E&O

EASTERN & ORIENTAL
BERHAD

ANNUAL REPORT 2010

About 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. The Company is involved in three core business activities; namely hospitality and lifestyle, property development and property investment.

E&O undertook the meticulous refurbishment and upgrading of the heritage **Eastern & Oriental Hotel** (E&O Hotel) as well as **Lone Pine Hotel** in the late 1990s. Since it was established by the Sarkies Brothers in 1885, E&O Hotel has charmed travellers from near and far, creating a reputation to match its sister hotels – The Raffles, Singapore and The Strand, Rangoon – also founded by the Sarkies. Lone Pine Hotel is the oldest beach hotel, established in 1948, along Penang Island's famed Batu Ferringhi tourist belt. There are ongoing efforts to capitalise on the Group's hotel management expertise and extend this service towards the management of a portfolio of hotels and resorts in Malaysia and around the region.

In 2007, E&O embarked on a new lifestyle food and beverage (F&B) venture, via the acquisition of a substantial stake in **The Delicious Group**. Named after the original "Delicious" concept restaurant, the group now operates seven restaurants in some of the most vibrant spots of Kuala Lumpur. With F&B closely linked to lifestyle in the modern mindset, synergies arise from the strategic positioning of Delicious Group outlets in E&O's prime commercial / retail properties.

E&O's reputation as a premier property developer is built across a series of exclusive addresses in Kuala Lumpur and Penang Island. Its track record includes prestigious residential projects such as Sri Se-Ekar and 202 Desa Cahaya (202 DC) along Jalan Ampang's Embassy Row, whilst at nearby Kampung Warisan, Malaysia's celebrated cartoonist Datuk Lat successfully conceptualised a traditional Malay village ambience within the heart of the capital.

E&O's more-recent landmark developments include the high-end condominium Dua Residency, located within the vicinity of the Kuala Lumpur City Centre (KLCC) as well as Idamansara, located in Kuala Lumpur's upscale Damansara Heights. Seventy Damansara is another E&O signature development with 12 exclusive detached homes within a gated community. Located right in the heart of Kuala Lumpur's central business district is E&O's recently launched St Mary Residences. On Penang Island, E&O's masterplanned seafront development Seri Tanjung Pinang is one of the most sought-after residential addresses among locals and expatriates on the island, especially with its latest launch, the Quayside Seafront Resort Condominiums, the first condominium in the region with a 4.5 acre private waterpark.

The newly-established Property Investment division's core mandate is the acquisition of select landbanks and properties that provides E&O with steady, recurring income flow and opportunities for capital appreciation in the longer term.

EXPECT NOTHING ORDINARY

We Draw from Our Past to Forge Our Future

Our inheritance of values such as grace, refinement and the 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)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
INCOME STATEMENTS										
Revenue	352,375	304,449	516,399	518,444#	270,301#	21,130	117,882	33,449	91,156	79,398
Profit/(Loss)before tax **	93,025	(38,124)	194,565	91,618#	12,536#	13,088	15,295	(34,821)	(25,679)	10,851
Income tax expense	(18,630)	6,067	(34,789)	(22,654)#	(2,332)#	1,174	(403)	(1,111)	(838)	(3,083)
Profit/(Loss) attributable to equity holders of the Company	70,514	(37,276)	128,854	61,178	23,058	15,341	20,553	(32,269)	(24,388)	8,779
BALANCE SHEETS										
Issued and Paid-up Capital	761,644	591,995	419,061	358,961	232,472	232,472	232,472	232,472	232,472	122,353
Weighted Average Number of stock units	1,063,967	666,211	532,804	415,252	221,715	229,384	232,472	232,472	222,274	106,850
Shareholders' Fund	1,040,555	814,371	729,686	606,733	347,121	388,171	391,816	373,515	405,894	374,098
RATIOS										
Net Earnings/(Loss) per stock unit (sen)	6.6	(5.6)	24.2	14.7	10.4	6.7	8.8	(13.9)	(11.0)	8.2
Net Dividend per stock unit (sen)	2.85^	-	3.70	2.92	1.4	1.4	0.7	0.7	2.1	2.5
Net Assets per stock unit attributable to equity holders of the Company (RM)	1.25*	1.25*	1.55*	1.41*	1.55	1.77	1.69	1.61	1.75	3.06

* 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:
- 31.3.2010 of 753,980,000
- 31.3.2009 of 584,065,000
- 31.3.2008 of 416,531,000
- 31.3.2007 of 358,188,000

** Restated from FYE 1998 to FYE 2006 to include the Group's share of associates' tax.

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

^ Proposed first and final dividend of 3.8% less 25% income tax per stock unit, to be approved by the stockholders at the forthcoming Annual General Meeting.

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message from our chairman

TO OUR VALUED STAKEHOLDERS,

This year we celebrate a milestone anniversary for the E&O Group's namesake with the Eastern & Oriental Hotel reaching a distinguished vintage of 125 years. From its establishment by the Sarkies brothers in 1885, the hotel has experienced varying periods of growth and glory, even danger during two World Wars, stagnation and decline, rescue and gradual recovery, until its current renaissance in this new millennium.

If we learn the invaluable lessons that history has to offer, it is that perseverance in spirit, passion in dedication, and courage to confront challenges, are qualities that are abiding through time. These traits are no less relevant today, as the E&O Group continues to evolve, firmly believing that success cannot be allowed the temptation of complacency, nor should setbacks throw us off course. At E&O, we take pride in our heritage, whilst staying true to our vision of building legacies for the future.

In this regard, we have been forging ahead on several fronts. In the hospitality division, the E&O Hotel is gearing up to cement its position as the leading luxury hotel in Penang, following increased interest and tourist arrivals from UNESCO's World Heritage Site listing of George Town. Being the only premier historic hotel within the heritage zone, and faced with limited suites and venues for rising dining, meeting and banqueting demands, the E&O Hotel Annexe is, with approval obtained from all relevant authorities, on a fast track construction schedule. Targeting to open the new ground floor restaurant by end 2010 to meet the peak season, the 139-key Annexe block is due for full completion in time for 2011's high season. Similarly, the beachfront Lone Pine Hotel will reopen in November 2010 to take advantage of the year-end holiday peak, after extensive refurbishment as well as expansion, raising the level of its hospitality offering to that of the E&O Hotel in town.

"E&O IS IN A STRONG POSITION TO ACCELERATE LAUNCHES AND SEEK OPPORTUNISTIC LANDBANK ACQUISITIONS"

HWANG-DBS VICKERS RESEARCH
8 JULY 2010

E&O Property Development has shown remarkable resilience in the wake of aftershocks from the global economic crisis, registering a solid turnaround in financial performance. A necessary pre-emptive phase of prudent management and corporate consolidation has significantly improved our gearing and cash reserves to emerge stronger post-crisis. More creative and aggressive marketing of our projects locally and abroad, and undeterred investment in brand building, has reinforced our position as a leading Malaysian developer of premier properties in prime locations. In addition to ongoing launches, concept planning for our landbanks is underway, in tandem with in-house research teams focusing on market intelligence to keep E&O innovative and seizing first-mover advantage in a competitive industry.

In Property Investment, E&O is aware that specific projects that are particularly iconic may require a greater gestation period before the full benefits are borne. A case in point is the development of Straits Quay, the festival retail marina precinct at Seri Tanjung Pinang. Architecturally and aesthetically, we are confident that Straits Quay is in a league of its own, and by leveraging on its direct and prime seafront location, we believe it to be not only the defining lifestyle component of Seri Tanjung Pinang, attracting higher values as well as sales for our neighbouring Quayside condominiums, but another ‘must-visit’ destination in Penang in the near future.

Reflecting again on the past, we recall the skeptics and naysayers who scoffed or balked at our purchase of the then dilapidated shell that was the E&O Hotel. I would add then, that a further essential quality for survival and success is possessing resolute belief in a cause worth pursuing, based on grounded realism that it can, and has, been done before.

“IF WE LEARN THE INVALUABLE LESSONS THAT HISTORY HAS TO OFFER, IT IS THAT PERSEVERANCE IN SPIRIT, PASSION IN DEDICATION, AND COURAGE TO CONFRONT CHALLENGES, ARE QUALITIES THAT ARE ABIDING THROUGH TIME.”

Needless to say, the E&O Group does not operate in a vacuum, and we are fortunate to be the beneficiaries of a fundamentally sound economic and politically stable nation. Contrary to initial negative forecasts, the reintroduction of real property gains tax (RPGT) has not curbed the healthy appetite for upper-end properties, particularly as RPGT is set at 5% and only applicable for disposals within five years of purchase. Mortgage rates are likely to remain relatively benign given intense inter-bank competition and ample liquidity in the system. A factor in renewed consumer confidence for properties may be attributed to real estate taking an increasingly important role in investment portfolios being a safe and preferred hedge against inflation. At the recent Hwang-DBS Vickers-organised Pulse of Asia Conference, it was also noted that Malaysia can take comfort in its property prices rising in line with income growth, unlike the spikes seen in some regional capitals raising alarms of an impending property bubble.

In conclusion, let me express on behalf of the E&O Group, our sincere gratitude to our customers, shareholders, business and banking partners, regulatory authorities and the media for their support and confidence in us. To our valued E&O staff and management, let us work together and continue to chart a history that is rewarding as well as fulfilling, and one that we shall be proud of.

Datuk Azizan bin Abd Rahman
Chairman, Eastern & Oriental Berhad
August 2010

managing director's operational review

FINANCIAL PERFORMANCE

Eastern & Oriental Berhad achieved robust profit after tax of RM74.4 million and recorded strong income growth of 67% for the financial year ended 31 March 2010. This is a clear statement of the Group's ability to prevail and remain profitable despite the challenging start to the financial year given the global economic slowdown. The Group's healthy balance sheet with cash reserves of more than RM550 million has prompted Management to propose a 3.8% gross dividend payment for FYE10.

The financial results reflected the company's strong rebound through a host of deliberate and prudent financial management measures implemented over the past 12 months. The Group's improved position is also attributable to its main earnings driver, the property development arm, which contributed revenue of RM282.5 million with its well-timed successful launches of two landmark projects—St Mary Residences serviced suites in the heart of Kuala Lumpur and Quayside Seafront Resort Condominiums in Penang.

The Group's hospitality and lifestyle division was spearheaded by the heritage 125-year old E&O Hotel in Penang which achieved total revenue of RM25.9 million for the year ended 31 March 2010. It recorded an occupancy rate of 65% and a higher average room rate of more than RM509. The Lone Pine Hotel, the Group's second hotel in Penang located on the popular Batu Ferringhi tourist beach, has been temporarily closed since April 2009 for expansion and refurbishment. Renovation works will be completed for a November 2010 reopening which will see the number of keys increased from 50 to 90 rooms.

The Delicious Group of restaurants recorded revenue of RM33.0 million through its network of seven outlets, namely the Delicious, DISH and Reunion restaurants located within the Klang Valley.

E&O's property investment arm is still at its nascent stage and is expected to make a more significant contribution when Straits Quay, Penang island's only seafront festive retail marina, comes on-stream in late 2010. With 270,000 sq ft of net lettable area, Straits Quay will feature established as well as new retail and F&B tenants from Penang and beyond. Another upcoming highlight of the Group's property investment activities is a 20-year lease arrangement with the global hypermarket chain Tesco Stores for its premises on a 7-acre parcel at Seri Tanjung Pinang, which is scheduled for completion in the first half of 2011.

