–
Reversal of impairment loss on:				
- trade receivables (Note 24 (a))	**823**	761	**–**	–
- other receivables (Note 24 (d))	**129**	–	**741**	816
- investment in subsidiaries	**–**	–	**1,550**	–
Gain on disposal of:				
- a subsidiary (Note 18(b))	**353**	7,601	**–**	–
- property, plant and equipment	**214**	92	**2**	–
Hotel and restaurant related services	**4,945**	3,757	**–**	–
Rental income	**560**	1,027	**–**	–
Realised gain on foreign exchange	**3**	19	**–**	–
Unrealised gain on foreign exchange	**6,769**	299	**6,118**	–
Fair value adjustment	**628**	379	**24**	10
Fair value gain on investment securities	**1,583**	–	**–**	–
Gain on fair value movement of investment properties (Note 16)	**20,000**	9,494	**–**	–
Gain on fair value movement of investment property under construction (Note 16)	**13,932**	–	**–**	–
Savings arising from land area adjustment	**–**	7,390	**–**	–
Miscellaneous	**2,919**	2,865	**–**	1
	62,185	39,393	**23,166**	14,427

7. FINANCE COSTS

	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
Interest expense on:				
- bank overdrafts	**1,201**	2,027	**1,167**	1,718
- term loans	**26,679**	22,227	**1,237**	1,060
- revolving credits	**9,599**	9,672	**3,091**	2,236
- bank guarantee	**738**	1,497	**–**	–
- commercial papers	**581**	1,940	**–**	–
- obligations under finance leases	**63**	75	**37**	44
- advances from subsidiaries	**–**	–	**17,538**	14,687
Fair value adjustment	**2,044**	607	**–**	–
	40,905	38,045	**23,070**	19,745
Less: Interest expense capitalised in:				
Property, plant and equipment (Note 14(c))	**–**	(4,973)	**–**	–
Land held for property development (Note 15(a)(ii))	**(1,960)**	(677)	**–**	–
Property development costs (Note 15(b))	**(3,324)**	(2,642)	**–**	–
	35,621	29,753	**23,070**	19,745

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 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
Auditors' remuneration:				
- statutory audits	**666**	590	**58**	58
- other services (EY Malaysia)	**29**	32	**5**	5
- other services (member firms of EY Global)	**15**	132	**–**	–
Amortisation of:				
- intangible assets (Note 17)	**106**	113	**6**	6
Impairment loss on financial assets				
- trade receivables (Note 24(a))	**398**	508	**–**	–
- other receivables (Note 24(d))	**9**	14	**10,625**	352
Bad debts written off	**610**	224	**–**	–
Depreciation of property, plant and equipment (Note 14)	**23,611**	14,827	**571**	426
Intangible assets written off	**–**	3	**–**	–
Employee benefits expense (Note 9)	**73,482**	71,759	**25,390**	26,876
Loss on fair value movement of investment properties (Note 16)	**705**	10	**–**	–
Non-executive directors' remuneration (Note 10)	**1,024**	589	**890**	543
Impairment loss on:				
- property, plant and equipment (Note 14)	**2,537**	–	**–**	–
- investment in subsidiaries	**–**	–	**–**	253
- intangible assets (Note 17)	**–**	2,911	**–**	–
Inventories written off	**4**	47	**–**	–
Loss on disposal of property, plant and equipment	**–**	17	**–**	–
Property, plant and equipment written off	**858**	25	**4**	–
Rental of land and buildings	**14,875**	8,841	**910**	900
Rental of plant and machinery	**372**	384	**87**	73
Realised loss on foreign exchange	**41**	14	**–**	–
Unrealised loss on foreign exchange	**19**	1,426	**–**	1,251
Waiver of debts	**–**	–	**50**	823
Investment written off	**–**	63	**–**	–
Fair value loss on investment securities	**–**	227	**–**	–

9. EMPLOYEE BENEFITS EXPENSE

	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
Wages and salaries	**48,777**	55,798	**16,063**	19,688
Social security contributions	**837**	667	**45**	35
Contributions to defined contribution plan	**5,926**	6,600	**2,377**	2,727
Increase in liability of defined benefit plans (Note 32(a))	**79**	316	**–**	–
Award of LTIP to employees	**12,184**	3,696	**5,608**	3,696
Share options lapsed under ESOS	**–**	(260)	**–**	(260)
Other benefits	**5,679**	4,942	**1,297**	990
	73,482	71,759	**25,390**	26,876

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM11,597,000 (2013: RM10,195,000) and RM11,597,000 (2013: RM10,195,000) respectively, as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
Executive directors' remuneration:				
- other emoluments (Note 9)	**11,597**	10,195	**11,597**	10,195
Non-executive directors'remuneration:				
- fees (Note 8)	**1,024**	589	**890**	543
Total directors' remuneration	**12,621**	10,784	**12,487**	10,738
Estimated money value of benefits-in-kind:				
- award of LTIP	**1,751**	640	**1,751**	640
- others	**502**	326	**502**	326
Total directors' remuneration including benefits-in-kind	**14,874**	11,750	**14,740**	11,704

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

	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
Executive:				
Salaries and other emoluments	**9,883**	8,725	**9,883**	8,725
Defined contribution plan	**1,714**	1,470	**1,714**	1,470
Estimated money value of benefits-in-kind				
- award of LTIP	**1,751**	640	**1,751**	640
- others	**448**	285	**448**	285
	13,796	11,120	**13,796**	11,120
Non-executive:				
Fees	**990**	543	**890**	543
Others	**54**	41	**54**	41
	1,044	584	**944**	584
Total directors' remuneration including benefits-in-kind	**14,840**	11,704	**14,740**	11,704

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 2014	NUMBER OF DIRECTORS 2013
Executive directors:		
RM1,000,001 - RM1,050,000	**1**	–
RM1,700,001 - RM1,750,000	**–**	1
RM3,700,001 - RM3,750,000	**–**	1
RM4,550,001 - RM4,600,000	**1**	–
RM5,000,001 - RM5,050,000	**–**	1
RM6,450,001 - RM6,500,000	**1**	–
Non-executive directors:		
Below RM50,000	**–**	2
RM50,001 - RM100,000	**3**	5
RM100,001 - RM150,000	**3**	1
RM400,001 - RM450,000	**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 2014 and 2013 are:

	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	**45,533**	53,290	**3,646**	6,595
Overprovision in prior years	**(2,284)**	(1,524)	**(2,045)**	(39)
	43,249	51,766	**1,601**	6,556
Malaysian real property gains tax	**–**	40	**–**	–
Deferred income tax (Note 22):				
Relating to origination and reversal of temporary differences	**3,883**	(2,508)	**(6,057)**	(2,705)
Underprovision in prior years	**257**	1,207	**–**	–
	4,140	(1,301)	**(6,057)**	(2,705)
	47,389	50,505	**(4,456)**	3,851

11. INCOME TAX EXPENSE (CONT'D)

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 2014 and 2013 are as follows:

	2014 RM'000	2013 RM'000
Group		
Profit before tax	**167,173**	187,271
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	**41,793**	46,818
Effect of different tax rates in foreign jurisdiction	**432**	236
Effect of expenses not deductible for tax purposes	**10,484**	9,969
Effect of income not subject to tax	**(1,338)**	(995)
Effect of utilisation of previously unrecognised deferred tax assets	**(2,328)**	(1,218)
Effect of share of results of associate	**(135)**	(20)
Effect of share of results of joint ventures	**(2,622)**	(7,984)
Effect of income subject to real property gains tax	**–**	40
Deferred tax assets not recognised during the financial year	**3,130**	3,976
Overprovision of income tax in prior years	**(2,284)**	(1,524)
Underprovision of deferred tax in prior years	**257**	1,207
	47,389	50,505
Company		
Profit before tax	**43,586**	27,897
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	**10,897**	6,974
Effect of expenses not deductible for tax purposes	**3,103**	2,785
Effect of income not subject to tax	**(15,479)**	(6,390)
Effect of utilisation of previously unrecognised deferred tax assets	**(932)**	–
Deferred tax assets not recognised during the financial year	**–**	521
Overprovision of income tax in prior years	**(2,045)**	(39)
	(4,456)	3,851

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	
	2014 RM'000	2013 RM'000
Profit net of tax attributable to owners of the parent	**113,239**	129,556
	2014 '000	**2013 '000**
Weighted average number of ordinary stock units in issue	**1,106,182**	1,106,182
	2014 SEN	**2013 SEN**
Basic earnings per stock unit	**10.24**	11.71

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

(b) Diluted

For the purpose of calculating diluted earnings per stock unit, the profit for the financial year attributable to owners of the parent and the weighted average number of ordinary stock units in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary stock units, i.e. award of LTIP to employees.

	GROUP	
	2014 RM'000	2013 RM'000
Profit net of tax attributable to owners of the parent	**113,239**	129,556
	2014 '000	2013 '000
Weighted average number of ordinary stock units in issue	**1,106,182**	1,106,182
Effect of dilution of LTIP	**18,089**	14,178
Adjusted weighted average number of ordinary stock units in issue and issuable	**1,124,271**	1,120,360
	2014 SEN	2013 SEN
Diluted earnings per stock unit	**10.07**	11.56

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

13. DIVIDENDS

	GROUP/COMPANY 2014 RM'000	2013 RM'000
Recognised during the financial year		
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
First and final dividend for 2013: 4.50% less 25% taxation, on 1,106,182,310 ordinary stock units (3.375 sen net per ordinary stock unit)	37,334	–
	37,334	35,260

At the forthcoming Annual General Meeting, a first and final single-tier dividend in respect of the current financial year ended 31 March 2014, of 3.00% (3.00 sen net per ordinary stock unit), amounting to total dividend payable of approximately RM33,185,469 (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 2014, 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 2015.

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 2013	242,135	19,889	62,162	4,560	6,098	122,546	457,390
Additions	13,395	1,125	6,889	842	190	–	22,441
Disposals	–	(273)	(123)	(4,560)	(249)	–	(5,205)
Disposal of a subsidiary	–	–	(857)	–	–	–	(857)
Reclassification	122,546	–	–	–	–	(122,546)	–
Written off	–	(848)	(4,348)	–	(180)	–	(5,376)
Exchange differences	–	28	122	–	–	–	150
At 31 March 2014	378,076	19,921	63,845	842	5,859	–	468,543

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
Accumulated depreciation and impairment losses							
At 1 April 2013	51,644	7,071	26,720	4,560	3,146	–	93,141
Depreciation charge for the financial year (Note 8)	12,533	2,405	7,914	63	696	–	23,611
Impairment loss for the financial year (Note 8)	–	864	1,673	–	–	–	2,537
Disposals	–	(264)	(109)	(4,560)	(186)	–	(5,119)
Disposal of a subsidiary	–	–	(857)	–	–	–	(857)
Written off	–	(828)	(3,510)	–	(180)	–	(4,518)
Exchange differences	–	28	57	–	–	–	85
At 31 March 2014	64,177	9,276	31,888	63	3,476	–	108,880
Analysed as:							
Accumulated depreciation	64,177	8,412	30,215	63	3,476	–	106,343
Accumulated impairment losses	–	864	1,673	–	–	–	2,537
	64,177	9,276	31,888	63	3,476	–	108,880
Net carrying amount	313,899	10,645	31,957	779	2,383	–	359,663

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

*** Land and buildings of the Group**

	FREEHOLD LAND RM'000	FREEHOLD BUILDING RM'000	SHORT TERM LEASEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND RM'000	TOTAL RM'000
Cost					
At 1 April 2013	**52,410**	**188,976**	**386**	**363**	**242,135**
Additions	**–**	**13,395**	**–**	**–**	**13,395**
Reclassification	**–**	**122,546**	**–**	**–**	**122,546**
At 31 March 2014	**52,410**	**324,917**	**386**	**363**	**378,076**
Accumulated depreciation					
At 1 April 2013	**–**	**51,101**	**386**	**157**	**51,644**
Depreciation charge for the financial year	**–**	**12,528**	**–**	**5**	**12,533**
At 31 March 2014	**–**	**63,629**	**386**	**162**	**64,177**
Net carrying amount	**52,410**	**261,288**	**–**	**201**	**313,899**