"E&O REMAINS THE MOST LIQUID AND HIGHEST BETA PROPERTY STOCK UNDER OUR COVERAGE AND IS OUR TOP PICK IN THE PROPERTY SECTOR"

CIMB INVESTMENT BANK BERHAD
4 JANUARY 2010

CORPORATE DEVELOPMENTS

Issuance of Irredeemable Convertible Secured Loan Stocks

The Group received overwhelming response to its rights issue of irredeemable convertible secured loan stocks (ICSLS), achieving an oversubscription of 2.9 times above the minimum subscription level. Announced on 26 May 2009, the ICSLS was listed on Bursa Malaysia on 20 November 2009 and managed to raise a total of RM236 million.

The funds raised from this exercise were earmarked as working capital for on-going and future development projects; for possible strategic mergers, acquisitions; and/or for repayment of bank borrowings.

The ICSLS was issued at RM0.65 each offering a coupon of 8% per annum payable annually and is secured against certain assets of the Group. Additionally, ICSLS holders have the option to convert to E&O shares on a 1-for-1 basis anytime within the 10-year tenure while E&O has the option to convert after two years of issuance once E&O shares exceed RM1.00.

The innovative structure of this exercise was highlighted in The Edge financial newspaper, lauding it as one of Malaysia's corporate "Deals of the Year"[1].

Disposal of Assets

On 21 December 2009, the Group disposed its Lot 595 land to Menara Hap Seng Sdn Bhd. The approximately 4,700 square metres plot of land on Jalan Tengah adjacent to the Group's St Mary Residences, was sold on an "as-is-where-is" basis.

Significantly, the disposal further strengthened the Group's cash position by RM103 million and was a positive step by the company to realise cash resources in tandem with its strategy of preserving capital value and strengthening its balance sheet. The proceeds from the disposal were channeled to productive projects and investments to maximise returns for the Group and, where necessary, facilitate repayment of borrowings.

[1] *"Deals of the Year : E&O lights issue-small but meaningful"*,The Edge Financial Daily, 28 December 2009

OPERATIONAL REVIEW

Property Development

With a total estimated gross development value (GDV) of RM1.8 billion, E&O Property Development launched the first of seven towers of Quayside Seafront Resort Condominiums, the last major residential component within Seri Tanjung Pinang, on 6 February 2010. To date, 65% of the units have been sold in an encouraging response from both local and international buyers. Noted as the largest and only city-based international-class masterplanned seafront development in Malaysia, the Group has brought together some of the world's most highly-acclaimed architects and designers including Seattle-based Wimberly Allison Tong & Goo (WATG Seattle), landscape architects Geyer Coburn Hutchins (GCH, Seattle) and security experts GDSS Systems to work with Malaysia's own award-winning architectural firm GDP Architects.

The seafront development features luxury resort suites on a sprawling 21-acre site and is the first condominium project in the region with a 4.5-acre waterpark and a further seven acres of tropical gardens and greenery reserved for residents. The Group will continue to launch the remaining three tower blocks of Quayside Seafront Resort Condominiums Phase One and another three tower blocks of Phase Two.

Construction of the Ariza seafront terraces which was launched on 10 July 2009 continues to progress well and is expected to be completed in 2011. Twenty-eight of the 32 units were snapped up within hours of launch, recording a new Penang average price benchmark of RM1.1 million for terrace homes while the limited sea-fronting units received 150 ballots achieving a highest purchase price of RM2.8 million. The last batch of 37 units of Ariza seafront terraces is expected to be launched in 2010.

All three tranches of 217 units of the Suites At Straits Quay serviced apartments, located above the Straits Quay festive retail marina, have been fully sold and will be handed over to purchasers in the second half of 2010.

The 40 units of Villas-by-the-Sea which were launched earlier have been completed and handed over to purchasers in the third quarter of 2009. Given the successful take-up rate of more than 90% for the initial launch, the final phase of the project comprising 33 units is scheduled to be launched by the end of 2010.

October 2009 saw the launch of St Mary Residences Tower A in Klang Valley and Singapore simultaneously. The said block is 50% sold with current prices averaging about RM1,350 psf. Tower A is the second of three towers being developed, situated in the central business district of the city's landmark KLCC area. A joint venture project between E&O and the Lion Group, the impressive sales take-up during the inaugural launch of the first tower of St Mary Residences in June 2009, when 80% of units were sold in a month, was considered the first positive signal of a recovering property market post-recession.

The Group is also expected to launch the Straits Quay festive retail marina, in the fourth quarter of 2010. Just a short walk to the neighbouring Quayside resort condominiums, Straits Quay is Penang island's only seafront retail marina, with seafood restaurants and alfresco bars, craft shops and art galleries, leisure and recreational facilities including boat rides from its pier.

The main priority of the Group in the coming financial year will be in the execution of its current projects. Construction activities at the Group's development projects, namely St Mary Residences in the Klang Valley and Ariza seafront terraces in Seri Tanjung Pinang are progressing on schedule. Preliminary construction works have also started for Phase One of Quayside with piling works recently being completed. The Group continues to move forward in the design and planning stages for its landbanks at Jalan Yap Kwan Seng, Jalan Kia Peng and Kemensah Heights (the last piece of large green lung nearest to the city centre), which are strategic sites for the Group to innovate new products that are synonymous with, and an extension of, its unique branding.

St Mary Residences

www.stmaryresidences.com

METROPOLITAN LIVING IN THE HEART OF KUALA LUMPUR


St Mary 1-Bedroom Studio Suite

Type	: 28-storey Serviced Apartment
Location	: Jalan Tengah, Kuala Lumpur
Description	: Build-up of ~1,135 sq ft to ~6,704 sq ft
Units	: 169 (East Tower) | 288 (South Tower)
Launch Date	: June 2009 | October 2009
Status	: Completing 2012

St Mary Residences conjures the spirit of Manhattan's iconic loft apartments but with a unique Malaysian character. Occupying 4.1 acres in the central business district (CBD) of Kuala Lumpur's landmark KLCC area, the urbane, chic and elegant St Mary luxury lifestyle apartments, in three majestic towers, command impressive views of the Petronas Twin Towers, KL Tower, Bukit Nanas Nature Reserve and the vibrant CBD skyline.

The bold architectural statement of the 657-unit freehold development includes generous glass windows, articulated at different angles, to


Artist impression of St Mary Residences

present the best views of the city. Inside, luxury detailing is incorporated into floor plans that are cleverly designed to maximise living spaces, with interesting curved walls creating a natural flow that match the circular central lift lobby outside.

Designed by WATG, an award-winning US-based consultant for the hospitality, leisure and entertainment industries such as Four Seasons, Ritz Carlton and Hyatt Resorts worldwide, St Mary Residences interiors have been impeccably fashioned with top-line specifications and fittings. Clearly setting the bar high for luxury metropolitan living, St Mary Residences offers globetrotting urbanites an inimitably sophisticated environment to call home.

From a layout point of view, the spacious 1,131 sq ft single bedroom Studio Suites are designed for avant-garde living typically preferred by singletons and young couples. An elegant bedroom and equally sizeable master bathroom form a sanctuary within a private haven. For even more space, the lavish 2- and 3-bedroom City and Metro Suites at 1,442 sq ft and 2,269 sq ft respectively, is set to exceed the expectations of the discerning crowd used to international standards of quality. Capturing the ultimate in fine-living will be the expansive 6,000 square feet rooftop Penthouses, with an outstanding view of the Kuala Lumpur cityscape to top it all.

At the heart of St Mary is the Central Park – a refreshing 1.2 acre fully-turfed urban sanctuary. With a 2-storey residents-only clubhouse, gym and function rooms on its northern fringe, the manicured lawn flows seamlessly to the edge of the swimming pool. Shady tropical palms provide a green oasis right at your front door – a counterpoint to Kuala Lumpur's own green lungs of the Bukit Nanas Nature Reserve and the KLCC Park, both a leisurely walk from St Mary. Stylish amenities will be easily within reach as a 2-storey retail annexe in Tower A featuring an enclave of hip bistros and bars will be added to complement the busy lifestyles of its cosmopolitan dwellers.

KEY PROJECTS

DUA RESIDENCY

Type	: 20-storey Condominiums (2 Towers)
Location	: Jalan Tun Razak, Kuala Lumpur
Description	: Built-up of ~2,000 sq ft to ~6,000 sq ft
Units	: 288
Launch Date	: April 2004
Status	: Completed April 2007

- Situated in the vicinity of the KLCC, home to the capital's iconic Twin Towers
- Bold, modern design of single, duplex and triplex unit layouts, featuring private lifts for selected units
- Rooftop entertainment deck and jacuzzi in penthouse triplexes offering unsurpassed views of the Kuala Lumpur skyline
- Set amongst 4.5 acres, one of the lowest density high-rise developments in this prominent locale with an entire acre devoted to landscaped pools, gardens and recreation areas

SEVENTY DAMANSARA

Type	: 3-storey Detached Homes
Location	: Damansara Heights, Kuala Lumpur
Description	: Built-up of ~5,600 sq ft to ~7,000 sq ft
Units	: 12
Launch Date	: January 2006
Status	: Completed January 2006

- Nestled in the premium address of Damansara Heights, neighbouring the former official residence of the Prime Minister of Malaysia
- An oasis of 12 exclusive units of detached homes within a 2.4 acre development
- Unparalleled privacy within a gated-and-guarded environment, surrounded by mature greenery
- Landscaped gardens, water features, and individual infinity pools in every home

IDAMANSARA

Type	: 3-storey Semi-Detached and Detached Homes
Location	: Damansara Heights, Kuala Lumpur
Description	: Built-up of ~4,500 sq ft to ~5,000 sq ft
Units	: 91 (82 semi-detached homes and 9 detached homes)
Launch Date	: May 2006
Status	: Completed June 2007

- Located in Kuala Lumpur's premier residential address of Damansara Heights, Idamansara is unique in having two separate approach routes for enhanced accessibility
- Generous landscaping and well-designed streetscapes within a gated-and-guarded environment
- Soothing water courts in every semi-detached, and lap pools in every detached home
- Common swimming pool, gym and children's playground for all residents to enjoy

Dua Residency

Seri Tanjung Pinang

www.seritanjungpinang.com

WATERFRONT-LIVING AT ITS BEST

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

Residences here range from 3-storey courtyard terraces in Penang's unique straits-eclectic architecture, to luxury suites above the shops at Straits Quay, to grand seafronting villas reminiscent of Caribbean plantation manors.

The first phase of this remarkable development is close to full-completion, with a vibrant community of locals and expatriates from all over the world already in residence. Conceptualised to celebrate the best facets of island living in Penang, Seri Tanjung Pinang joins an elite list of world-class waterfront communities including Australia's Sovereign Islands and Sentosa Cove in Singapore. Yet, it is Penang's old-world charm, diverse cultural mix and rich colonial heritage that truly sets Seri Tanjung Pinang apart from all others.

Aerial view of Seri Tanjung Pinang

TERRACE

Type	: 21/2-storey Ariza Courtyard | 21/2-storey Ariza Seafront
Location	: Seri Tanjung Pinang, Penang Island
Description	: Built-up of ~3,200 sq ft to ~3,800 sq ft
Units	: 257 | 32
Launch Date	: October 2005; November 2006 | July 2009
Status	: Completed 2006; 2007 | Completing July 2011

- A modern interpretation of the original Straits eclectic-style townhouse which grace the heritage quarters of George Town
- The uniform external facade provides symmetry in streetscape while offering variations in ground floor layouts
- All terrace homes come with an airy internal courtyard and sunny roof deck
- Unlike conventional terraces, pleasant rows of landscaped green separate the homes, so that children can safely play in a gated common garden
- Manned guard posts at main access roads act as security checkpoints
- Given their premier location by the waterfront, the seafronting terraces have been further upgraded with designer kitchens, fully fitted with appliances, teak floor, marble master bathroom, air-condition units, hot water to bathrooms and the dry kitchen as well as an intercom system to the guardhouse

SEMI-DETACHED

Type	: 3-storey Avalon | 3-storey Acacia
Location	: Seri Tanjung Pinang, Penang Island
Description	: Built-up of ~4,000 sq ft
Units	: 92 | 58; 36; 28
Launch Date	: June 2006 | April 2007; April 2008; November 2008
Status	: Completed December 2007 | Completed 2008; 2009

- In its size and spaciousness, Seri Tanjung Pinang's semi-detached homes have the sense of grandeur more akin to a bungalow residence
- Located in separate precints, homes come in two designs, one to suit the traditional-at-heart, and another for those who prefer a contemporary look
- Avalon's external design shows a touch of colonial influence, with a colour palette similar to the E&O Hotel and features traditional gabled red roof tiles, large overhang eaves and verandas
- Acacia displays a modern elevation with clean linear forms, a style increasingly employed in new tropical architecture in Singapore and Bangkok
- Guarded community with utilities laid underground, ensuring safe and clean streetscapes

VILLAS-BY-THE-SEA

Type : 3-storey Skye & Abreeza | 2-storey Martinique
Location : Seri Tanjung Pinang, Penang Island
Description : Built-up of ~5,190 sq ft to ~9,040 sq ft
Units : 20 | 16 | 4
Launch Date: December 2007
Status : Completed 2009

- Exquisite villas provide discerning homeowners with a haven of privacy, relaxation and tranquillity, set in modern tropical and Caribbean-inspired architectural themes
- Spread over 15 acres and offering spectacular views of the sea, three different villa design concepts are named after the style it evokes – Martinique, Abrezza and Skye
- Unique layouts encourage interaction between the indoors and outdoors with generous window openings, high ceilings, spacious terraces and verandas
- In a secure, guarded environment and with approximately 750 metres of frontage facing the Straits, villa residents enjoy the luxury of a private gated seafront walkway

SUITES AT STRAITS QUAY

Type : 1 and 2-bedrooms Serviced Residences
Location : Seri Tanjung Pinang, Penang Island
Description : Built-up of ~850 sq ft to ~2,753 sq ft
Units : 160 | 24 | 33
Launch Date: July 2007 | August 2008 | August 2009
Status : Completing July 2010

- Considered the most luxurious serviced apartments to be introduced to Penang, with the option of a full range of hotel-style, pay-on-demand services such as housekeeping, concierge and F&B that are hallmark of E&O hospitality
- Residents enjoy direct access to the Straits Quay festive retail marina just at their doorstep
- Leisure facilities on the rooftop include swimming pools, fully-equipped gym and tennis court

Quayside Seafront Resort Condominiums

www.quaysideresort.com

ONE RESORT, A THOUSAND EXPERIENCES

Type	: 27-storey Condominium
Location	: Seri Tanjung Pinang, Penang Island
Description	: Built-up of ~1,137 sq ft to ~7,159 sq ft
Units	: 298
Launch Date	: February 2010
Status	: Completing 2013

Quayside Seafront Resort Condominiums is the latest offering by E&O sited in the exclusive enclave of Seri Tanjung Pinang, Penang. Touted as a one-of-its-kind development in the region, Quayside is a luxury seafront condominium featuring a 4.5 acre, RM20 million signature private waterpark. Designed by US-based planning and landscape architects Geyer Coburn Hutchins LLC, Quayside's waterpark comprises an interconnected collection of pools over seven distinct activity areas to suit all ages and moods.

From the sandy beach pool, to adventure pools marked by water walls, interactive fountains, whirlpools and bubble jets, an intimate outdoor spa pool with warm and cold plunge pools and massage falls, the formal signature pool for laps, as well as an adjoining recreational park and clubhouse.

While the pool area is furnished with cabanas, pavilions and hammocks, the adjoining green open park forms part of a 1.4 km jogging and cycling track. In addition, the resort-style clubhouse has an outdoor dining terrace, lounge, games room and gymnasium.

Conceptualised by world-renowned international architects WATG, in collaboration with Malaysia's-own award-winning architectural firm GDP, Quayside's point-block design comprises high-rise towers and low-rise blocks.

To cater as a compact holiday getaway, or a lavish home with commanding views of the sea, Quayside offers a wide range of unit sizes, from one, one + one, two, three bedroom apartments as well as penthouse suites. These range from a generously sized 1,137 sq ft for a one-bedroom apartment—the largest one-bedroom units in the region—to 7,159 sq ft for a penthouse.

Artist impression of Quayside Seafront Resort Condominiums and Straits Quay next door

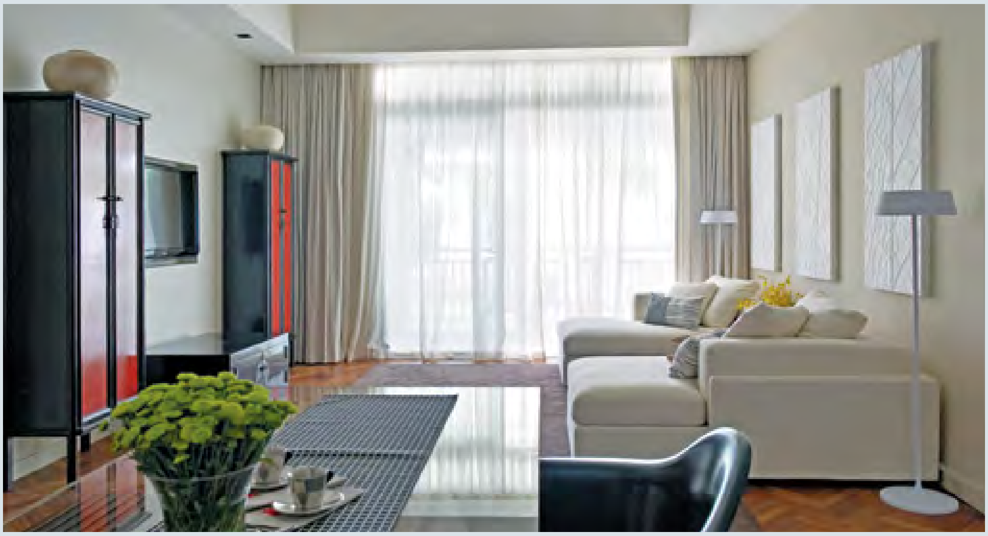
When you and your family make Quayside your home, you can rest assured that you will be living in one of the most secure environments possible. The integrated security system, designed by GDSS Security Consultants, uses a multi-layered approach complemented by state-of-the-art security technology. Sophisticated high-end control systems are also used to monitor resident and visitor access as well as lift access. A home intercom and call-assist button in each unit allows residents to be in touch with the guard force at all times.

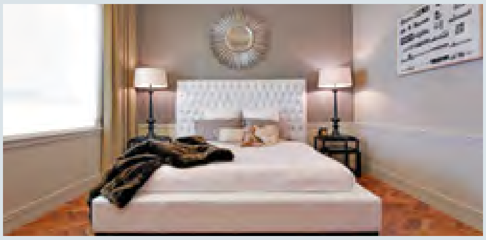
Quayside's value proposition is further enhanced by its location within the thriving masterplanned seafront community of Seri Tanjung Pinang, Penang's newest 'millionaires' enclave' that has become the address of choice for local Penangites and the more than 12 nationalities of expatriates who call it home.

Straits Quay, the festive retail marina precinct of Seri Tanjung Pinang, is just next to Quayside. Set to be a landmark festival retail and marina centre with an array of bistros, restaurants, shops and services, Straits Quay will add to the holistic, marina-themed, lifestyle concept of Quayside.

Artist impression of Quayside's 4.5 acre private waterpark

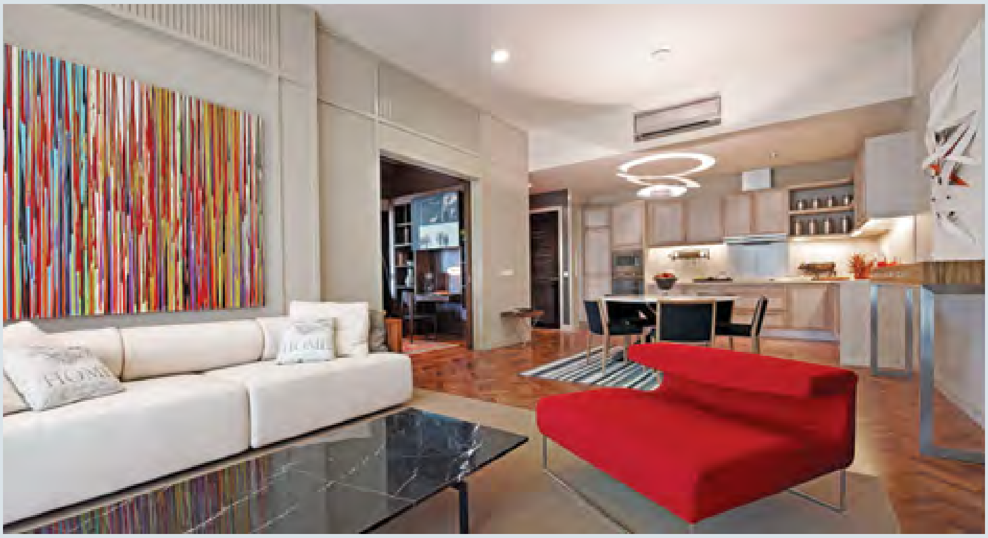
QUAYSIDE SEAFRONT RESORT CONDOMINIUMS

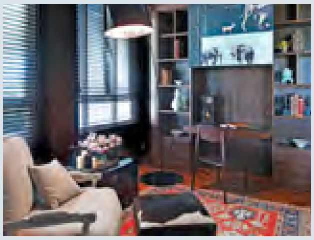


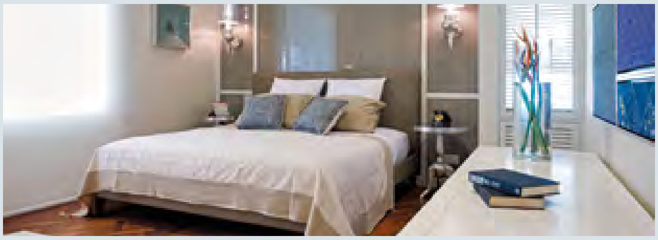


ONE BEDROOM SUITE

At over 1,100 sq ft, these single bedroom suites are perfect for singles and young couples. There is a separate powder room and shower for drop-in guests, while the ensuite master bathroom features Quayside's signature twin wash basins and stand-alone long bath.