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	SHORT TERM LEASEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND RM'000	TOTAL RM'000
Cost					
At 1 April 2012	52,410	188,871	386	363	242,030
Additions	–	105	–	–	105
At 31 March 2013	52,410	188,976	386	363	242,135
Accumulated depreciation					
At 1 April 2012	–	44,346	380	152	44,878
Depreciation charge for the financial year	–	6,755	6	5	6,766
At 31 March 2013	–	51,101	386	157	51,644
Net carrying amount	52,410	137,875	–	206	190,491

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

COMPANY	OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
At 31 March 2014			
Cost			
At 1 April 2013	**1,345**	**2,155**	**3,500**
Additions	**505**	**–**	**505**
Disposals	**–**	**(179)**	**(179)**
Written off	**(10)**	**–**	**(10)**
At 31 March 2014	**1,840**	**1,976**	**3,816**
Accumulated depreciation			
At 1 April 2013	**441**	**578**	**1,019**
Depreciation charge for the financial year (Note 8)	**295**	**276**	**571**
Disposals	**–**	**(116)**	**(116)**
Written off	**(6)**	**–**	**(6)**
At 31 March 2014	**730**	**738**	**1,468**
Net carrying amount	**1,110**	**1,238**	**2,348**
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

(a) The net carrying amounts of land and buildings of the Group pledged for borrowings as disclosed in Note 26, at the financial year end are as follows:

	GROUP	
	2014 RM'000	2013 RM'000
Freehold land and buildings	**313,698**	189,858
Long term leasehold land	**201**	206
	313,899	190,064

(b) In the previous financial year, the capital work-in-progress of the Group with carrying amount of RM122,546,000 had been pledged as security for the credit facilities granted to certain subsidiaries of the Group as disclosed in Note 26.

(c) Included in capital work-in-progress incurred in the previous financial year was interest expense of RM4,973,000.

(d) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM22,441,000 (2013: RM82,593,000) and RM505,000 (2013: RM764,000) respectively, of which RM87,000 (2013: RM230,000) and Nil (2013: RM230,000) 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	
	2014 RM'000	2013 RM'000	**2014 RM'000**	2013 RM'000
Motor vehicles	**1,733**	2,208	**1,234**	1,572

(e) Included in the Group's and the Company's property, plant and equipment are provision for restoration costs of RM936,000 (2013: RM500,000) and RM39,000 (2013: RM39,000) respectively.

(f) During the financial year, the Group recognised impairment loss of RM2,537,000 based on the recoverable amount of the assets of certain subsidiaries in the hospitality segment. The management is in the midst of restructuring its business in the food and beverage segment.

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 2014				
At 1 April 2013	**299,782**	**260,949**	**61,452**	**622,183**
Additions	**–**	**–**	**19,875**	**19,875**
Transfer to:				
- investment properties (Note 16)	**(577)**	**–**	**(4,844)**	**(5,421)**
- property development cost (Note 15(b))	**(6,136)**	**(9,027)**	**(8,436)**	**(23,599)**
- inventories	**(1,355)**	**–**	**–**	**(1,355)**
Re-allocation of costs	**3,514**	**(82)**	**1,155**	**4,587**
At 31 March 2014	**295,228**	**251,840**	**69,202**	**616,270**
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 18(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

Notes:

(i) Land held for property development of the Group with carrying amount of RM295,067,000 (2013: RM295,921,000) is pledged as security for credit facilities granted to the Group.

In the previous financial year, land held for property development of the Group with carrying amount of RM99,772,000 was pledged as security for a syndicated bank guarantee facility in connection with the issuance of Bank Guaranteed Commercial Papers and/or Medium Term Notes ("BG CP/MTNs"), as disclosed in Note 26.

(ii) Included in development expenditure incurred during the financial year is interest expense of RM1,960,000 (2013: RM677,000).

(b) Property development costs

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
Group				
At 31 March 2014				
Cumulative property development costs				
At 1 April 2013	**141,622**	**5,501**	**609,833**	**756,956**
Costs incurred during the financial year	**–**	**–**	**142,333**	**142,333**
Re-allocation of costs	**(3,056)**	**(1,531)**	**–**	**(4,587)**
Transfer from land held for property development (Note 15(a))	**6,136**	**9,027**	**8,436**	**23,599**
Reversal of completed projects	**(54,144)**	**–**	**(451,561)**	**(505,705)**
At 31 March 2014	**90,558**	**12,997**	**309,041**	**412,596**
Cumulative costs recognised in profit or loss				
At 1 April 2013	**(62,613)**	**–**	**(471,997)**	**(534,610)**
Recognised during the financial year (Note 5)	**(17,745)**	**–**	**(101,491)**	**(119,236)**
Reversal of completed projects	**54,144**	**–**	**451,561**	**505,705**
At 31 March 2014	**(26,214)**	**–**	**(121,927)**	**(148,141)**
Property development cost at 31 March 2014	**64,344**	**12,997**	**187,114**	**264,455**
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

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

(b) Property development costs (cont'd)

Development properties of the Group with carrying amount of RM223,000,000 (2013: RM221,042,000) are pledged to the financial institutions as securities for credit facilities granted to a subsidiary. In the previous financial year, these development properties were also pledged to the financial institutions as securities for credit facilities granted to a subsidiary and for a syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 26.

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 of a subsidiary. In the previous financial year, these proceeds were also assigned to the financial institutions as securities for a syndicated term loan facility for a syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 26.

Included in property development costs incurred during the financial year is interest expense of RM3,324,000 (2013: RM2,642,000).

16. INVESTMENT PROPERTIES

	GROUP 2014 RM'000	2013 RM'000
Investment properties	**307,999**	288,054
Investment properties under construction	**176,338**	123,006
	484,337	411,060

	GROUP 2014 RM'000	2013 RM'000
Investment properties		
At fair value		
At the beginning of financial year	**288,054**	261,290
Subsequent expenditure	**650**	17,280
Fair value gain recognised in profit or loss (Note 6)	**20,000**	9,494
Fair value loss recognised in profit or loss (Note 8)	**(705)**	(10)
At the end of financial year	**307,999**	288,054

	GROUP 2014 RM'000	2013 RM'000
Investment properties under construction		
At cost		
At the beginning of financial year	**123,006**	20,361
Additions	**–**	100,906
Subsequent expenditure	**17,439**	6,885
Transfer from land held for property development (Note 15(a))	**5,421**	–
Fair value gain recognised in profit or loss (Note 6)	**13,932**	–
Exchange differences	**16,540**	(5,146)
At the end of financial year	**176,338**	123,006

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.

Investment properties of the Group amounting to RM447,817,000 (2013: RM390,229,000) have been pledged as security for the credit facilities granted to the Company and subsidiaries, as disclosed in Note 26.

17. 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 2014			
Cost			
At 1 April 2013	**2,911**	**1,248**	**4,159**
Additions	**–**	**5**	**5**
At 31 March 2014	**2,911**	**1,253**	**4,164**
Accumulated amortisation and impairment losses			
At 1 April 2013	**2,911**	**932**	**3,843**
Amortisation charge for the financial year (Note 8)	**–**	**106**	**106**
At 31 March 2014	**2,911**	**1,038**	**3,949**
Net carrying amount	**–**	**215**	**215**

17. INTANGIBLE ASSETS (CONT'D)

	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			
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

	COMPUTER SOFTWARE RM'000
Company	
At 31 March 2014	
Cost	
At 1 April 2013/31 March 2014	**29**
Accumulated amortisation	
At 1 April 2013	**18**
Amortisation charge for the financial year (Note 8)	**6**
At 31 March 2014	**24**
Net carrying amount	**5**
At 31 March 2013	
Cost	
At 1 April 2012/31 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

18. INVESTMENT IN SUBSIDIARIES

	COMPANY 2014 RM'000	2013 RM'000
Unquoted shares at cost	**1,190,494**	1,190,494
Less: Accumulated impairment losses	**(61,223)**	(62,773)
	1,129,271	1,127,721
LTIP granted to employees of subsidiaries	**6,580**	–
	1,135,851	1,127,721

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2014 %	2013 %	NON-CONTROLLING INTEREST 2014 %	2013 %	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**	100	**–**	–	100

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2014 %	2013 %	NON-CONTROLLING INTEREST 2014 %	2013 %	PAID-UP SHARE CAPITAL RM
I) SUBSIDIARIES OF THE COMPANY (CONT'D)							
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	Dormant	**–**	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	Property investment	**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	Inactive	**100**	100	**–**	–	2
II) SUBSIDIARIES OF EASTERN & ORIENTAL HOTEL SDN. BHD.							
E&O Restaurants Sdn. Bhd.	Malaysia	Investment holding	**100**	100	**–**	–	100,000
E&O Express Sdn. Bhd.	Malaysia	Managing a hotel and food and beverage outlets	**100**	100	**–**	–	10,000,000
E&O Cruises Sdn. Bhd.	Malaysia	Charter of vessel	**100**	100	**–**	–	2
E&O Limousine Services Sdn. Bhd. ^	Malaysia	Dormant	**–**	100	**–**	–	2

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2014 %	2013 %	NON-CONTROLLING INTEREST 2014 %	2013 %	PAID-UP SHARE CAPITAL RM
a) Subsidiaries of E&O Restaurants Sdn. Bhd.							
Eminent Pedestal Sdn. Bhd.	Malaysia	Inactive	**100**	100	**–**	–	100,000
The Delicious Group Sdn. Bhd.	Malaysia	Cafe and restaurant operator	**100**	100	**–**	–	2,925,000
b) Subsidiary of E&O Express Sdn. Bhd.							
Lone Pine Hotel (Penang) Sdn. Bhd.	Malaysia	Managing a hotel and food and beverage outlets	**100**	100	**–**	–	320,000
c) Subsidiaries of The Delicious Group Sdn. Bhd.							
Delicious Catering Sdn. Bhd.	Malaysia	Food catering services	**100**	100	**–**	–	2
Reunion Restaurants Sdn. Bhd.	Malaysia	Restaurant operator	**100**	100	**–**	–	2
Food Emporium Sdn. Bhd.	Malaysia	Business of convenience shops	**100**	100	**–**	–	2
The Delicious (Singapore) Pte. Ltd. **	Singapore	Cafe and restaurant operator	**100**	100	**–**	–	S$314,000
III) SUBSIDIARIES OF MATRIX PROMENADE SDN. BHD.							
Radiant Kiara Sdn. Bhd.	Malaysia	Property investment	**100**	100	**–**	–	920,004
E&O-Pie Sdn. Bhd.	Malaysia	Property investment	**100**	100	**–**	–	100,000
E&O Trading Sdn. Bhd.	Malaysia	Property investment	**100**	100	**–**	–	2,500,002

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2014 %	2013 %	NON-CONTROLLING INTEREST 2014 %	2013 %	PAID-UP SHARE CAPITAL RM
IV) SUBSIDIARY OF EASTERN & ORIENTAL PROPERTIES (GUERNSEY) LIMITED							
Oriental Light (Guernsey) Limited **	Guernsey	Property investment	**100**	100	**–**	–	£1
a) Subsidiary of Oriental Light (Guernsey) Limited							
Oriental Light (UK) Limited **	United Kingdom	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	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
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) Ltd. **	United Kingdom	Project management	**100**	100	**–**	–	£2,006,250
Pelicrest Sdn. Bhd.	Malaysia	Investment holding	**100**	100	**–**	–	119,005