ONE + ONE BEDROOM SUITE

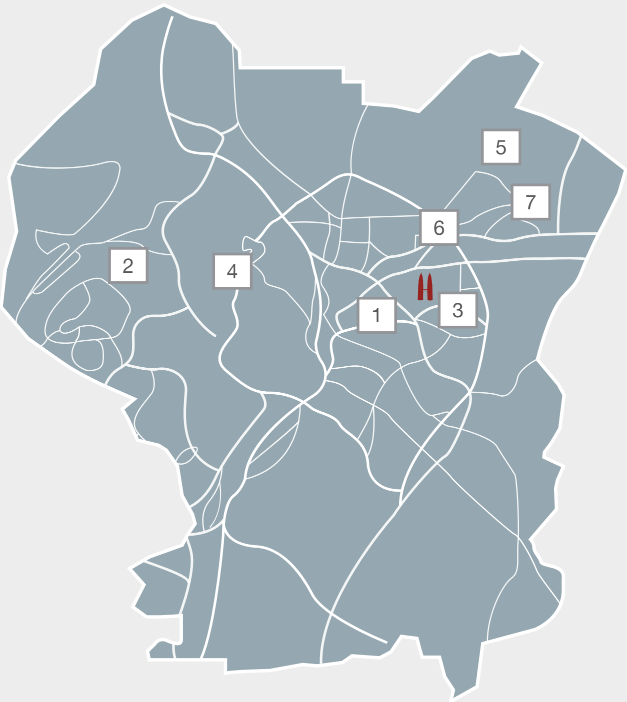
The star feature of this 1,371 sq ft one + one is the additional room and the variety of uses you can dream up for it. Situated just off the dining area, it can be converted into a private study, games & AV room or even an extra room for visiting friends and family.

TWO BEDROOM SUITE

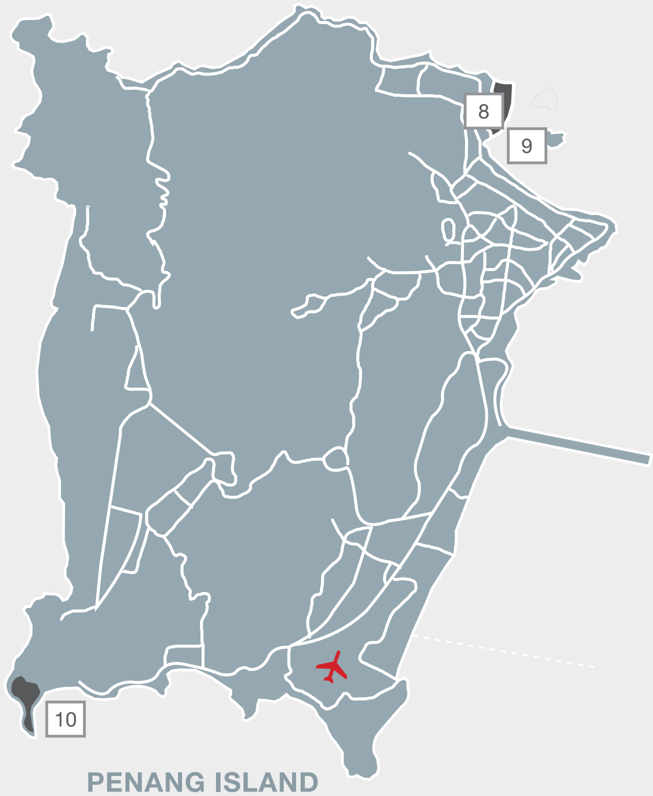
As a second home or holiday getaway for young families, these two-bedroom suites may be precisely what you have been looking for. With built-ups of over 2,000 sq ft, meticulously planned layouts connect the open-plan kitchen to the living area, leading through to a 28ft extra-wide terrace with another terrace adjoining the master bedroom.

THREE BEDROOM SUITE

Luxury and space are everything in these expansive suites offering built-ups from 2,400-2,500 sq ft. Here, there is ample room to accommodate larger families, entertain guests and still create intimate spaces for private moments. Elegant fittings and finishing enhance the pleasure of living in these beautifully-appointed suites.



KLANG VALLEY



PENANG ISLAND

LIST OF LANDBANKS

LANDBANKS	EQUITY INTEREST (%)	LAND SIZE (acres)
KLANG VALLEY		
1. St. Mary's Land at Jalan Tengah, Kuala Lumpur (JV with The Lion Group)	50	4.1
2. Jalan Teruntung, Damansara Heights, Kuala Lumpur	100	3.9
3. Jalan Conlay, Kuala Lumpur	100	1.4
4. Jalan Gallagher, Bukit Tunku (Kenny Hills), Kuala Lumpur	100	3.0
5. Kemensah Heights, Ulu Kelang (Ampang area), Kuala Lumpur	88	309.5
6. Jalan Tun Razak (Off Jalan Yap Kwan Seng), Kuala Lumpur	100	0.9
7. Ukay Heights, Ulu Kelang (Ampang area), Kuala Lumpur	100	9.4
PENANG ISLAND		
8. Seri Tanjung Pinang (Phase One) – completed reclamation works, under development	94	240.0
9. Seri Tanjung Pinang (Phase Two) – remaining concession to reclaim up to 740 acres	78	740.0
10. Gertak Sanggul - Southwestern tip of Penang Island	100	365.0
GRAND TOTAL		**1,677.2**

Property Investment

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

The Property Investment division also benefits from sustained income streams from leased commercial and tenanted retail space from E&O's growing portfolio of investment properties. This includes the close to fully-tenanted Dua Annexe retail block, alongside E&O's Dua Residency condominium development within the vicinity of the KLCC which began operations in 2008.

Occupying approximately an acre of land fronting Jalan Tun Razak and directly opposite the US Embassy and next to the Singapore High Commission, Dua Annexe has approximately 25,000 sq ft in net floor area, housed in a 3-storey modern glass and steel cube structure. This lifestyle-driven boutique complex of niche retail, F&B and service outlets caters to Dua Residency residents as well as the surrounding affluent community.

An upcoming key property under the E&O's Property Investment division is the Straits Quay festive retail marina, which is slated to be opened in the fourth quarter of 2010. Straits Quay is set to be the 'most-visit' entertainment and recreation destination on Penang Island.

Set within Seri Tanjung Pinang, the 12.4 acre retail enclave's unique draw lies in it taking full advantage of its direct seafront location, with alfresco outlets and leisure activities centered round the marina, publicised with year-round events and promotions themed "fun by the sea". Above the marina retail complex, the 217 units of Suites at Straits Quay will be able to engage the pay-on-demand services provided by the E&O Concierge, which include housekeeping, laundry and F&B.

Another forthcoming property at Seri Tanjung Pinang is the development of a 7-acre parcel which will be leased to the major global retailer Tesco Stores for 20 years. Construction work has already commenced and completion is scheduled for the first half of 2011.

Hospitality & Lifestyle

With the Group's pedigree borne from our namesake Eastern & Oriental Hotel, the Hospitality & Lifestyle division underpins the established cachet of elegance and exclusivity that is now synonymous with the E&O brand.

"YOU CAN LOOK UP THE HOTEL'S COLOURFUL HISTORY IN BOOKS, INCLUDING ILSA SHARP'S *THE E&O HOTEL: PEARL OF PENANG*, AND ONLINE. BUT THE UNUSUAL SERVICE QUALITIES OF GOOD MANNERS, KINDNESS AND TOLERANCE NEED TO BE EXPERIENCED."

"GRAND DAME AND HER SAXON STEWARD", SUBHADRA DEVAN, NEW STRAITS TIMES
24 JUNE 2010

Artist impression of E&O Hotel Annexe

EASTERN & ORIENTAL HOTEL

www.e-o-hotel.com

- Built in 1885 by the Sarkies Brothers, whose later architectural landmarks include The Raffles in Singapore (1887); The Strand in Rangoon (1901) and Hotel Majapahit in Surabaya (1910), the E&O Hotel is Malaysia's oldest luxury heritage hotel. Celebrating its 125th anniversary in 2010, year-long events are underway to mark this historic milestone which began with a party for E&O's loyal guests and customers officiated by the Governor of Penang.

- Patronage at the hotel in both suite stay revenue and F&B/banqueting billings have been boosted by increased interest in George Town following its inscription by UNESCO as a World Heritage Site. The adjacent Annexe block currently under construction and scheduled for completion in 2011, is therefore a timely expansion. The 15-storey Annexe will have a further 139 suites, complemented by new restaurants, meeting rooms, pool and spa.

- E&O Hotel's continued emphasis on personalised attention and meticulous service is evident from its staff-to-room ratio of 2.4, well above the hospitality industry average of 1.6. Travel reservation website Expedia ranked the E&O Hotel among the world's best hotels in the 2010 Expedia Insiders' Select list.

Artist impressions of the refurbished and expanded Lone Pine Hotel

LONE PINE HOTEL

www.lonepinehotel.com

- November 2010 will see the much anticipated reopening of the Lone Pine Hotel after a 19-month temporary closure to expand and fully refurbish the property. Established in 1948, the 'new' Lone Pine will retain its quintessential charm and character, including its signature casuarinas trees and lawn that have made it Penang's best-loved boutique beach resort.

- The same architectural and landscape design teams responsible for Lone Pine's last makeover in 2001 have been appointed to ensure the hotel's unique personality is preserved. Upon completion, there will be 40 additional sea-facing guestrooms, bringing the total number of keys from 50 to 90, enabling greater economies of scale in operation.

- In addition to the upgraded swimming pool, Lone Pine will introduce new facilities such as a wellness spa, shop and gym, restaurants and bar, business centre and meeting rooms. Marketing at international travel trade fairs and through agents have already begun, and a new website created to maximise on-line bookings.

Delicious at Mid Valley Megamall


Delicious Ingredients at Dua Annexe

THE DELICIOUS GROUP

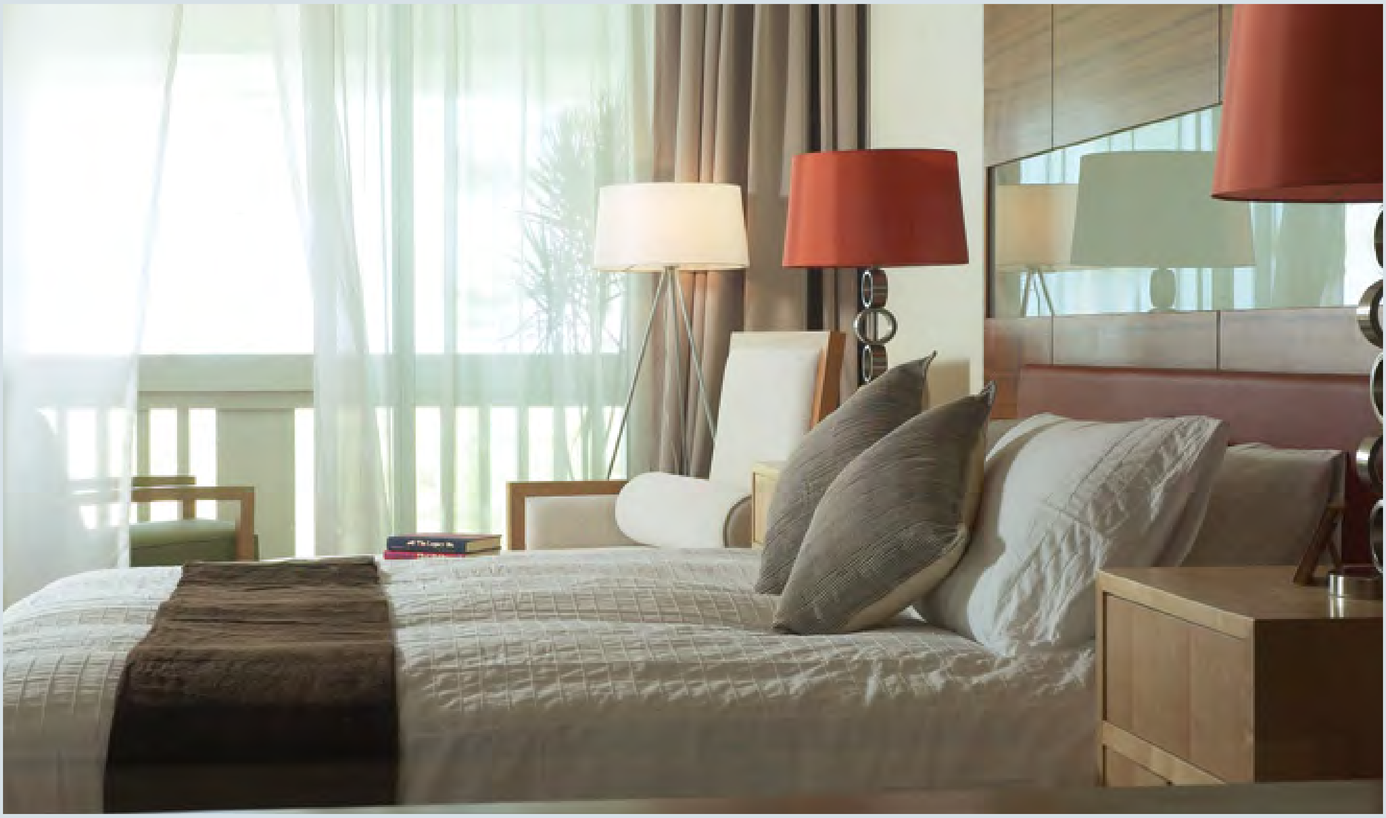
www.delicious.com.my

- Named after the signature Delicious Restaurant, the Delicious Group now consists of seven F&B outlets operating under three separate F&B entities. The five Delicious Restaurants are located in prime spots across the Klang Valley (at Dua Annexe, Marc Residences, 1 Utama, Bangsar Village II and Mid Valley) and have garnered a strong reputation for quality, presentation and value that has led to a successful extension in catering.

- Complementing the flagship Delicious outlet at Dua Annexe is the Delicious Group's gourmet food store, Delicious Ingredients, and the no-frills fine dining steakhouse, DISH. Reunion is the Chinese restaurant within the Delicious Group, named after the cornerstone family tradition of gathering at Chinese New Year Eve for a reunion dinner. Since opening in 2007, Reunion has gained superb reviews by restaurant critics and food bloggers alike with positive endorsement for its authentic and innovative Hong Kong-style cuisine and distinctive ambience.

"… DELICIOUS HAS EVOLVED INTO A POPULAR CHAIN OF RESTAURANTS WELL-KNOWN NOT ONLY FOR ITS DECADENT DESSERTS, BUT ALSO ITS SELECTION OF IRRESISTIBLE CULINARY DELIGHTS AND SOPHISTICATED AMBIENCE. TRUE TO ITS NAME, DELICIOUS' OFFERINGS CAN BE SUMMED UP IN JUST TWO WORDS: *SIMPLY DELICIOUS.*"

WWW.ASIAWEBDIRECT.COM



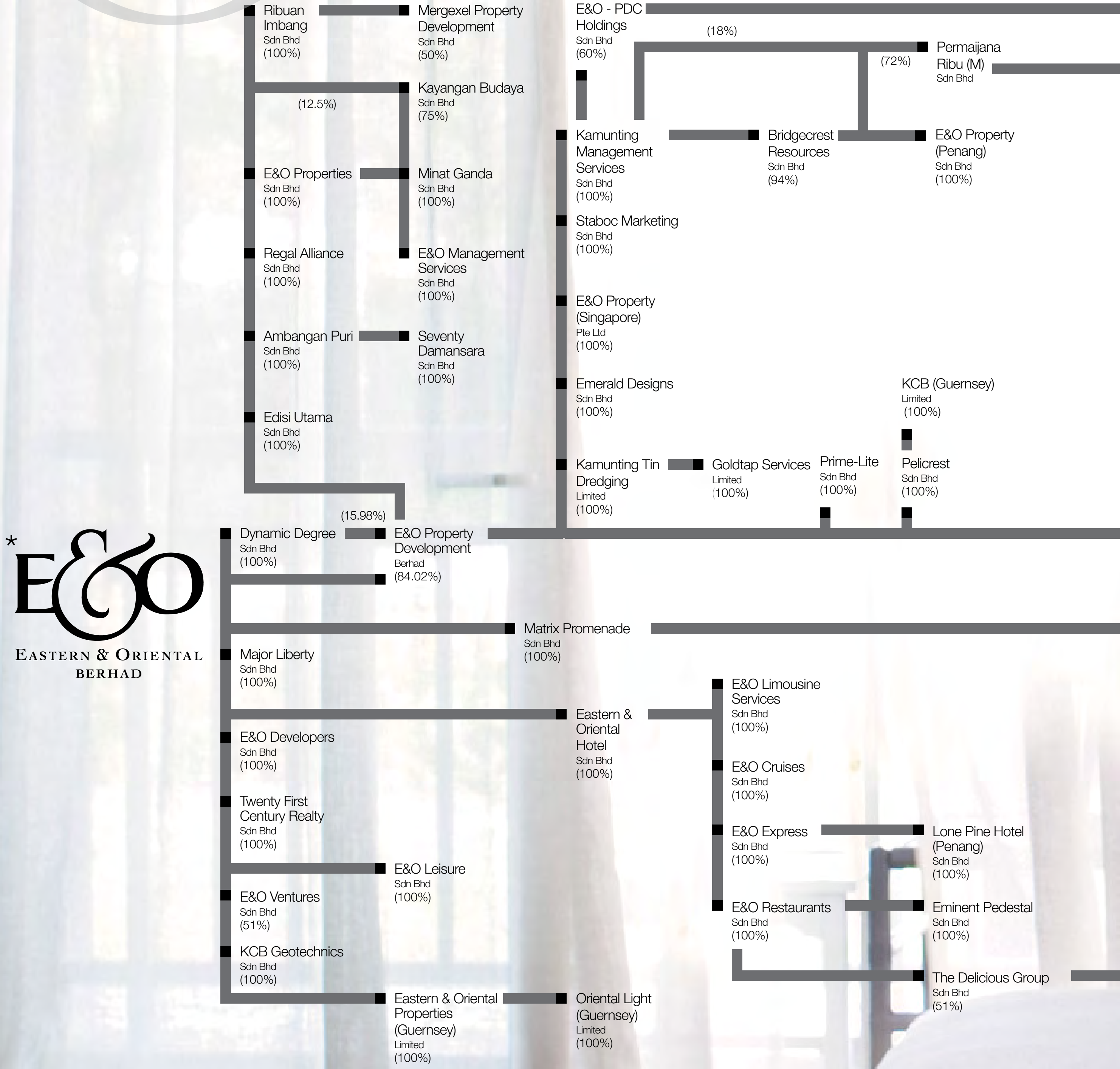
SUITES AT STRAITS QUAY

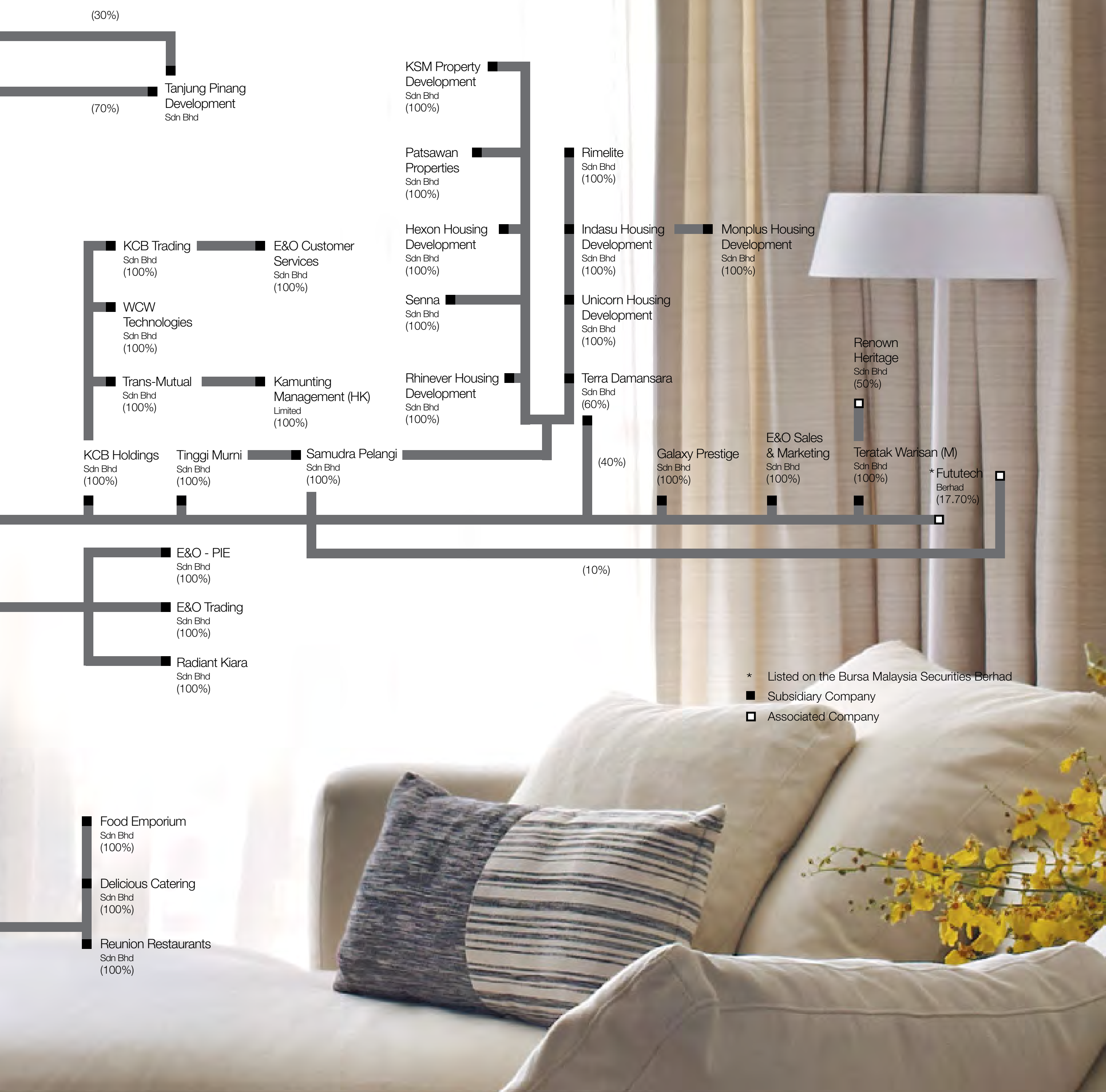
www.seritanjungpinang.com

- E&O's hospitality management services will be extended to the 217 units of luxuriously designed 1- and 2-bedroom serviced suites at Straits Quay to be handed over to purchasers in the second half of 2010. Via the E&O concierge counter located at Straits Quay, residents may opt for a range of 5-star hotel-style, pay-on-demand services such as housekeeping and F&B delivery. 24-hour security and a card access system acts to restrict entry to the suite levels and the rooftop swimming pools, gym and tennis courts reserved exclusively for suite residents.