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2014 %	2013 %	NON-CONTROLLING INTEREST 2014 %	2013 %	PAID-UP SHARE CAPITAL RM
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	**12.5**	12.5	12,700
Minat Ganda Sdn. Bhd.	Malaysia	Dormant	**100**	100	**–**	–	500,060
c) Subsidiaries of Kamunting Management Services Sdn. Bhd.							
Bridgecrest Resources Sdn. Bhd.	Malaysia	Investment holding	**95.6**	95.6	**4.4**	4.4	100,000
E&O-PDC Holdings Sdn. Bhd.	Malaysia	Investment holding	**60.0**	60.0	**40.0**	40.0	35,000
i) Subsidiaries of Bridgecrest Resources Sdn. Bhd.							
E&O Property (Penang) Sdn. Bhd.	Malaysia	Property development	**95.6**	95.6	**4.4**	4.4	2,500,010
Permaijana Ribu (M) Sdn. Bhd.	Malaysia	Investment holding	**86.8**	86.8	**13.2**	13.2	5,000,000

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2014 %	PROPORTION OF OWNERSHIP INTEREST 2013 %	NON-CONTROLLING INTEREST 2014 %	NON-CONTROLLING INTEREST 2013 %	PAID-UP SHARE CAPITAL RM
V) SUBSIDIARIES OF E&OPROP (CONT'D)							
c) Subsidiaries of Kamunting Management Services Sdn. Bhd. (cont'd)							
ii) Subsidiary of Permaijana Ribu (M) Sdn. Bhd.							
Tanjung Pinang Development Sdn. Bhd.	Malaysia	Land reclamation and development	**78.8**	78.8	**21.2**	21.2	5,000,000
d) Subsidiaries of KCB Holdings Sdn. Bhd.							
Trans-Mutual Sdn. Bhd.	Malaysia	Investment holding	**100**	100	**–**	–	2
WCW Technologies Sdn. Bhd.	Malaysia	Property investment	**100**	100	**–**	–	667,000
E&O Customer Services Sdn. Bhd.	Malaysia	Property management	**100**	100	**–**	–	2,500,010
i) Subsidiary of Trans-Mutual Sdn. Bhd.							
Kamunting Management (HK) Limited *	Hong Kong	Domant	**100**	100	**–**	–	HK$1,000
e) Subsidiaries of Tinggi Murni Sdn. Bhd.							
Samudra Pelangi Sdn. Bhd.	Malaysia	Investment holding	**100**	100	**–**	–	2
i) Subsidiaries of Samudra Pelangi Sdn. Bhd.							
Hexon Housing Development Sdn. Bhd. ^	Malaysia	Dormant	**–**	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
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	**–**	–	£1

* Audited by affiliate of Ernst & Young Global
** Audited by firms of auditors other than Ernst & Young
~ Investment in this subsidiary has been disposed to third party during the financial year.
# Investment in this subsidiary with carrying amount of RM547,784,000 (2013: RM547,784,000) has been pledged as security for borrowings as disclosed in Note 26.
^ These companies have been struck off during the financial year.

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Incorporation and additional investment in subsidiaries

2014

The Company had incorporated a company, Oriental Light (UK) Limited ("OLUK") in England and Wales on 9 January 2014 as a wholly-owned subsidiary of Oriental Light (Guernsey) Limited, which in turn is a wholly-owned subsidiary of Eastern & Oriental Properties (Guernsey) Limited ("EOPG"). EOPG is a wholly-owned subsidiary of the Company. The issued share capital of OLUK is one (1) ordinary share of £1. The additional investment in OLUK has no significant effect on the financial position and financial results of the Group.

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 in the previous financial year.

(b) Disposal of subsidiaries

2014

Eastern & Oriental Property (UK) Ltd., a wholly-owned subsidiary of E&O Property Development Berhad which in turn is a wholly-owned subsidiary of the Company, has on 31 March 2014 disposed off its entire equity interest in Goldtap Services Limited ("Goldtap") comprising of one (1) ordinary share of £1 representing the entire issued and paid up share capital of Goldtap for a cash consideration of £30,000. Accordingly, Goldtap ceased to be a subsidiary of the Company.

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

	2014 RM'000	2013 RM'000
Receivables	**4**	247
Cash and bank balances	**–**	119
Payables	**(191)**	(3,708)
Net liabilities	**(187)**	(3,342)
Net liabilities disposed	**(187)**	
Total disposal proceeds settled by cash	**(164)**	
Gain on disposal to the Group	**(351)**	
Add: Gain on strike off of subsidiary (Note 18 (d))	**(2)**	
Total gain on disposal to the Group (Note 6)	**(353)**	

	2014 RM'000
Cash inflow arising on disposals:	
Cash consideration	**164**
Cash and bank balances of subsidiary disposed	**–**
Net cash inflow on disposal	**164**

2013

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 presented as a joint venture of the Group, as disclosed in Note 20.

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

	2013 RM'000
Land held for property development (Note 15 (a))	76,323
Receivables	451
Cash and bank balances	264
Payables	(25)
Net assets	77,013
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

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) In the previous financial year, 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 26.

(d) Subsidiaries struck off

The Company's three dormant subsidiaries namely Hexon Housing Development Sdn. Bhd., E&O Leisure Sdn.Bhd. and E&O Limousine Services Sdn. Bhd. have on 20 February 2014, received notices dated 7 February 2014 and 12 February 2014 from the Companies Commission of Malaysia informing that the names of these subsidiaries have been struck off the Register pursuant to Section 308 (4) of the Companies Act, 1965. These companies ceased to be subsidiaries of the Company. The struck off of these subsidiaries has resulted in a gain of RM2,000 to the group as disclosed in Note 18(b).

19. INVESTMENT IN ASSOCIATE

	GROUP	
	2014 RM'000	2013 RM'000
Unquoted shares in Malaysia, at cost	**16,810**	16,810
Share of post-acquisition reserves	**298**	196
	17,108	17,006

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

NAME OF ASSOCIATE	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP INTEREST		PROPORTION OF VOTING POWER	
		2014 %	2013 %	**2014 %**	2013 %
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:

	2014 RM'000	**2013 RM'000**
Assets and liabilities		
Current assets	**1,825**	1,531
Non-current asset	**12,234**	12,234
Total assets	**14,059**	13,765
Current liabilities, representing total liabilities	**517**	427

	2014 RM'000	**2013 RM'000**
Results		
Revenue	**1,491**	1,246
Profit for the financial year	**1,076**	870

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate is as follows:

	GROUP	
	2014 RM'000	2013 RM'000
Net assets at the beginning of financial year	**13,338**	13,178
Profit for the financial year	**1,076**	870
Dividend paid during the financial year	**(872)**	(710)
Net assets at the end of financial year	**13,542**	13,338
Interest in associate as at the financial year end	**50.0%**	50.0%
Carrying value of Group's interest in associate	**6,771**	6,669
Effect of fair value upon acquisition	**10,337**	10,337
Net carrying value of Group's interest in associate	**17,108**	17,006

20. INVESTMENT IN JOINT VENTURES

	GROUP	
	2014 RM'000	2013 RM'000
Unquoted shares at cost	**37,260**	12,260
Share of post-acquisition reserves	**63,649**	93,374
Less: Distribution of profits	**(22,686)**	(9,636)
	78,223	95,998

20. INVESTMENT IN JOINT VENTURES (CONT'D)

Details of the joint ventures are as follows:

NAME OF JOINT VENTURES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP INTEREST 2014 %	2013 %
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. ("EOPP TPV")	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 18(b))	Malaysia	Property development	**51.00**	51.00

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

Summarised information of joint ventures that are material to the Group is set out below. The summarised information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts.

(i) Summarised statements of financial position

	MPDSB RM'000	NMSB RM'000	KCBT RM'000	EOPP TPV RM'000	TOTAL RM'000
At 31 March 2014					
Non-current assets	**2,752**	**192**	**6,205**	**1,775**	**10,924**
Cash and bank balances	**74,551**	**10,021**	**43,501**	**9,980**	**138,053**
Other current assets	**64,668**	**53,934**	**84,349**	**1,444**	**204,395**
Total current assets	**139,219**	**63,955**	**127,850**	**11,424**	**342,448**
Total assets	**141,971**	**64,147**	**134,055**	**13,199**	**353,372**
Trade and other payables and provisions	**40,535**	**4,630**	**72,817**	**10,961**	**128,943**
Total current liabilities	**40,535**	**4,630**	**72,817**	**10,961**	**128,943**
Non-current liabilities	**–**	**–**	**64,353**	**–**	**64,353**
Total liabilities	**40,535**	**4,630**	**137,170**	**10,961**	**193,296**
Net assets/(liabilities)	**101,436**	**59,517**	**(3,115)**	**2,238**	**160,076**

	MPDSB RM'000	NMSB RM'000	KCBT RM'000	EOPP TPV RM'000	TOTAL RM'000
At 31 March 2013					
Non-current assets	36,430	–	76,942	–	113,372
Cash and bank balances	126,989	3,146	684	43,129	173,948
Other current assets	90,165	11,207	131	23,272	124,775
Total current assets	217,154	14,353	815	66,401	298,723
Total assets	253,584	14,353	77,757	66,401	412,095
Trade and other payables and provisions	80,557	2,623	74,735	38,432	196,347
Other current liabilities	5,826	–	–	–	5,826
Total current liabilities	86,383	2,623	74,735	38,432	202,173
Non-current liabilities	9,250	–	29	–	9,279
Total liabilities	95,633	2,623	74,764	38,432	211,452
Net assets	157,951	11,730	2,993	27,969	200,643

(ii) Summarised statements of comprehensive income

	MPDSB RM'000	NMSB RM'000	KCBT RM'000	EOPP TPV RM'000	TOTAL RM'000
At 31 March 2014					
Revenue	**49,868**	**–**	**43,843**	**–**	**93,711**
Depreciation and amortisation	**(2)**	**(2)**	**(360)**	**–**	**(364)**
Interest income	**3,567**	**506**	**1,110**	**654**	**5,837**
Interest expense	**–**	**–**	**(10)**	**(309)**	**(319)**
Profit/(loss) before tax	**44,335**	**(2,099)**	**(6,108)**	**598**	**36,726**
Income tax expense	**(10,850)**	**(114)**	**–**	**(229)**	**(11,193)**
Profit/(loss) after tax	**33,485**	**(2,213)**	**(6,108)**	**369**	**25,533**
Dividend received from joint venture	**90,000**	**–**	**–**	**–**	**90,000**
Profit distribution from joint venture	**–**	**–**	**–**	**26,100**	**26,100**

20. INVESTMENT IN JOINT VENTURES (CONT'D)

(ii) Summarised statements of comprehensive income (cont'd)

	MPDSB RM'000	NMSB RM'000	KCBT RM'000	EOPP TPV RM'000	TOTAL RM'000
At 31 March 2013					
Revenue	222,561	–	–	74,794	297,355
Depreciation and amortisation	(2)	–	–	–	(2)
Interest income	1,455	96	–	369	1,920
Interest expense	–	–	–	(217)	(217)
Profit/(loss) before tax	75,221	(1,103)	(116)	23,097	97,099
Income tax expense	(19,863)	(20)	–	(5,913)	(25,796)
Profit/(loss) after tax	55,358	(1,123)	(116)	17,184	71,303

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures

	MPDSB RM'000	NMSB RM'000	KCBT RM'000	EOPP TPV RM'000	TOTAL RM'000
At 31 March 2014					
Net assets at the beginning of financial year	**157,951**	**11,730**	**2,993**	**27,969**	**200,643**
Profit/(loss) for the financial year	**33,485**	**(2,213)**	**(6,108)**	**369**	**25,533**
Dividend paid during the financial year	**(90,000)**	**–**	**–**	**–**	**(90,000)**
Profit distribution during the financial year	**–**	**–**	**–**	**(26,100)**	**(26,100)**
Increase in share capital	**–**	**50,000**	**–**	**–**	**50,000**
Net assets/(liabilities) at the end of financial year	**101,436**	**59,517**	**(3,115)**	**2,238**	**160,076**
Interest in joint ventures as at financial year end	**44.68%**	**50.00%**	**51.00%**	**50.00%**	
Carrying value of Group's interest	**45,322**	**29,759**	**(1,589)**	**1,119**	**74,611**
Fair value adjustment	**–**	**–**	**3,612**	**–**	**3,612**
	45,322	**29,759**	**2,023**	**1,119**	**78,223**

	MPDSB RM'000	NMSB RM'000	KCBT RM'000	EOPP TPV RM'000	TOTAL RM'000
At 31 March 2013					
Net assets at the beginning of financial year	102,593	12,853	3,109	10,785	129,340
Profit/(loss) for the financial year	55,358	(1,123)	(116)	17,184	71,303
Net assets at the end of financial year	157,951	11,730	2,993	27,969	200,643
Interest in joint ventures as at financial year end	44.68%	50.00%	51.00%	50.00%	
Carrying value of Group's interest	70,573	5,865	1,526	13,985	91,949
Fair value adjustment	–	–	4,049	–	4,049
	70,573	5,865	5,575	13,985	95,998

21. INVESTMENT SECURITIES

	GROUP 2014 RM'000	2013 RM'000
Quoted investments in Malaysia:		
- shares	**3,697**	2,114
At market value:		
Quoted shares in Malaysia	**3,697**	2,114

These investments have been pledged to various financial institutions for credit facilities granted to the Group and the Company as disclosed in Note 26.

22. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP 2014 RM'000	GROUP 2013 RM'000
At the beginning of financial year	**(40,857)**	(42,158)
Recognised in profit or loss (Note 11)	**(4,140)**	1,301
At the end of financial year	**(44,997)**	(40,857)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**1,815**	4,372
Deferred tax liabilities	**(46,812)**	(45,229)
	(44,997)	(40,857)

	COMPANY 2014 RM'000	COMPANY 2013 RM'000
At the beginning of financial year	**(6,057)**	(8,762)
Recognised in profit or loss (Note 11)	**6,057**	2,705
At the end of financial year	**–**	(6,057)

In the previous financial year, the deferred tax liability of the Company was 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	PROVISIONS RM'000	OTHERS RM'000	TOTAL RM'000
At 1 April 2012	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
At 1 April 2013	**5,290**	**397**	**1,356**	**2,882**	**9,925**
Recognised in profit or loss	**–**	**–**	**–**	**(2,882)**	**(2,882)**
At 31 March 2014	**5,290**	**397**	**1,356**	**–**	**7,043**

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 2012	(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)
At 1 April 2013	**(5,817)**	**(43,837)**	**–**	**(562)**	**(566)**	**(50,782)**
Recognised in profit or loss	**412**	**384**	**(2,166)**	**198**	**(86)**	**(1,258)**
At 31 March 2014	**(5,405)**	**(43,453)**	**(2,166)**	**(364)**	**(652)**	**(52,040)**

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

	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
Unused tax losses	**75,061**	71,949	**–**	–
Unabsorbed capital allowances	**21,636**	17,754	**–**	–
Unabsorbed reinvestment allowances	**47,755**	47,755	**–**	–
Provisions	**8,079**	11,764	**7,850**	11,577
Others	**26,999**	27,101	**–**	–
	179,530	176,323	**7,850**	11,577

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.

Deferred tax assets have not been recognised in respect of these items as they have arisen in companies that have a recent history of losses or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

23. INVENTORIES

	GROUP 2014 RM'000	2013 RM'000
At cost:		
Completed properties	**72,875**	107,971
Food, beverages and tobacco	**930**	859
General supplies	**898**	1,000
	74,703	109,830
Net realisable value:		
Completed properties	**64**	64
	74,767	109,894

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM54,748,000 (2013: RM21,199,000).

Completed properties amounting to RM56,001,000 (2013: RM101,320,000) have been pledged to the financial institution for credit facility granted to a subsidiary as disclosed in Note 26.

24. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 2014 RM'000	2013 RM'000	COMPANY 2014 RM'000	2013 RM'000
Current					
Trade receivables					
Third parties		**27,571**	31,840	**–**	–
Retention sum receivable		**13,542**	7,983	**–**	–
		41,113	39,823	**–**	–
Less: Allowance for impairment					
Third parties		**(416)**	(1,138)	**–**	–
Trade receivables, net	(a)	**40,697**	38,685	**–**	–
Other receivables					
Other receivables		**4,434**	8,183	**330**	2,081
Dividend receivable		**–**	–	**–**	29,481
Amounts due from subsidiaries	(b)	**–**	–	**685,449**	662,266
Amounts due from joint ventures	(c)	**31,129**	62,115	**–**	–
Deposits		**3,671**	3,831	**581**	98
		39,234	74,129	**686,360**	693,926
Less: Allowance for impairment:					
- Other receivables		**(316)**	(1,386)	**(263)**	(254)
- Amounts due from subsidiaries		**–**	–	**(37,928)**	(28,053)
		(316)	(1,386)	**(38,191)**	(28,307)
Other receivables, net	(d)	**38,918**	72,743	**648,169**	665,619
		79,615	111,428	**648,169**	665,619
Non-current					
Trade receivables					
Retention sum receivable	(a)	**16,827**	3,071	**–**	–
Other receivables					
Deposits		**2,398**	351	**–**	286
		19,225	3,422	**–**	286
Total trade and other receivables (current and non-current)		**98,840**	114,850	**648,169**	665,905
Add: Cash and bank balances (Note 25)		**277,166**	283,413	**5,016**	1,895
Total loans and receivables		**376,006**	398,263	**653,185**	667,800

(a) Trade receivables

The credit period for completed properties is generally for a period of three months, extending up to four months (2013: three to four months) while the term in respect of property development activities is approximately 21 (2013: 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 (2013: 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.

24. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

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

	GROUP 2014 RM'000	2013 RM'000
Neither past due nor impaired	**51,389**	24,273
1 to 30 days past due not impaired	**2,936**	9,707
31 to 60 days past due not impaired	**1,462**	3,788
61 to 90 days past due not impaired	**532**	520
91 to 120 days past due not impaired	**541**	1,490
More than 121 days past due not impaired	**664**	1,978
	6,135	17,483
Impaired	**416**	1,138
	57,940	42,894

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 RM6,135,000 (2013: RM17,483,000) 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.

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 2014 RM'000	2013 RM'000
Trade receivables - nominal amount	**416**	1,138
Less: Allowance for impairment	**(416)**	(1,138)
	–	–
Movement in allowance accounts:		
At the beginning of financial year	**1,138**	7,090
Charge for the financial year (Note 8)	**398**	508
Transferred to allowance for impairment in other receivables	**–**	(1,000)
Reversal of impairment losses (Note 6)	**(823)**	(761)
Disposal of subsidiaries	**(297)**	(4,699)
At the end of financial year	**416**	1,138

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 6.6% (2013: 0.5% to 6.6%) per annum.

(c) Amounts due from joint ventures

The amounts due from joint ventures are unsecured, non-interest bearing and are repayable upon demand, except for an amount of RM30,041,000 which bears interest at 5% per annum.

24. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) Other receivables

Other receivables that are impaired

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

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	**2014 RM'000**	2013 RM'000
Other receivables - nominal amount	**316**	1,575	**116,205**	96,710
Less: Allowance for impairment	**(316)**	(1,386)	**(38,191)**	(28,307)
	–	189	**78,014**	68,403
Movement in allowance accounts:				
At the beginning of financial year	**1,386**	505	**28,307**	28,771
Charge for the financial year (Note 8)	**9**	14	**10,625**	352
Transferred from allowance for impairment in trade receivables	**–**	1,000	**–**	–
Reversal of impairment losses (Note 6)	**(129)**	–	**(741)**	(816)
Disposal of a subsidiary	**(950)**	–	**–**	–
Exchange differences	**–**	(133)	**–**	–
At the end of financial year	**316**	1,386	**38,191**	28,307

25. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	**2014 RM'000**	2013 RM'000
Cash on hand and at banks	**149,924**	206,808	**3,210**	92
Deposits with licensed banks	**127,242**	76,605	**1,806**	1,803
Cash and bank balances	**277,166**	283,413	**5,016**	1,895

(a) Included in cash on hand and at banks of the Group are amounts of RM90,491,000 (2013: RM192,911,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations. RM76,280,000 (2013: RM160,527,000) of these cash on hand and at banks are assigned and charged as security for a syndicated term loan facility. In the previous financial year, RM27,054,000 of these cash on hand are assigned and charged for syndicated bank guarantee facility in connection with the issuance of BG CP as disclosed in Note 26.

(b) Cash and bank balances of the Group in the previous financial year amounting to RM11,588,000 were assigned and charged as security for a syndicated bank guarantee facility in connection with the issuance of BG CP as disclosed in Note 26.

(c) Included in deposit with licensed banks of the Group is an amount of RM318,000 (2013: 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 RM5,013,000 (2013: RM4,917,000) and RM1,806,000 (2013: RM1,803,000) respectively are pledged as securities for facilities granted to the Group and the Company.

(e) Cash and bank balances of the Group amounting to RM12,416,000 (2013: RM5,452,000) are assigned and charged as security for a syndicated term loan facility as disclosed in Note 26.

(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	
	2014	2013	**2014**	2013
Weighted average effective interest rates (%)				
- Fixed rates	**2.73%**	2.69%	**2.53%**	2.53%
- Floating rates	**2.89%**	2.80%	**–**	–
Average maturities (days)	**1 - 30**	1 - 30	**1 - 30**	1 - 30

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

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	**2014 RM'000**	2013 RM'000
Cash at banks and on hand	**149,924**	206,808	**3,210**	92
Deposits with licensed banks	**127,242**	76,605	**1,806**	1,803
Bank overdrafts (Note 26)	**–**	(27,583)	**–**	(26,400)
Total cash and cash equivalents	**277,166**	255,830	**5,016**	(24,505)

26. LOANS AND BORROWINGS

	MATURITY	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
Current					
Secured:					
Bank overdrafts	On demand	**–**	27,583	**–**	26,400
Term loans	2015	**4,966**	15,844	**–**	10,372
Revolving credits	On demand	**155,443**	212,460	**70,000**	75,000
Commercial papers	On demand	**–**	25,000	**–**	–
Obligations under finance leases (Note 34(d))	2015	**439**	472	**248**	271
		160,848	281,359	**70,248**	112,043
Non-current					
Secured:					
Term loans	2016 - 2020	**541,698**	489,676	**30,000**	–
Revolving credits	2016	**25,000**	–	**–**	–
Obligations under finance leases (Note 34(d))	2016 - 2019	**613**	979	**356**	613
		567,311	490,655	**30,356**	613
Total loans and borrowings					
Secured:					
Bank overdrafts (Note 25)		**–**	27,583	**–**	26,400
Term loans		**546,664**	505,520	**30,000**	10,372
Revolving credits		**180,443**	212,460	**70,000**	75,000
Commercial papers		**–**	25,000	**–**	–
Obligations under finance leases		**1,052**	1,451	**604**	884
		728,159	772,014	**100,604**	112,656

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

	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Bank overdrafts - Floating rates	**–**	7.30%	**–**	7.25%
Term loans				
- Fixed rates	**5.50%**	5.61%	**–**	5.95%
- Floating rates	**4.91%**	5.02%	**4.72%**	–
Revolving credits - Floating rates	**5.06%**	5.06%	**4.13%**	4.20%
Commercial papers - Fixed rate	**–**	3.65%	**–**	–

The finance lease bears interest rates ranging from 2.72% to 2.74% (2013: 2.77% to 2.79%) per annum.

The remaining maturities of the loans and borrowings as at 31 March 2014 are as follows:

	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
On demand or within one year	**160,848**	281,359	**70,248**	112,043
More than 1 year and less than 2 years	**358,906**	105,035	**230**	257
More than 2 years and less than 5 years	**161,250**	298,661	**30,126**	356
5 years or more	**47,155**	86,959	**–**	–
	728,159	772,014	**100,604**	112,656

(a) Bank overdrafts

The bank overdrafts are secured by charge on certain properties, unquoted shares and quoted investments as disclosed in Notes 14, 18 and 21 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 and of the Company as disclosed in Notes 15(a), 16, 18 and 23 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 BG CP has been fully repaid during the financial year while MTNs had been fully repaid in prior years.