group corporate structure

AS AT 30 JULY 2010




(30%)
Tanjung Pinang Development Sdn Bhd
(70%)
KSM Property Development Sdn Bhd (100%)
Patsawan Properties Sdn Bhd (100%)
Hexon Housing Development Sdn Bhd (100%)
Senna Sdn Bhd (100%)
Rhinever Housing Development Sdn Bhd (100%)
Rimelite Sdn Bhd (100%)
Indasu Housing Development Sdn Bhd (100%)
Monplus Housing Development Sdn Bhd (100%)
Unicorn Housing Development Sdn Bhd (100%)
Terra Damansara Sdn Bhd (60%)
KCB Trading Sdn Bhd (100%)
E&O Customer Services Sdn Bhd (100%)
WCW Technologies Sdn Bhd (100%)
Trans-Mutual Sdn Bhd (100%)
Kamunting Management (HK) Limited (100%)
Renown Heritage Sdn Bhd (50%)
KCB Holdings Sdn Bhd (100%)
Tinggi Murni Sdn Bhd (100%)
Samudra Pelangi Sdn Bhd (100%)
(40%)
Galaxy Prestige Sdn Bhd (100%)
E&O Sales & Marketing Sdn Bhd (100%)
Teratak Warisan (M) Sdn Bhd (100%)
* Fututech Berhad (17.70%)
(10%)
E&O - PIE Sdn Bhd (100%)
E&O Trading Sdn Bhd (100%)
Radiant Kiara Sdn Bhd (100%)
Food Emporium Sdn Bhd (100%)
Delicious Catering Sdn Bhd (100%)
Reunion Restaurants Sdn Bhd (100%)
* Listed on the Bursa Malaysia Securities Berhad
Subsidiary Company
Associated Company

corporate information

DIRECTORS

Datuk Azizan Bin Abd Rahman *Chairman*
Dato' Tham Ka Hon *Managing Director*
Mr Chan Kok Leong *Executive Director*
Mdm Kok Meng Chow *Finance Director*
Datuk Henry Chin Poy Wu
Encik Kamil Ahmad Merican
Mr Vijeyaratnam a/l V. Thamotharam Pillay
Mr Christopher Martin Boyd
Mr Teo Liang Huat Thomas

COMPANY SECRETARY

Ang Hong Mai (MAICSA REG No. 0864039)

MAIN BANKERS

AmBank (M) Berhad
Affin Bank Berhad
Alliance Bank Malaysia Berhad
EON Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
The Bank of Nova Scotia Berhad

AUDITORS

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

REGISTRAR

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

REGISTERED OFFICE

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

WEBSITE

www.easternandoriental.com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directors' profile

1. Datuk Azizan bin Abd Rahman

YBhg Datuk Azizan bin Abd Rahman, a Malaysian, aged 60 was appointed as Independent Non-executive Director/Chairman of Eastern & Oriental Berhad on 6 November 2003. He is a member of the Audit Committee and Nomination Committee. Datuk Azizan started his career as a Shipping Executive in Harper Gilfillan (M) Sdn Bhd after graduating from University of Malaya in 1973 with a degree in Bachelor of Arts. In 1975, he joined Pernas MISC Shipping Agencies Sdn Bhd as its first Branch Manager in the new Johor Port. He later became Penang Branch Manager and MISC Marketing Manager in Kuala Lumpur. In 1981, he was attached to Panocean Tankers Limited in London in their Chartering Department.

Datuk Azizan left MISC to join JF Apex Securities Berhad in 1982 as Director and shareholder and launched his career in stockbroking and finance. As a stockbroker, he was an active member of the stockbrokers fraternity and had held the post of President of the Association of Stockbroking Companies of Malaysia until he left the industry.

Datuk Azizan brought with him vast experience in stockbroking and corporate finance. He joined the MBf Group in 2000 and currently is a Director of MBf Holdings Berhad. He is the Chairman of Gefung Holdings Berhad and Ramunia Holdings Berhad. He is also a Director of Apex Equity Holdings Berhad and TH Plantations Berhad. Datuk Azizan is also the Chairman of the Investment Panel of Lembaga Tabung Haji.

Datuk Azizan has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

2. Dato' Tham Ka Hon

Dato' Tham Ka Hon, a Malaysian, aged 57 was appointed a Director and Managing Director of Eastern & Oriental Berhad on 16 May 1994. He also currently sits on the Board and is Managing Director of E&O Property Development Berhad.

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, 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 125-year old E&O Hotel in George Town and Lone Pine Hotel along Batu Ferringhi.

Dato' Tham and his wife are both substantial shareholders of the Company. Other than as disclosed above, Dato' Tham is not related to any Director and/or other major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

3. Datuk Henry Chin Poy Wu

Datuk Henry Chin Poy Wu, a Malaysian, aged 73, was appointed to the Board of Eastern & Oriental Berhad as an Independent Non-executive Director on 15 April 1994. Thereafter, he was appointed as Senior Independent Director on 28 July 2003. He is the Chairman of the Audit Committee and Risk Management Committee and is a member of the Nomination Committee. Currently, he also sits on the Board of JT International Berhad, Glenealy Plantations (Malaya) Berhad and Hap Seng Consolidated Berhad.

Datuk Henry spent over 38 years of his career with The Royal Malaysian Police and was holding the position of Chief of Police, Kuala Lumpur when he retired in 1993 from government service. After his retirement, Datuk Henry continues to be actively involved in community services working for the benefit of education and welfare, and is a Board member of University Malaysia Sabah.

Datuk Henry is the Vice Chairman of the Malaysia Crime Prevention Foundation. He also sits as a Board Member of the Kinabalu Foundation Sabah and Datuk Sheah Tee Sui Foundation Sabah, both are non-profit organisations.

Datuk Henry has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

4. Encik Kamil Ahmad Merican

Encik Kamil Ahmad Merican, a Malaysian, aged 60, a Non-independent Non-executive Director was appointed to the Board of Eastern & Oriental Berhad on 26 April 1999. He is a member of the Audit Committee, Nomination Committee, Remuneration Committee and Option Committee. Currently, he also sits on the Board of E&O Property Development Berhad and he is the Chairman of Fututech Berhad.

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. He has been an external examiner for Universiti Teknologi Malaysia and Universiti Malaya for the past 12 years.

Encik Kamil has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

5. Mr Chan Kok Leong

Mr Chan Kok Leong, a Malaysian, aged 40, was appointed Executive Director of Eastern & Oriental Berhad on 11 May 2006. He is a member of the Remuneration Committee and Option Committee. Mr Chan is also the Executive Director of E&O Property Development Berhad and sits on the Board of Fututech Berhad.

Mr Chan holds a Master in Business Administration from Institut Superieor de Gestion, Paris. He is also a member of the Malaysian Association of Certified Public Accountants.

Mr Chan started his career in 1989 with KPMG Peat Marwick in its audit division culminating as a Team Leader. In 1996, he joined RHB Sakura Merchant Bankers as Assistant Manager – Corporate Finance. He later joined Danaharta Nasional Berhad in 1998 as a pioneer member of the Corporate Finance team. In 2000, Mr Chan moved on to BNP Paribas as Associate Director, where he was part of the core team in the initiation of the Malaysian investment banking unit. In 2002, he joined Newfields Advisors Sdn Bhd, a company licensed by the Securities Commission to provide investment advisory services in Malaysia, and became Acting Managing Director. In May 2003, he joined E&O Property Development Berhad as Director – Corporate & Investment. He has more than 20 years experience in audit, corporate finance and financial investment.

Mr Chan has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

6. Mr Vijeyaratnam a/l V. Thamotharam Pillay

Mr Vijeyaratnam a/l V. Thamotharam Pillay, a Malaysian, aged 58, an Independent Non-executive Director was appointed to the Board of Eastern & Oriental Berhad on 28 July 2003. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. Mr Vijeyaratnam is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He has more than 30 years post qualifying experience covering auditing, financial planning, general management and corporate advisory. He is currently the Managing Director of his own consultancy firm.

Currently, Mr Vijeyaratnam also sits on the Board of Multi-Purpose Holdings Berhad, Bandar Raya Developments Berhad, Fututech Berhad and Mieco Chipboard Berhad.

Mr Vijeyaratnam has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

7. Madam Kok Meng Chow

Madam Kok Meng Chow, a Malaysian, aged 50 was appointed to the Board of Eastern & Oriental Berhad as a Finance Director on 11 August 2008. She is a member of the Risk Management Committee and Option Committee. She is also the Finance Director of E&O Property Development Berhad.

Madam Kok holds a Bachelor of Economics (Accounting) degree from Monash University of Australia. She is a member of the Malaysian Institute of Accountants and a Fellow of the Institute of Chartered Accountants, Australia, as well as a certified member of the Financial Planning Association of Malaysia.

Madam Kok has more than 25 years working experience, both local and in Australia, covering auditing, finance and accounting.

Madam Kok has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

8. Mr Christopher Martin Boyd

Mr Christopher Martin Boyd, a British citizen with permanent residence in Malaysia, aged 63, a Non-independent Non-executive Director was appointed to the Board of Eastern & Oriental Berhad on 11 August 2008. He is a member of the Risk Management Committee. Mr Boyd is a Fellow of the Royal Institution of Chartered Surveyors and the Institution of Surveyors (Malaysia). He is also a member of the Singapore Institute of Surveyors and Valuers and an Associate of the Australian Property Institute.

Mr Boyd was a partner of Jones Lang Wootton Malaysia from 1974 to 1981; a Director of Jones Lang Wootton Singapore from 1981 to 1985 and a partner of Knight Frank Baillieu Malaysia from 1986 to 1995. From 1995 to 2001, he was Managing Director of MUI Properties Berhad and remains on the board as a non-executive independent director. Currently, he is Executive Chairman of CB Richard Ellis (Malaysia) Sdn Bhd (formerly Regroup Associates 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 shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

9. Mr Thomas Teo Liang Huat

Mr Thomas Teo Liang Huat, a Singaporean, aged 46, a Non-independent Non-executive Director was appointed to the Board of Eastern & Oriental Berhad on 2 April 2009. He is a nominee director representing G.K. Goh Holdings Limited, a major shareholder of the Company and a Singapore-listed group involved primarily with investment holdings and the provision of financial-related services. Mr Teo holds a Master of Business in Information Technology from the Royal Melbourne Institute of Technology and a Bachelor of Accountancy from the National University of Singapore. He is also a fellow member of the Institute of Certified Public Accountants of Singapore.

Mr Teo is currently the Chief Financial Officer of G.K. Goh Holdings Limited. Prior to that he was a senior executive with a regional private equity group and was responsible for direct investments in the ASEAN region. He has also spent eight years with Ernst & Young, Singapore and has had extensive experience in audit and corporate finance.

Mr Teo is also an independent director of an Australian listed company, OM Holdings Limited, serving as the Audit Committee Chairman and a Remuneration Committee Member.

Mr Teo has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

corporate social responsibility

CSR POLICY & OBJECTIVES

The guiding principle of E&O Berhad's CSR initiatives is premised on its rich history and heritage, imbued by its namesake, the E&O Hotel in Penang. We strive to conduct our business in a manner that will enable us to contribute towards the preservation of the heritage, culture and arts of the communities we operate in. This is especially meaningful in light of George Town's inscription as a UNESCO World Heritage Site in 2008 as well as the recognition of the 125-year old E&O Hotel as a Penang heritage landmark.