26. LOANS AND BORROWINGS (CONT'D)

(d) Commercial papers ("BG CP") and Medium Term Notes ("MTNs") collectively known as ("BG CP/MTNs") (cont'd)

The BG CP/MTNs were guaranteed by certain financial institutions for a sum of RM360,000,000 through a syndicated bank guarantee facility, which was 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 18(c)).

All securities has been discharged with the related financial institutions, following the full settlement during the financial year.

(e) Corporate guarantees

The Company has extended corporate guarantees amounting to RM515,664,000 (2013: RM492,070,000) 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.

27. PROVISIONS

	RESTORATION COSTS OF PROPERTY, PLANT AND EQUIPMENT RM'000 (A)	PROVISION FOR FORSEEABLE LOSS RM'000 (B)	OTHERS RM'000 (C)	TOTAL RM'000
Group				
At 1 April 2012	489	–	162	651
Additional provision	71	–	–	71
Utilisation of provision during the financial year	(60)	–	–	(60)
At 31 March 2013	500	–	162	662
Additional provision	493	30,588	–	31,081
Utilisation of provision during the financial year	(57)	–	–	(57)
At 31 March 2014	**936**	**30,588**	**162**	**31,686**
At 31 March 2014				
Current	**684**	**30,588**	**162**	**31,434**
Non-current:				
Later than 1 year but not later than 2 years	**186**	**–**	**–**	**186**
Later than 2 year but not later than 3 years	**66**	**–**	**–**	**66**
	252	**–**	**–**	**252**
	936	**30,588**	**162**	**31,686**
At 31 March 2013				
Current	–	–	162	162
Non-current:				
Later than 1 year but not later than 2 years	500	–	–	500
	500	–	162	662

27. PROVISIONS (CONT'D)

	RESTORATION COST OF PROPERTY, PLANT AND EQUIPMENT RM'000 (A)
Company	
At 1 April 2012	–
Additional provision	**39**
At 31 March 2013	**39**
Additional provision	–
At 31 March 2014	**39**
At 31 March 2014	
Current	**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) Provision for forseeable loss

Provision for forseeable loss is made on certain property development activities undertaken by the subsidiary of the Group, in respect of expected loss from the development of compulsory affordable housing.

(c) Others

A provision is recognised for expected/estimated repair costs for making good certain defects during the warranty periods for the completed properties.

28. TRADE AND OTHER PAYABLES

	NOTE	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
Current					
Trade payables	(a)				
Third parties		**35,073**	43,844	**–**	–
Retention sum payable		**1,718**	5,951	**–**	–
		36,791	49,795	**–**	–
Other payables					
Amounts due to subsidiaries	(b)	**–**	–	**368,113**	380,698
Amount due to non-controlling interest	(c)	**12,826**	12,826	**–**	–
Other payables	(d)	**15,272**	26,151	**583**	690
Accruals		**47,513**	89,428	**10,936**	14,157
Deposits received		**2,806**	3,966	**–**	–
		78,417	132,371	**379,632**	395,545
		115,208	182,166	**379,632**	395,545
Non-current					
Trade payables					
Retention sum payable		**23,236**	26,019	**–**	–
Other payables					
Retention sum payable		**1,779**	2,052	**–**	–
Deposits received		**1,865**	1,087	**–**	–
		3,644	3,139	**–**	–
		26,880	29,158	**–**	–
Total trade and other payables (current and non-current)		**142,088**	211,324	**379,632**	395,545
Add: Loans and borrowings (Note 26)		**728,159**	772,014	**100,604**	112,656
Total financial liabilities carried at amortised cost		**870,247**	983,338	**480,236**	508,201

28. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 14 to 120 (2013: 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 RM341,322,000 (2013: RM336,234,000) which bears interest ranging from 4.88% to 6.6% (2013: 4.88% to 6.6%) per annum.

(c) Amount due to non-controlling interest

The amount due to non-controlling interest is in respect of advances extended to a subsidiary. The amount 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 (2013: average term of six months).

29. SHARE CAPITAL

	GROUP/COMPANY			
	NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH		AMOUNT	
	2014 '000	2013 '000	**2014 RM'000**	2013 RM'000
Authorised:				
At the beginning of financial year	**2,000,000**	1,200,000	**2,000,000**	1,200,000
Created during the financial year	**–**	800,000	**–**	800,000
At the end of financial year	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Issued and fully paid:				
At the beginning of financial year	**1,135,622**	1,133,463	**1,135,622**	1,133,463
Ordinary stock units issued during the financial year pursuant to E&O ESOS	**–**	2,159	**–**	2,159
At the end of financial year	**1,135,622**	1,135,622	**1,135,622**	1,135,622

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 was implemented on 26 February 2013 as further disclosed in Note 32 (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 (2013: 1,135,621,710) issued and fully paid-up ordinary stock units of RM1.00 each, 29,439,400 (2013: 29,439,400) stock units are held as treasury stock units by the Company. As at 31 March 2014, the number of issued and fully paid-up ordinary stock units (not held as treasury stock units) is 1,106,182,310 (2013: 1,106,182,310) ordinary stock units of RM1.00 each.

30. TREASURY STOCK UNITS

	GROUP/COMPANY			
	NUMBER OF TREASURY STOCK UNITS		AMOUNT	
	2014 '000	2013 '000	**2014 RM'000**	2013 RM'000
At the beginning/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.

As at 31 March 2014, the total stock units held as treasury stock units amounted to 29,439,400 (2013: 29,439,400) ordinary stock units of RM1.00 each at a total cost of RM27,720,000 (2013: RM27,720,000).

31. RESERVES

		GROUP		COMPANY	
	NOTE	**2014 RM'000**	2013 RM'000	**2014 RM'000**	2013 RM'000
Distributable:					
Retained profits	(a)	**211,076**	135,171	**65,957**	55,249
Non-distributable:					
Share premium	(b)	**142,145**	142,145	**142,145**	142,145
LTIP reserve	(c)	**14,558**	3,696	**14,558**	3,696
Foreign currency translation reserve	(d)	**(769)**	954	**–**	–
		155,934	146,795	**156,703**	145,841
		367,010	281,966	**222,660**	201,090

31. RESERVES (CONT'D)

(a) Retained profits

Prior to 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 dividends paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 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 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 March 2013, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM49,633,000 out of its retained profits. Any 108 balance which has not been utilised as at 31 December 2013 is disregarded. Thereafter, the Company may distribute dividends out its entire retained earnings under the single tier system.

(b) Share premium

On 17 November 2009, the Company issued 362,493,569 Irredeemable Convertible Secured Loan Stocks ("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) LTIP reserve

LTIP reserve represents the equity-settled LTIP 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 award date of LTIP, and is reduced by the exercise or lapse of the 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.

32. 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 3 July 2014. 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 60 or Optional Retirement Age of 50.

Movements in the net liability were as follows:

	2014 RM'000	2013 RM'000
Group		
At the beginning of financial year	**316**	–
Recognised in profit or loss (Note 9)	**79**	316
Paid during the year	**(4)**	–
At the end of financial year	**391**	316

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

	2014 RM'000	2013 RM'000
Group		
Present value of defined benefit obligations, representing net liability	**391**	316
Analysed as:		
- current liabilities	**8**	12
- non-current liabilities	**383**	304
	391	316

32. EMPLOYEE BENEFITS (CONT'D)

(a) Retirement benefit obligations (cont'd)

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

	2014 RM'000	2013 RM'000
Group		
Defined benefit obligations	**–**	246
Current service cost	**62**	58
Interest cost	**17**	12
	79	316

Principal actuarial assumptions used:

	2014 %	2013 %
Discount rate	**5.9**	5.3
Price inflation	**3.5**	3.5
Expected rate of salary increase	**7.0**	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) he/she 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) he/she 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.

32. EMPLOYEE BENEFITS (CONT'D)

(b) LTIP (cont'd)

The salient features and terms of the LTIP are as follows: (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
(First Grant)		
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

DESCRIPTION OF AWARD OF STOCK UNITS UNDER LTIP	PSU AWARD '000	RSU AWARD '000
(Second Grant)		
Date of award	26 July 2013	26 July 2013
Number of LTIP stock units awarded to the eligible employees and Executive Directors:		
(a) Executive Directors	283	230
(b) Eligible Employees	623	3,451
	906	3,681
Vesting period	26 July 2013 to 31 July 2016	26 July 2013 to 31 July 2016

Movement of LTIP during the financial year

The following table illustrates the number and movement in stock units awarded under LTIP during the financial year:

	NUMBER OF STOCK UNITS				
	AT BEGINNING OF THE FINANCIAL YEAR '000	MOVEMENT DURING THE FINANCIAL YEAR AWARDED '000	VESTED '000	FORFEITED '000	OUTSTANDING AT END OF FINANCIAL YEAR '000
2014					
2012/13 PSU Award	**1,499**	**–**	**–**	**(106)**	**1,393**
2012/13 RSU Award	**12,679**	**–**	**–**	**(1,024)**	**11,655**
2013/14 PSU Award	**–**	**906**	**–**	**(8)**	**898**
2013/14 RSU Award	**–**	**3,681**	**–**	**(357)**	**3,324**
	14,178	**4,587**	**–**	**(1,495)**	**17,270**

	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

32. EMPLOYEE BENEFITS (CONT'D)

(b) LTIP (contd.)

Fair value of stock units under LTIP awarded

The fair value of LTIP stock units awarded during the financial year and in the previous 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:

	2014	2013
Fair value of LTIP stock units granted:		
Weighted average fair value of stock unit price (RM)	**2.03**	1.62
Stock unit at grant date (RM)	**2.06**	1.57
Expected volatility (day)	**41.113**	39.787
Expected life (years)	**3 years**	3 years except for RSU 2012/13
Risk free rate (%)	**3.405**	2.942
Expected dividend yield (%)	**2.33**	2.92

The stock unit price at grant date used was the closing price of the Company's stock units 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 stock unit award were incorporated into the measurement of fair value.

(c) Employees' Share Option Scheme

The Company's Employees' Share Option Scheme ("E&O ESOS") which was 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 were 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.

There were no share options granted during the financial year. In the previous financial year, the share options had been fully exercised and forfeited.

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options in the previous 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	–	–

32. EMPLOYEE BENEFITS (CONT'D)

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

Details of share options outstanding at the end of the financial year:

Share options exercised in the previous financial year

As disclosed in Note 29, options exercised in the previous financial year resulted in the issuance of 2,158,500 ordinary stock units at RM1.00 each. The related weighted average stock unit prices at the date of exercise was RM1.48.

33. 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	
	2014 RM'000	2013 RM'000
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	**(87)**	(54)
- Interiors International (M) Sdn. Bhd. ("Interiors") in which a director of Interiors is a person connected to a director of the Company	**(68)**	(67)
- a joint venture	**(88)**	–
Project management and administrative services fees receivable from joint ventures	**(2,312)**	(1,092)
Interest receivable from a joint venture	**(1,871)**	–
Selling and marketing fees receivable from joint ventures	**(5,106)**	(4,588)
Management fee receivable from a joint venture	**(43)**	(310)
Dividend income received from an associate	**(436)**	(355)
Dividend income received from a joint venture	**(40,212)**	–
Profit distribution from a joint venture	**13,050**	–
Transactions with companies in which a former director of a subsidiary has financial interest:		
- Progress claim from Tidalmarine Engineering Sdn. Bhd.	**–**	1,093
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	**6,977**	183
- ANZ Equities Sendirian Berhad in which a director of the Company has financial interest	**80**	480
Purchase of merchandise goods from Interiors in which a director of Interiors is a person connected to a director of the Company	**200**	2,230
Design services rendered by:		
- Adaptus Design System Sdn. Bhd. ("Adaptus") in which a key management personnel of the Company also holds directorship in Adaptus	**6**	–
- Interiors in which a director of Interiors is a person connected to a director of the Company	**2,369**	2,098
Sale of properties to directors and a person connected to a director of the Company	**5,821**	1,510

	COMPANY	
	2014 RM'000	2013 RM'000
Subsidiaries:		
Dividend income	**(80,622)**	(68,538)
Interest income receivable	**(14,685)**	(13,486)
Management fee receivable	**(6,900)**	(2,194)
Food catering services	**30**	25
Interest expense payable	**17,538**	14,687

33. RELATED PARTY TRANSACTIONS (CONT'D)

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

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 2014 and 2013 are disclosed in Notes 24 and 28.

(b) Compensation of key management personnel

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Short term employee benefits	**13,278**	13,152	**13,278**	13,152
Defined contribution plan	**2,011**	1,828	**2,011**	1,828
Award of LTIP	**4,619**	1,913	**4,619**	1,913
	19,908	16,893	**19,908**	16,893

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

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Executive directors' remuneration (Note 10)	**11,597**	10,195	**11,597**	10,195

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At the beginning of financial year	**–**	1,900	**–**	1,900
Exercised	**–**	(1,900)	**–**	(1,900)
At the end of financial year	**–**	–	**–**	–

The share options in the previous financial year were granted on the same terms and conditions as those offered to other employees of the Group as disclosed in Note 32(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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At the beginning of financial year	**6,357**	–	**6,357**	–
Awarded	**1,042**	6,357	**1,042**	6,357
Forfeited	**(146)**	–	**(146)**	–
At the end of financial year	**7,253**	6,357	**7,253**	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 32(b).

34. COMMITMENTS

(a) Capital commitments

Capital expenditure as at 31 March 2014 and 2013 is as follows:

	GROUP	
	2014 RM'000	2013 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	**142**	13,941
Investment property under construction	**52,500**	–
Approved but not contracted for:		
Property, plant and equipment	**6,134**	12,828
Share of joint venture's capital commitments in relation to acquisition of land	**155,500**	170,500

34. 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	
	2014 RM'000	2013 RM'000	**2014 RM'000**	2013 RM'000
Future minimum rentals payable:				
Not later than 1 year	**6,766**	5,715	**348**	1,170
Later than 1 year and not later than 5 years	**6,102**	3,060	**27**	322
Later than 5 years	**–**	609	**–**	–
	12,868	9,384	**375**	1,492

(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 to 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	
	2014 RM'000	2013 RM'000
Future minimum rentals receivable:		
Not later than 1 year	**8,980**	8,628
Later than 1 year and not later than 5 years	**11,504**	6,951
	20,484	15,579

(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	
	2014 RM'000	2013 RM'000	**2014 RM'000**	2013 RM'000
Future minimum lease payments:				
Not later than 1 year	**487**	534	**271**	308
Later than 1 year and not later than 2 years	**434**	476	**241**	280
Later than 2 years and not later than 5 years	**219**	580	**130**	371
Total future minimum lease payments	**1,140**	1,590	**642**	959
Less: Future finance charges	**(88)**	(139)	**(38)**	(75)
Present value of finance lease liabilities	**1,052**	1,451	**604**	884
Less: Amount due within 12 months (Note 26)	**(439)**	(472)	**(248)**	(271)
Amount due after 12 months (Note 26)	**613**	979	**356**	613

35. 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**
2014				
Financial liabilities:				
Loans and borrowings (Note 26)				
- Term loans with fixed rate	**28,921**	**22,710**	**–**	**–**
- Obligations under finance lease	**613**	**559**	**356**	**324**
2013				
Financial liabilities:				
Loans and borrowings (Note 26)				
- Term loans with fixed rate	31,250	23,618	–	–
- Obligations under finance lease	979	876	613	546

35. 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)	24
Loans and borrowings (current)	26
Loans and borrowings (non-current)	
- with floating rate	26
Trade and other payables (current)	28

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.

36. FAIR VALUE MEASUREMENT

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

(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).

	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000	TOTAL RM'000
Group				
At 31 March 2014				
Financial asset at fair value through profit or loss (Note 21)	**3,697**	**–**	**–**	**3,697**
Investment properties (Note 16)	**–**	**49,270**	**435,067**	**484,337**
At 31 March 2013				
Financial asset at fair value through profit or loss (Note 21)	2,114	–	–	2,114
Investment properties (Note 16)	–	20,000	391,060	411,060

Fair value reconciliation of investment properties measured at Level 3

	GROUP RM'000
At 1 April 2013	391,060
Subsequent expenditure	18,089
Re-measurement recognised in profit or loss	9,378
Exchange differences	16,540
At 31 March 2014	435,067

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3:

VALUATION TECHNIQUES	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE
Invesment method	Estimated rental value per square feet per month	RM1.80 - RM1,327
	Estimated rental value per parking bay per month	RM37.50
	Estimated outgoing per square feet per month	RM1.28
	Market yield rate	4.50% - 7%

Comparison method

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. All investment properties valued using the comparison method are categorised as Level 2 in the fair value hierarchy.

36. FAIR VALUE MEASUREMENT (CONT'D)

Investment method

A property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the assets's life including an exit or terminal value. As an accepted method within the income approach to valuation, the investment method involves the projection of series of cash flows on a real property interest. To this projected cash flows series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent review, lease renewal, redevelopment or refurbishment. The appropriate duration is typically driven by market behaviour that is characteristic of the property. In the case of investment properties, periodic cash flows is typically estimated as gross income less vacancy, non-recoverable expenses, collections losses, maintenance costs, and other operating and management expenses.

Significant increases/(decreases) in estimated rental value and outgoing per annum in isloation would result in a significant higher/(lower) fair value of the properties. Significant increases/(decreases) in market yield in isloation would result in a significantly lower/(higher) fair value.

37. 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 of 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.

(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 24.

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:

	2014		2013	
	RM'000	**% OF TOTAL**	RM'000	% OF TOTAL
Properties	**54,389**	**94.5%**	39,417	94.4%
Hospitality	**3,122**	**5.5%**	2,330	5.6%
Investments and others	**13**	**0.0%**	9	0.0%
	57,524	**100%**	41,756	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 24. 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 24.

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

(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 actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

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.

				2014 RM'000
	ON DEMAND OR WITHIN ONE YEAR	**ONE TO FIVE YEARS**	**OVER FIVE YEARS**	**TOTAL**
Group				
Financial liabilities:				
Trade and other payables	**115,208**	**26,880**	**–**	**142,088**
Loans and borrowings	**162,644**	**581,017**	**61,692**	**805,353**
Total undiscounted financial liabilities	**277,852**	**607,897**	**61,692**	**947,441**
Company				
Financial liabilities:				
Trade and other payables	**379,632**	**–**	**–**	**379,632**
Loans and borrowings	**70,270**	**36,747**	**–**	**107,017**
Total undiscounted financial liabilities	**449,902**	**36,747**	**–**	**486,649**

				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

(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 (2013: 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 RM1,576,000 and RM250,000 (2013: RM1,592,000 and RM254,000) 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.

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

(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/(liabilities) of the Group that are not denominated in the functional currency is as follows:

	GROUP	
	2014 RM'000	2013 RM'000
Singapore Dollar ("SGD")	**(79)**	1,224
Great Britain Pound ("GBP")	**(10,311)**	258

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	
		2014 RM'000	2013 RM'000
SGD/RM	- strengthened 4%	**(3)**	49
	- weakened 4%	**3**	(49)
GBP/RM	- strengthened 10%	**(1,031)**	26
	- weakened 10%	**1,031**	(26)

(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% (2013: 4%) higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM148,000 (2013: RM85,000) higher/lower, arising as a result of higher/lower fair value gains/losses on financial assets at fair value through profit or loss.

38. 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 2014 and 2013.

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.

	NOTE	GROUP		COMPANY	
		2014 RM'000	2013 RM'000	**2014 RM'000**	2013 RM'000
Loans and borrowings	26	**728,159**	772,014	**100,604**	112,656
Trade and other payables	28	**142,088**	211,324	**379,632**	395,545
Less: Cash and bank balances	25	**(277,166)**	(283,413)	**(5,016)**	(1,895)
Net debt		**593,081**	699,925	**475,220**	506,306
Equity attributable to the owners of the parent, representing total capital		**1,474,912**	1,389,868	**1,330,562**	1,308,992
Capital and net debt		**2,067,993**	2,089,793	**1,805,782**	1,815,298
Gearing ratio		**29%**	33%	**26%**	28%

39. 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.

39. 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		HOSPITALITY		INVESTMENTS AND OTHERS		ADJUSTMENTS AND ELIMINATIONS		NOTE	PER CONSOLIDATED FINANCIAL STATEMENTS	
	2014 RM'000	2013 RM'000	**2014 RM'000**	2013 RM'000	**2014 RM'000**	2013 RM'000	**2014 RM'000**	2013 RM'000		**2014 RM'000**	2013 RM'000
Revenue											
External sales	**376,055**	518,447	**113,220**	83,906	**7,866**	3,183	**–**	**–**		**497,141**	605,536
Inter-segment sales	**1,559**	1,318	**–**	–	**75,647**	17,104	**(77,206)**	(18,422)	A	**–**	–
Total revenue	**377,614**	519,765	**113,220**	83,906	**83,513**	20,287	**(77,206)**	(18,422)		**497,141**	605,536
Results											
Interest income	**5,986**	5,012	**15**	8	**22,016**	18,031	**(18,690)**	(17,342)	A	**9,327**	5,709
Gain from fair value movement of investment properties	**33,227**	9,484	**–**	–	**–**	–	**–**	–		**33,227**	9,484
Depreciation and amortisation	**(1,594)**	(1,574)	**(20,753)**	(12,362)	**(1,370)**	(1,004)	**–**	–	B	**(23,717)**	(14,940)
Share of results of associate	**–**	–	**–**	–	**538**	80	**–**	–		**538**	80
Share of results of joint ventures	**10,487**	32,705	**–**	–	**–**	–	**–**	(770)		**10,487**	31,935
Gain on disposal of a subsidiary	**–**	–	**2**	–	**351**	7,601	**–**	–		**353**	7,601
Other non-cash expenses	**254**	825	**(2,684)**	(3,092)	**6,558**	(1,180)	**–**	–	C	**4,128**	(3,447)
Segment results	**198,622**	233,648	**(34,080)**	(9,317)	**65,951**	(29,817)	**(63,320)**	(7,243)	D	**167,173**	187,271
Assets											
Investment in associate	**–**	–	**–**	–	**17,828**	17,726	**(720)**	(720)		**17,108**	17,006
Investment in joint ventures	**78,223**	95,998	**–**	–	**–**	–	**–**	–		**78,223**	95,998
Additions to non-current assets	**38,468**	148,627	**17,763**	80,972	**4,179**	1,273	**–**	–	E	**60,410**	230,872
Segment assets	**1,946,836**	2,050,170	**378,995**	369,125	**2,646,277**	1,297,750	**(2,498,110)**	(1,239,174)	F	**2,473,998**	2,477,871
Segment liabilities	**815,529**	914,114	**145,913**	111,834	**469,047**	175,346	**(473,938)**	(149,281)	G	**956,551**	1,052,013

39. SEGMENT INFORMATION (CONTD.)

A Inter-segment revenues, income and expenses are eliminated on consolidation.