We demonstrate our commitment to and belief in CSR by conducting our business in an economically, socially and environmentally responsible manner while at the same time, balancing the interests of our diverse stakeholders.

PRESERVING CULTURE, HERITAGE & ARTS IN OUR COMMUNITIES

During the financial year, the E&O Group spent approximately RM434,000 on a range of CSR-related activities. While many causes are worthy of support, the E&O Group strove to match limited available resources to those in line with E&O's chosen CSR platform. Consistent with the Group's strong presence in Penang, a large portion of these was allocated towards heritage and cultural activities supporting George Town's inscription as a UNESCO World Heritage Site.

In conjunction with Chinese New Year, the Group supported the state's Chinese New Year Cultural and Heritage celebration that was held throughout the state with the participation of 80 local associations in the core heritage zone.

Reinforcing the Group's dedication to heritage, the Group sponsored several talks on Penang's history, think-tank forums, seminars to promote the preservation of Malaysia's historic buildings and fund-raising events organised by the Penang Heritage Trust, Badan Warisan Malaysia and the Socio-Economic and Environmental Research Institute (SERI), for example.

Other ongoing CSR initiatives included cash donation towards school education and sports programmes, the purchase of a dialysis machine at the Mawar Renal Medical Centre and the continuous support and sponsorship of the charity year-end dinner held at E&O Hotel's Grand Ballroom.

TRANSPARENCY IN THE MARKET PLACE

To maintain transparency and accountability to our shareholders, the Group continually provides clear, transparent and timely information to the marketplace via 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 directly briefed on the company's performance and plans at annual and extraordinary general meetings. Accessible and regularly updated in the public domain is the Group's corporate information at **www.easternandoriental.com.**

directors' responsibility statement

IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

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

In preparing the financial statements, the Directors have:

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

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

corporate governance statement

INTRODUCTION

The Board of Directors of Eastern & Oriental Berhad ("the Board") is committed to ensure a high standard of corporate governance is practiced throughout the Group as a fundamental part of discharging its responsibilities to safeguard shareholders' investments and protect the interests of all stakeholders.

This statement sets out how the Group has applied the principles and best practices as prescribed in the Malaysian Code on Corporate Governance (Revised 2007) ("the Code") and the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements.

BOARD OF DIRECTORS

1. Board Responsibility

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

2. Board Balance

The Board currently comprises nine members, of which three are Executive Directors, three are Independent Non-executive Directors and three are Non-independent Non-executive Directors. A brief profile of each Director is presented on pages 36 to 39 of this Annual Report.

The Board considers that its present composition is optimal based on the Group's operations and it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group.

There is a clear segregation of responsibilities between the Chairman and the Group Managing Director to ensure a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and standard of conduct while the Managing Director manages the day-to-day running of the businesses and implementation of policies.

The Independent Non-executive Directors provide independent views to safeguard the interests of shareholders. The Board has identified Datuk Henry Chin Poy Wu as the Senior Independent Director to whom concerns may be conveyed.

3. Board Meetings

The Board conducts at least five regularly scheduled meetings annually, with additional meetings convened as and when necessary. Where appropriate, decisions have been taken by way of circular resolutions in between scheduled meetings during the financial year.

A total of five meetings were held during the financial year 2010 and the attendance of each Director at the meetings is as tabulated below:

NAME OF DIRECTORS	TOTAL MEETINGS ATTENDED	%
Datuk Azizan bin Abd Rahman	4/5	80
Dato' Tham Ka Hon	5/5	100
Datuk Henry Chin Poy Wu	5/5	100
Mr Chan Kok Leong	5/5	100
Encik Kamil Ahmad Merican	4/5	80
Mr Vijeyaratnam a/l V.Thamotharam Pillay	5/5	100
Mdm Kok Meng Chow	5/5	100
Mr Christopher Martin Boyd	5/5	100
Mr Thomas Teo Liang Huat *(appointed on 02.04.2009)*	5/5	100

All the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the Bursa Securities Listing Requirements.

4. Supply of Information

Sufficient notice of Board meetings is given and specific matters requiring Board's decision are included in the agenda. Board papers are circulated to all Directors ahead of the scheduled meetings to enable the Directors to obtain further explanations, where necessary in order to be briefed properly before the meeting.

All Directors have access to the advice and services of the Company Secretary, senior management and other independent consultants and advisors. The Directors, whether as a full Board or in their individual capacity have access to all information within the Group and may seek independent professional advice at the Group's expense, where necessary, in the furtherance of their duties.

5. Re-election of Directors

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

6. Directors' Training and Development

During the financial year ended 31 March 2010, seminars, workshops and courses attended by Directors were as follows:

NAME OF DIRECTOR	SEMINARS/ WORKSHOPS/ COURSES
Datuk Azizan bin Abd Rahman	- FRS 139 Financial Instruments: Recognition and Measurement
Dato' Tham Ka Hon	- FRS 139 Financial Instruments: Recognition and Measurement
Datuk Henry Chin Poy Wu	- FRS 139 Financial Instruments: Recognition and Measurement - Strategic Leadership for the Future - Malaysia's Benchmark Index to Global Standards
Mr Chan Kok Leong	- FRS 139 Financial Instruments: Recognition and Measurement
Encik Kamil Ahmad Merican	- FRS 139 Financial Instruments: Recognition and Measurement
Mr Vijeyaratnam a/l V.Thamotharam Pillay	- From Good Governance to Great Branding
Mdm Kok Meng Chow	- FRS 139 Financial Instruments: Recognition and Measurement - Accounting for Financial Instruments
Mr Christopher Martin Boyd	- Directorship: What to Look Out For - Amendments to the Scale Fees and Liberalization of the Property Sector
Mr Thomas Teo Liang Huat *(appointed on 02.04.2009)*	- Corporate Governance and Directors' Duties & Liabilities

BOARD COMMITTEES

The Board has delegated certain responsibilities to five Board Committees which operate within defined terms of reference. The Board Committees include the Audit Committee, Risk Management Committee, Nomination Committee, Remuneration Committee and Option Committee. These Committees report to the Board on matters considered and their recommendation thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

1. Audit Committee

The Audit Committee reviews the Group's adequacy and integrity of internal control system, accounting and audit processes. The committee is directly responsible for the appointment, compensation, retention and oversight of the Group's independent auditors.

The Audit Committee is chaired by Datuk Henry Chin Poy Wu, an Independent Non-executive Director. The committee's terms of reference are detailed in the Audit Committee Report of this Annual Report.

2. Risk Management Committee

The Risk Management Committee comprises two Non-executive Directors and one Executive Director as follows:

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

Mr Vijeyaratnam a/l V. Thamotharam Pillay
(Independent and Non-executive – resigned on 27.07.2009)

Madam Kok Meng Chow
(Executive)

Mr Christopher Martin Boyd
(Non-Independent and Non-executive – appointed on 27.07.2009)

The committee is responsible to oversee the risk management activities of the Group including the process of identifying, analyzing, evaluating, mitigating and monitoring risks as well as communication to the Board of any present and potential risks that the Group faces. The committee meets on a quarterly basis.

3. Nomination Committee

The Nomination Committee comprises four Non-executive Directors, three of whom are independent as follows:

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

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

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

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

The Nomination Committee is responsible for proposing to the Board suitable candidates for appointment as Directors. The committee evaluates new candidates and current Directors, and performs other duties as spelled out in the committee's terms of reference.

4. Remuneration Committee

The Remuneration Committee comprises two Non-executive Directors and one Executive Director:

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

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

Mr Chan Kok Leong
(Executive)

The responsibility of the Remuneration Committee is to advise the Board on the remuneration and compensation of the Executive Directors and Non-executive Directors.

The remuneration of the Executive Directors is structured on the basis of linking rewards to corporate and individual performance. In the case of Non-executive Directors, the determination of their remuneration is a matter for the Board as a whole. Individual Directors do not participate in the decisions regarding their individual remuneration.

The aggregate remuneration of the Directors for the financial year ended 31 March 2010 is as follows:

	SALARIES / FEES	OTHER EMOLUMENTS (INCLUDING BONUS, ALLOWANCES, BENEFITS-IN-KIND)	TOTAL
	RM	RM	RM
Executive Directors	1,810,500	3,915,749	5,726,249
Non-Executive Directors	493,480	5,119	498,599
Total	2,303,980	3,920,868	6,224,848

The range of remuneration for the Directors is disclosed in Note 9 of the Financial Statements in this Annual Report.

5. Option Committee

The Option Committee comprises one Non-executive Director and two Executive Directors:

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

Mr Chan Kok Leong
(Executive)

Mdm Kok Meng Chow
(Executive)

The Option Committee was established to implement, allocate and administer the Group's Employees' Share Option Scheme ("ESOS") in accordance with such powers and duties conferred upon it under the Bye – Laws of the ESOS. The Bye – Laws are approved by the shareholders of the Company.

RELATIONSHIP WITH SHAREHOLDERS & INVESTORS

1. Dialogue with Shareholders & Investors

The Group recognizes the importance of effective communication and proper dissemination of information to its shareholders and investors.

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

- Investment road shows in Hong Kong, Singapore and Europe;
- Meetings and discussions with research analysts and fund managers;
- Press conferences and press releases to inform the public about the Group's corporate actions, financial performances and product launches;
- Briefings and site visits with research analysts, fund managers and financiers; and
- Half-yearly analysts briefing.

In addition, the Group made timely releases of quarterly interim and full-year audited financial results, annual reports and announcements to Bursa Securities.

The Group has established a website, **www.easternandoriental.com** for shareholders and the public to access corporate information, financial statements, news and events related to the Group. Public can also direct queries through the dedicated contact person or the email contact provided in the said website.

2. Annual General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. Notice of AGM and annual reports will be sent to the shareholders within the period prescribed by the Company's Articles of Association. In addition, the Notice of AGM will be advertised in the newspaper. Any item of special business included in the Notice of AGM will be accompanied by a full explanation on the effects of the proposed special business. All shareholders are encouraged to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns at the AGM. The external auditors are invited to attend the Group's AGM and are available to answer any questions from shareholders on the annual financial statements.

ACCOUNTABILITY AND AUDIT

1. Financial Reporting

In presenting the audited financial statements, quarterly announcements and annual report, the Board takes reasonable steps to ensure a balanced and understandable assessment of the Group's financial position, performance and prospects.

2. Internal Controls

The Board views that the system of internal control instituted throughout the Group is sound and sufficient to safeguard shareholders' investment and the Group's assets. The Group's Statement on Internal Control is set out on pages 48 to 49.

3. Relationship with the Auditors

The Group maintains a transparent and professional relationship with the Group's auditors, both external and internal. The auditors, both external and internal will be present at the Audit Committee meetings on a regular basis on relevant issues affecting the Group.

The report on the role of the Audit Committee in relation to the external auditor may be found in the Audit Committee Report on pages 50 to 52.

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statement on internal control

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

INTRODUCTION

The Board of Directors ("the Board") of Eastern & Oriental Berhad is pleased to present its Statement on Internal Control for the financial year ended 31 March 2010, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies. The statement below outlines the nature and scope of internal controls of the Group during the financial year under review.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets. The responsibility of reviewing the adequacy and integrity of the Group's system of internal control is delegated to the Audit Committee, which is empowered by its terms of reference. On-going audit reviews are continuously performed by internal audit function to ensure the adequacy, effectiveness and integrity of the system of internal control.