B Depreciation and amortisation consist of the following items as presented in the respective notes to the financial statements:

	NOTE	2014 RM'000	2013 RM'000
Amortisation of intangible assets	8	**(106)**	(113)
Depreciation of property, plant and equipment	8	**(23,611)**	(14,827)
		(23,717)	(14,940)

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

		2014 RM'000	2013 RM'000
Impairment loss on property, plant and equipment	8	**(2,537)**	–
Share options lapsed under ESOS		**–**	260
Inventories written off	8	**(4)**	(47)
Reversal of/(impairment loss) on financial assets			
- trade receivables	6,8	**425**	253
- other receivables	6,8	**120**	(14)
Bad debts written off	8	**(610)**	(224)
Gain on disposal of property, plant and equipment	6,8	**214**	75
Unrealised gain/(loss) on foreign exchange	6,8	**6,750**	(1,127)
Fair value adjustment	6,8	**628**	379
Property, plant and equipment written off	8	**(858)**	(25)
Intangible assets written off	8	**–**	(3)
Impairment loss on intangible assets	8	**–**	(2,911)
Investment written off	8	**–**	(63)
		4,128	(3,447)

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	2014 RM'000	2013 RM'000
Allowance for impairment in amounts due from subsidiaries		**(2)**	(797)
Inter-segment dividends		**(70,684)**	(12,315)
Inter-segment interests		**6,361**	6,123
Inter-segment disposal of asset		**–**	(770)
Net impairment of subsidiaries		**1,005**	516
		(63,320)	(7,243)

E Additions to non-current assets consist of:

		2014 RM'000	2013 RM'000
Property, plant and equipment	14	**22,441**	82,593
Intangible assets	17	**5**	112
Investment properties	16	**18,089**	125,071
Land held for property development	15	**19,875**	23,096
		60,410	230,872

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

	NOTE	2014 RM'000	2013 RM'000
Deferred tax assets	22	**1,815**	4,372
Tax recoverable		**23,352**	25,877
Investment in associate	19	**17,108**	17,006
Investment in joint ventures	20	**78,223**	95,998
Inter-segment assets		**(2,618,608)**	(1,382,427)
		(2,498,110)	(1,239,174)

39. SEGMENT INFORMATION (CONTD.)

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	2014 RM'000	2013 RM'000
Deferred tax liabilities	22	**46,812**	45,229
Income tax payable		**7,415**	22,468
Loans and borrowings	26	**728,159**	772,014
Provision for retirement benefits	32(a)	**391**	316
Inter-segment liabilities		**(1,256,715)**	(989,308)
		(473,938)	(149,281)

40. EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

(a) In 1992, a subsidiary of the Company, Tanjung Pinang Development Sdn Bhd ("TPD") was granted the exclusive right to reclaim and develop land in the district of Tanjong Tokong in the north-east coast of Penang. To date, the Group has reclaimed and is continuing to develop Phase 1 of the project.

TPD had sought the State Government of Penang's approval to reclaim the balance concession area ("Proposed Project") and was given the State's in-principle approval to the masterplan for the Proposed Project by a letter dated 11 April 2011 from the Jabatan Perancang Bandar dan Desa, Pulau Pinang.

Subsequently, TPD had on 11 April 2014 received the conditional approval letter dated 10 April 2014 from the Department of Environment, Ministry of Natural Resources and Environment for the Detailed Environment Impact Assessment study and conceptual masterplan submitted by TPD for the proposed reclamation of Phase 2 of Seri Tanjung Pinang at Tanjung Tokong, Penang ("STP2").

On 10 June 2014 TPD had received notification that TPD's masterplan for STP2 has been endorsed by the Penang State Planning Committee.

(b) The Group had on 2 July 2014 acquired two (2) ordinary shares of RM1.00 each, representing 100% equity interest in Eastern & Oriental Express Sdn. Bhd. ("EOE") for a total cash consideration of RM2.00.

(c) EOE had on 4 July 2014 together with E&O, entered into a sale and purchase agreement with Sime Darby Elmina Development Sdn. Bhd., an indirect wholly-owned subsidiary of Sime Darby Berhad, to acquire a parcel of freehold land measuring approximately 135 acres for a purchase consideration of RM239,800,000.

41. SUPPLEMENTARY INFORMATION

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at 31 March 2014 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries				
- Realised	**39,245**	(1,999)	**65,991**	61,346
- Unrealised	**40,341**	(1,922)	**(34)**	(6,097)
Share of retained profit of an associate				
- Realised	**298**	196	**–**	–
Share of retained profits of joint ventures				
- Realised	**39,532**	82,424	**–**	–
- Unrealised	**1,431**	1,314	**–**	–
	120,847	80,013	**65,957**	55,249
Add: Consolidated adjustments	**90,229**	55,158	**–**	–
Total retained profits as per financial statements	**211,076**	135,171	**65,957**	55,249

GROUP'S PROPERTIES

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2014 RM'000
PT 1623 H.S.(D) 3572 PT 1691 H.S.(D) 3640 Mukim Beseri, Perlis	Freehold	2009	2 units	Single Storey Terrace	25	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	–	43,698
PT No. 692, 857, 858, 1122-1126, 1133, 1218, 1351, 1355, 1385- 1410, 1416-1422, 1428, 1429, 1430, 1431, 1432-1454	Freehold	2007	22.68 acres	Currently Under Development	–	495,738
	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	4	5,225

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2014 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	3	2,255
PT No. 1355 H.S.(D) 116861 Bandar Tanjung Pinang Sek.1 Daerah Timur Laut Pulau Pinang	Freehold	2013	38 units	High End Condominium	2	43,232
Block 7 land PT No.1215, H.S.(D) No. 15927 Bandar Tanjung Pinang Sek. 1 Daerah Timur Laut Pulau Pinang	Freehold	2014	37,308 sq. ft.	Vacant Land	–	15,172
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	15	64

GROUP'S PROPERTIES

(CONT'D)

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2014 RM'000
Ukay Heights Selangor Darul Ehsan Lot No. 1621 to 1625, 1641 to 1645, 1647 to 1648 Mukim of Ulu Kelang Lot No. 4779, 4780, 4782, 4786 to 4790, 4796, 4797 Mukim of Ampang All on the District of Kuala Lumpur	Freehold	2006	9.365 acres	Vacant Land	–	16,660
Jalan Teruntung Damansara Heights Kuala Lumpur PT No.8971 - 8981, H.S.(D) No.118131 - 118141 Mukim and Dearah Kuala Lumpur Wilayah Persekutuan	Freehold	2006	15,379,2 sq. mt.	Land held for development	–	52,851
Geran 53379, Lot No. 55340 Jalan Damansara Kuala Lumpur Mukim and District of Kuala Lumpur Wilayah Persekutuan	Freehold	2007	1 Unit	Luxurious detached houses	7	5,493
Dua Residency Condo Jalan Tun Razak Bandar Kuala Lumpur Wilayah Persekutuan	Freehold	2007	3 units	High end condominium	7	11,094
Lot No. 58087 Geran 70402 Daerah Kuala Lumpur Mukim Kuala Lumpur	Freehold	2007	1 unit	Semi-detached houses	7	2,448
Lot No 58056 Geran 70377 Daerah Kuala Lumpur Mukim Kuala Lumpur	Freehold	2007	726 sq. mt.	Vacant Land	–	1,400
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	7	40,000
Dua Residency Condominium Jalan Tun Razak Geran 71700/M1-A/20/139 Bandar Kuala Lumpur Wilayah Pesekutuan	Freehold	2009	1 unit	Residential Condominium	7	3,071
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	4	233,000
PT No. 92,H.S.(D) 118146 Seksyen 57, Bandar Kuala Lumpur Wilayah Persekutuan	Freehold	2010	48,048 sq. ft	Retail Mall	2	35,000
74, Charlotte Street Fitzroy Square, London United Kingdom Title Number 128797	Freehold	2012	542.3 sq. mt.	Vacant land with building	–	27,251
37-39 Kingsway London WC2B 6TP United Kingdom	Freehold	2012	46,087 sq. ft.	Land with building for retail, serviced and residential apartments	–	139,816
Block 6 land PT No.1215, H.S.(D) No. 15927 Bandar Tanjung Pinang Sek. 1 Daerah Timur Laut Pulau Pinang	Freehold	2014	14,262 sq. ft.	Currently under development	–	9,270

GROUP'S PROPERTIES

(CONT'D)

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2014 RM'000
Lot No. 2 & 3 Lot No. 589, Geran 49047 Bandar Batu Ferringgi Daerah Timor Laut Penang	Freehold Freehold	1995 2008	1.682 acres 1.86 acres	Land with building for hotel use	–	64,998
Lot No. 124, Geran 35844 Lot No. 831, Geran 61602 Lot No. 249, Geran 35873 Bandar Georgetown Daerah Timor Laut Penang	Freehold	1978	17,192.38 sq. mt.	Land with building for hotel use	–	245,628
Lot No. 224, Geran 63919 Bandar Georgetown Daerah Timor Laut Penang	Freehold	1978	414.7056 sq. mt.	Land with building for hotel use	–	1
Lot No. 407, PN 1380 Bandar Georgetown Daerah Timor Laut Penang	Lease expiring in 31.12.2055	1978	304.8049 sq. mt.	Land with building for hotel use	–	201

ANALYSIS OF STOCKHOLDINGS

AS AT 6 AUGUST 2014

ORDINARY SHARE CAPITAL

Authorised Share Capital	:	RM2,000,000,000
Issued and Fully Paid Up Capital	:	RM1,140,944,610
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	519	3.00	14,185	0.00
100 to 1,000	6,547	37.88	3,427,934	0.30
1,001 to 10,000	8,101	46.87	28,989,579	2.54
10,001 to 100,000	1,696	9.81	49,781,612	4.36
100,001 to less than 5% of issued Stock Units	419	2.42	689,969,000	60.48
5% and above of issued Stock Units	3	0.02	368,762,300	32.32
Total	**17,285**	**100.00**	**1,140,944,610**	**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*	243,978,000	21.38
2.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Commerce Trustee Berhad for Libra Strategic Opportunity Fund*	64,784,300	5.68
3.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank Berhad for Morning Crest Sdn Bhd (CBM)*	60,000,000	5.26
4.	Maybank Nominees (Asing) Sdn Bhd *G. K. Goh Strategic Holdings Pte Ltd (260551)*	53,000,000	4.65
5.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Bank Berhad (EDP 2)*	52,678,700	4.62
6.	Cimsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tham Ka Hon (EDG)*	42,250,000	3.70
7.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (HDBS)*	23,989,100	2.10

ANALYSIS OF STOCKHOLDINGS

AS AT 6 AUGUST 2014 (CONT'D)

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
8.	Maybank Nominees (Asing) Sdn Bhd *Cacona Pte Ltd (270700)*	16,258,508	1.43
9.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	14,535,916	1.27
10.	Amsec Nominees (Tempatan) Sdn Bhd *AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-Dali)*	14,120,200	1.24
11.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for RHB-OSK Kidsave Trust (3621)*	11,800,000	1.03
12.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Hwang Select Opportunity Fund (3969)*	11,582,700	1.02
13.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank Berhad for Pusaka Setia Sendirian Berhad (CBM)*	11,371,928	1.00
14.	Cartaban Nominees (Tempatan) Sdn Bhd *Exempt An for Eastspring Investments Berhad*	11,296,200	0.99
15.	Magnum Berhad	10,231,400	0.90
16.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	10,063,200	0.88
17.	Amanahraya Trustees Berhad *Public Smallcap Fund*	9,134,100	0.80
18.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for AMB Value Trust Fund (4249)*	8,800,000	0.77
19.	Halfmoon Bay Ventures Limited	8,019,100	0.70
20.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Amundi)*	7,700,000	0.67
21.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	7,429,183	0.65
22.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (LPF)*	7,013,200	0.61
23.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (DR)*	6,750,100	0.59
24.	Maybank Nominees (Asing) Sdn Bhd *Alpha Securities Pte Ltd (260550)*	6,600,000	0.58
25.	HSBC Nominees (Asing) Sdn Bhd *TNTC for Honesty LLC*	6,500,000	0.57
26.	DB (Malaysia) Nominee (Asing) Sdn Bhd *SSBT Fund WTAU for Wisdomtree Emerging Markets Smallcap Dividend Fund*	6,416,497	0.56
27.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for DFA Emerging Markets Small Cap Series*	5,778,200	0.51
28.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Azizan Bin Abd Rahman (MY0531)*	5,650,000	0.50
29.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (Hwang 6939-403)*	5,587,500	0.49
30.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Credit Suisse Securities (USA) LLC (PB Client)*	5,500,000	0.48
	Total	**748,818,032**	**65.63**

SUBSTANTIAL STOCKHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL STOCKHOLDERS AS AT 6 AUGUST 2014

NAME OF SUBSTANTIAL STOCKHOLDERS	STOCKHOLDINGS			
	DIRECT	%	INDIRECT	%
Sime Darby Nominees Sendirian Berhad	243,978,000	21.95	–	–
Sime Darby Holdings Berhad	–	–	243,978,000(1)	21.95
Sime Darby Berhad	–	–	243,978,000(2)	21.95
Morning Crest Sdn Bhd	60,000,000	5.40	–	–
Dato' Tham Ka Hon	45,885,233	4.13	71,371,928(3)	6.42
Goh Geok Khim	2,000,000	0.18	80,358,508(4)	7.23
Goh Yew Lin	–	–	80,358,508(4)	7.23
GKG Investment Holdings Pte Ltd	–	–	80,358,508(5)	7.23
G. K. Goh Holdings Limited	–	–	69,258,508(6)	6.23
CIMB Commerce Trustee Berhad	–	–	64,784,300(7)	5.83

Notes:

(1) 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.

(2) 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.

(3) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Morning Crest Sdn Bhd, Pusaka Setia Sendirian Berhad ("Pusaka") and his spouse's shareholdings in 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 6 AUGUST 2014

	STOCKHOLDINGS			
NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
Dato' Azizan bin Abd Rahman	7,300,000	0.66	–	–
Dato' Tham Ka Hon	45,885,233	4.13	71,371,928[1]	6.42
Chan Kok Leong	6,359,500	0.57	–	–
Kok Meng Chow	888,500	0.08	–	–
Tan Sri Dato' Seri Mohd Bakke bin Salleh	–	–	–	–
Dato' Seri 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 Morning Crest Sdn Bhd, Pusaka Setia Sendirian Berhad ("Pusaka") and his spouse's shareholdings in Pusaka.

DIRECTORS' INTEREST IN THE LONG-TERM STOCK INCENTIVE PLAN ("LTIP") AS AT 6 AUGUST 2014

	LTIP STOCK UNITS			
NAME OF EXECUTIVE DIRECTORS	DIRECT	%	INDIRECT	%
Dato' Tham Ka Hon[1]	–	–	–	–
Chan Kok Leong	1,053,500[2]	–	–	–
Kok Meng Chow	1,162,500[3]	–	–	–

Notes:

(1) Dato' Tham Ka Hon has elected not to participate in the LTIP and therefore has not accepted any awards.

(2) Details of LTIP Stock Units granted under the Restricted Stock Unit Incentive Plan ("RSU Award") and Performance-Based Restricted Stock Unit Incentive Plan ("PSU Award"):
- 109,500 LTIP Stock Units awarded under the RSU Award for FY12/13[a]
- 151,000 LTIP Stock Units awarded under the RSU Award for FY13/14[b]
- 107,000 LTIP Stock Units awarded under the RSU Award for FY14/15[c]
- 329,000 LTIP Stock Units awarded under the PSU Award for FY12/13[d]
- 210,000 LTIP Stock Units awarded under the PSU Award for FY13/14[e]
- 147,000 LTIP Stock Units awarded under the PSU Award for FY14/15[f]

(3) Details of LTIP Stock Units granted under the RSU Award and PSU Award:
- 788,500 LTIP Stock Units awarded under the RSU Award for FY12/13[a]
- 79,000 LTIP Stock Units awarded under the RSU Award for FY13/14[b]
- 56,000 LTIP Stock Units awarded under the RSU Award for FY14/15[c]
- 115,000 LTIP Stock Units awarded under the PSU Award for FY12/13[d]
- 73,000 LTIP Stock Units awarded under the PSU Award for FY13/14[e]
- 51,000 LTIP Stock Units awarded under the PSU Award for FY14/15[f]

(a) *The vesting of the LTIP Stock Units will fall on 31 July 2015.*
(b) *The vesting of the LTIP Stock Units will fall on 31 July 2016.*
(c) *The vesting of the LTIP Stock Units will fall on 31 July 2017.*
(d) *The vesting of the LTIP Stock Units will fall on 31 July 2015 and is contingent upon the satisfaction and fulfillment of the vesting conditions.*
(e) *The vesting of the LTIP Stock Units will fall on 31 July 2016 and is contingent upon the satisfaction and fulfillment of the vesting conditions.*
(f) *The vesting of the LTIP Stock Units will fall on 31 July 2017 and is contingent upon the satisfaction and fulfillment of the vesting conditions.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighty-Seventh Annual General Meeting of Eastern & Oriental Berhad will be held at Ballroom C, Level 6, Hilton Kuala Lumpur Hotel, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur on Friday, 19 September 2014 at 9.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2014 together with the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note 1**

2. To approve a first and final single-tier dividend of 3.0 sen per stock unit for the financial year ended 31 March 2014. **(Resolution 1)**

3. To approve the payment of Directors' fees of RM890,000.00 in respect of the financial year ended 31 March 2014. **(Resolution 2)**

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' Azizan bin Abd Rahman **(Resolution 3)**
   (b) Datuk Vijeyaratnam a/l V. Thamotharam Pillay **(Resolution 4)**
   (c) Encik Kamil Ahmad Merican **(Resolution 5)**

5. To re-appoint Ms Tan Kar Leng @ Chen Kar Leng as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965. **(Resolution 6)**

6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

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

7. **Retention of Dato' Azizan bin Abd Rahman as Independent Director** **(Resolution 8)**

   "THAT subject to the passing of Ordinary Resolution 3, Dato' 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 9)**

   "THAT subject to the passing of Ordinary Resolution 4, 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."

9. **Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** **(Resolution 10)**

   "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 11)**

   "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 26 September 2013 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 25 August 2014 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 single-tier dividend of 3.0 sen per stock unit in respect of the financial year ended 31 March 2014, will be paid on 5 November 2014 to stockholders whose names appear on the Record of Depositors at the close of business on 10 October 2014.

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 2014 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
25 August 2014

NOTES:

1. Only members registered in the Record of Depositors as at 10 September 2014 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.

EXPLANATORY NOTE 1 ON AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

Item 1 of the Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require the audited financial statements to be formally approved by the stockholders. As such, this item is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 8 – Retention of Dato' Azizan bin Abd Rahman as Independent Director

Dato' 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-Seventh 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 Dato' Azizan's independence and recommends that Dato' 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 Dato' 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 Dato' Azizan be retained as an Independent Non-Executive Director of the Company.

At the last annual general meeting held in 2013, the stockholders of the Company had approved the retention of Dato' Azizan bin Abd Rahman as an Independent Non-Executive Director of the Company.

Resolution 9 – 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-Seventh 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.

At the last annual general meeting held in 2013, the stockholders of the Company had approved the retention of Datuk Vijeyaratnam a/l V. Thamotharam Pillay as an Independent Non-Executive Director of the Company.

Resolution 10 – Authority pursuant to Section 132D of the Companies Act, 1965

The proposed resolution 10, 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 11 – Proposed Renewal of General Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature

The proposed resolution 11, 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 25 August 2014 despatched together with the Company's 2014 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 and re-appointment at the Eighty-Seventh Annual General Meeting of the Company are as follows:

1. Pursuant to Article 98 of the Company's Articles of Association
   - (a) Dato' Azizan bin Abd Rahman
   - (b) Datuk Vijeyaratnam a/l V. Thamotharam Pillay
   - (c) Encik Kamil Ahmad Merican

2. Pursuant to Section 129(6) of the Companies Act, 1965
   - (a) Ms Tan Kar Leng @ Chen Kar Leng

The details of the above Directors standing for re-election and re-appointment are set out in the Directors' Profile on pages 62 to 65 in the Annual Report.

The details of the above Directors' securities holding in the Company are set out on page 234 in the Annual Report.

E&O
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-Seventh Annual General Meeting of the Company to be held at Ballroom C, Level 6, Hilton Kuala Lumpur Hotel, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur on Friday, 19 September 2014 at 9.00 a.m. and at any adjournment thereof.

RESOLUTIONS		FOR*	AGAINST*
1	To approve a first and final single-tier dividend of 3.0 sen per stock unit		
2	To approve payment of Directors' fees		
3	To re-elect Dato' Azizan bin Abd Rahman		
4	To re-elect Datuk Vijeyaratnam a/l V. Thamotharam Pillay		
5	To re-elect Encik Kamil Ahmad Merican		
6	To re-appoint Ms Tan Kar Leng @ Chen Kar Leng		
7	To re-appoint Messrs Ernst & Young as Auditors of the Company		
8	To retain Dato' Azizan bin Abd Rahman as Independent Director		
9	To retain Datuk Vijeyaratnam a/l V. Thamotharam Pillay as Independent Director		
10	To authorise the issue of shares pursuant to Section 132D of the Companies Act, 1965		
11	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 .... 2014 .... Signature of member(s)/Seal

NOTES:
1. Only members registered in the Record of Depositors as at 10 September 2014 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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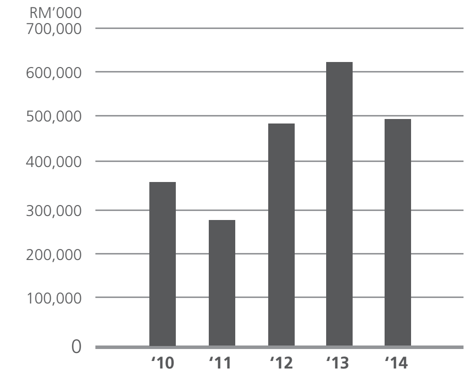
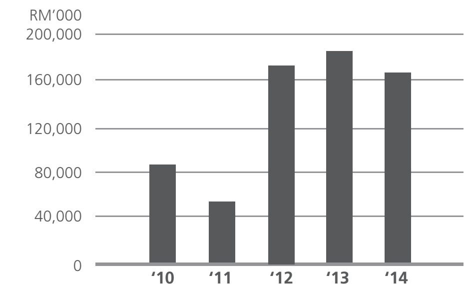
5-YEAR GROUP FINANCIAL HIGHLIGHTS

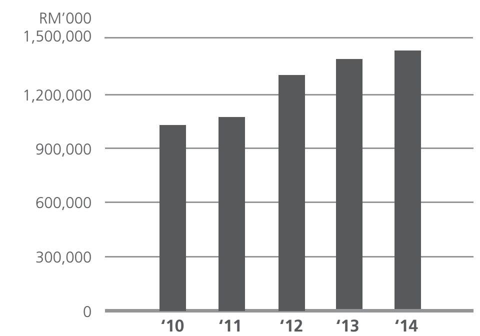
REVENUE



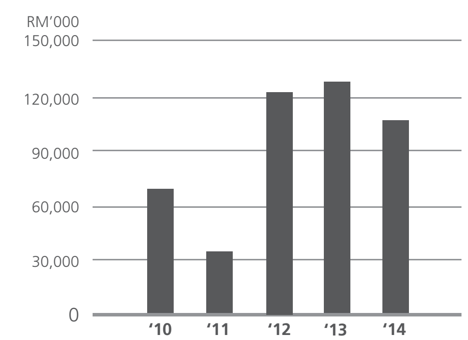
PROFIT BEFORE TAX



SHAREHOLDERS' FUND



PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT



Note: Please refer to page 7 for Eastern & Oriental Berhad's 10-year financial highlights

EASTERN & ORIENTAL BERHAD (555-K)
Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela,
Damansara Heights, 50490 Kuala Lumpur, Malaysia.
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