However, as there are inherent limitations in any system of internal control, such systems put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Board confirms that the Group has in place a Risk Management Framework for the on-going process of identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives.

The key aspects of the risk management process are:
- The Risk Management Committee coordinates and oversees risk management activities across the Group;
- The Risk Management Committee meets on a quarterly basis to discuss and deliberate on the significant risks affecting the Group;
- Discussion sessions are held regularly to identify and assess the risks and action plans are formulated to mitigate these risks; and
- Key risks are highlighted to the internal audit function to ensure proper controls are in place to mitigate those risks.

KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM

Key elements of the Group's internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below.

1. Control Environment
    - Group Vision and Brand Promise which are clearly communicated to staff;
    - Regular meetings of the Board, its committees and Management are held to assess and monitor the business performance and operational controls. The proceedings of each meeting are properly recorded;
    - Clearly defined standard operating policies and procedures including human resource policies are in place and are regularly updated to ensure that they continue to support the Group's business activities. Instances of non-compliance with such policies and procedures are reported by the internal audit function;
    - Formal authority limits where the Board's approval is required for major transactions;
    - Detailed budgeting process is established requiring all business units to prepare budget and business plan on an annual basis. The Board reviews and approves the annual budget and business plan. Actual performance compared with budget is reviewed regularly by Management;
    - The professionalism and competency of staff are being emphasized through continuous training and formal performance appraisal; and
    - Internal audit function independently reviews the internal control to provide the Audit Committee with sufficient assurance that the systems of internal control are effective in addressing the risks identified. On a quarterly basis, internal audit function submits reports for review and approval by the Audit Committee.

2. Internal Audit Function

The Group's internal audit function, which is outsourced to a professional service firm, assists the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system. They report directly to the Audit Committee and internal audit plans are tabled to the Audit Committee for review and approval to ensure adequate coverage.

On a quarterly basis, the results of the internal audit reviews and the recommendations for improvement are presented to the Audit Committee. In addition, the status of the implementation of corrective actions to address control weaknesses is also followed up by the internal auditors to ensure that these actions have been satisfactorily implemented. Management will continue to ensure that appropriate actions are taken to enhance and strengthen the internal control environment.

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 costs incurred in maintaining the outsourced internal audit function for the financial year ended 31 March 2010 amounted to RM169,583.

3. Information, Communication and Monitoring

Regular meetings of the Board, its committees and Management are held to assess and monitor the business performance, financial performance and operational controls. The Board also received regular reports that provide them with information required for decision making.

For the financial year ended 31 March 2010 the Group has investments in two associates and two jointly-controlled entities. The Group's interest in these associates is served through board representations. Information on the financial performance of these associates is provided regularly to the Management and Board via Group management reporting procedures and presentations at Board meetings respectively.

In respect of jointly-controlled entities, the Management of these jointly controlled-entities consists of representations from the Group and other joint-venture partners and are responsible to oversee the administration, operation and performance of the jointly-controlled entities.

CONCLUSION

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control.

This statement is made in accordance with the Board's resolution dated 27 July 2010.

audit committee report

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee during the financial year ended 31 March 2010 were as follows:-

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

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

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

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

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Structure of the Audit Committee

The Audit Committee shall be appointed by the board of directors ("the Board") and shall comprise at least three directors with the majority of the members to be independent directors. All the Audit Committee members must be non-executive directors. At least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or fulfills such other requirements as prescribed in Chapter 15.09 of the Listing Requirements of 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 Bursa Securities Listing Requirements, the Board shall within three months of that event, appoint such new member(s) as may be required to comply with the Bursa Securities Listing Requirements. The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three 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, corporate accounting and reporting practices of the Group. The Audit Committee will endeavour to adopt practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to the Company's shareholders.

Authority

The Audit Committee is authorised by the Board to:

i. investigate any matter within its terms of reference;

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

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

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

v. obtain independent professional or other advice; and

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

Functions

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

   i. with the external auditors, the audit plan;

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

   iii. with the external auditors, their audit report;

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

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

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

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

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

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

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

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

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

Meetings and Reporting Procedures

The Audit Committee shall meet at least four times a year and to form a quorum for any meeting, the majority of members present must be independent directors.

The Managing Director, the Finance Director and head of internal audit and a representative of the external auditors normally attend the meetings. Other members of the Board, senior management and employees may attend the meeting upon invitation of the Audit Committee.

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 met five times during the financial year ended 31 March 2010 and the records of the attendance of the Audit Committee members are as follows:

NAME OF THE MEMBERS	NO. OF MEETINGS ATTENDED	%
Datuk Henry Chin Poy Wu	5/5	100
Datuk Azizan bin Abd Rahman	4/5	80
Encik Kamil Ahmad Merican	4/5	80
Mr Vijeyaratnam a/l V. Thamotharam Pillay	5/5	100

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

A summary of the activities of the Audit Committee for the financial year ended 31 March 2010 in discharging its functions and duties includes the following:

i. Reviewed the quarterly results and financial statements for the financial year 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 Standards Board;

iii. Reviewed the audit plan of the external auditors prior to the commencement of the annual audit;

iv. Reviewed the internal audit plans, internal audit findings together with recommendations for improvements;

v. Reviewed the internal audit reports to ensure corrective actions were taken in addressing the findings reported; and

vi. 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.

STATEMENT BY AUDIT COMMITTEE

In relation to the allocation of options pursuant to the Employees' Share Option Scheme ("ESOS"), the Audit Committee is satisfied that the allocation of options during the year ended 31 March 2010 has complied with the criteria set out in the guidelines and Bye-Laws of the ESOS.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

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

During the financial year ended 31 March 2010, the outsourced internal audit function carried out the following activities:

i. Formulated annual risk based audit plan and reviewed the resource requirements for audit executions;

ii. Executed internal audit reviews in accordance with the approved annual audit plan;

iii. Issued reports on the internal audit findings identifying weaknesses and highlighting recommendations for improvements on a periodic basis;

iv. Followed-up on the implementation of corrective action plans or best practices agreed with management; and

v. Attended Audit Committee meetings to table and discuss the audit reports and followed up on matter raised.

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

other compliance information

1. UTILISATION OF PROCEEDS

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

PURPOSE	AMOUNT TO BE UTILISED RM'000	UTILISED AS AT 31 MARCH 2010 RM'000	UNUTILISED AS AT 31 MARCH 2010 RM'000 *
- working capital; and/or - strategic merger/acquisition/ expansion; and/or - repayment of borrowings	233,121	(15,720)	217,401
To defray expenses to be incurred in relation to the rights issue	2,500	(2,076)	424
Total	**235,621**	**(17,796)**	**217,825**

*The proceeds from the above rights issue are expected to be fully utilised by the financial year ending 31 March 2011.

2. SHARE BUY-BACKS

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

<u>Stock Units Bought Back</u>

MONTH	UNITS	LOWEST PRICE (RM)	HIGHEST PRICE (RM)	AVERAGE PRICE (RM)	CONSIDERATION PAID (RM)
November 2009	175,000	0.87	0.87	0.87	152,536
December 2009	1,284,100	0.99	1.00	1.00	1,284,065
January 2010	29,500	1.00	1.00	1.00	29,716
February 2010	1,375,000	0.97	1.00	0.99	1,357,634
March 2010	4,800,500	0.92	0.98	0.95	4,531,820
Total	**7,664,100**				**7,355,771**

<u>Treasury Stock Units Resold</u>

MONTH	UNITS	LOWEST PRICE (RM)	HIGHEST PRICE (RM)	AVERAGE PRICE (RM)	CONSIDERATION PAID (RM)
October 2009	7,930,200	1.40	1.40	1.40	11,072,237

As at 31 March 2010, there were 7,664,100 stock units held in treasury.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

Employees Share Option Scheme ("ESOS")

On 20 November 2003, the Company granted 12,486,000 options to eligible employees of the Group under its ESOS. The exercise price has been fixed at RM1.05 per stock unit.

On 11 June 2009, the Company granted 7,145,000 new options to its eligible employees of the Group under its ESOS. The exercise price has been fixed at RM1.06 per stock unit.

On 12 July 2010, the Company granted 7,287,500 new options to its eligible employees of the Group under its ESOS. The exercise price has been fixed at RM1.00 per stock unit.

During the financial year, the Company issued 9,308,375 ordinary stock units of RM1.00 each for cash pursuant to the Company's ESOS, of which 4,753,875 ordinary stock units were issued from the exercise of 4,527,500 ESOS option at an exercise price of RM1.05 per stock unit and 4,554,500 ordinary stock units were issued from the exercise of 4,554,500 ESOS option at an exercise price of RM1.06 per stock unit.

A total of 215,100 ESOS has lapsed during the financial year. The number of ESOS options unexercised as at 31 March 2010 was 2,265,500.

Warrants 2001/2011 ("Warrants")

A total of 3,326,637 Warrants were exercised during the financial year under review. The number of outstanding Warrants as at 31 March 2010 was 37,199,284.

Irredeemable Convertible Unsecured Loan Stocks 2006/2011 ("ICULS")

A total of 120,622,938 ICULS were exercised during the financial year under review. The number of outstanding ICULS as at 31 March 2010 was 2,484,412.

Irredeemable Convertible Secured Loan Stocks 2009/2019 ("ICSLS")

A total of 36,390,302 ICSLS were exercised during the financial year under review. The number of outstanding ICSLS as at 31 March 2010 was 326,103,267.

4. DEPOSITORY RECEIPT PROGRAMME

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

5. SANCTIONS AND/OR PENALTIES

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

6. NON-AUDIT FEES

During the financial year ended 31 March 2010, non-audit fees paid to Messrs Ernst & Young by the Company and its subsidiaries amounted to approximately RM114,000.

7. VARIATION IN RESULTS

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

8. PROFIT GUARANTEE

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

9. MATERIAL CONTRACTS

Other than those disclosed in Note 39 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 shareholders either still subsisting as at 31 March 2010 or entered into since the end of the previous financial year ended 31 March 2009.

10. REVALUATION POLICY

The Group does not have a revaluation policy on landed properties.

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

On 29 September 2009, 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 2010 are as follows:-

CATEGORIES OF TRANSACTIONS	TRANSACTING PARTIES	RELATED PARTIES	VALUE OF TRANSACTIONS (RM'000)
Receipt of interior designing, architectural, building consultancy services, project management services and graphic design services.	Adaptus Design System Sdn Bhd and GDP Architects Sdn Bhd	Kamil Ahmad Merican (1)	1,139
Receipt of real estate consultancy services.	CB Richard Ellis (Malaysia) Sdn Bhd (Formerly Regroup Associates Sdn Bhd)	Christopher Martin Boyd (2)	1,002
Receipt of maritime and general contracting works and engineering consultancy services.	Dr. Nik & Associates Sdn Bhd and Tidalmarine Engineering Sdn Bhd	Dato' Ir. Dr. Nik Mohd Kamel bin Nik Hassan (3)	1,380
Purchase of properties sold by E&O Group.	Datuk Azizan bin Abd Rahman	Datuk Azizan bin Abd Rahman (4)	1,351
	Chan Kok Leong and spouse	Chan Kok Leong (5)	4,714
	Kok Meng Chow and spouse	Kok Meng Chow (6)	1,026
	Kamil Ahmad Merican and spouse	Kamil Ahmad Merican (7)	2,058
	Jeyaratnam a/l Tamotharam Pillai and spouse	Vijeyaratnam a/l V. Thamotharam Pillay (8)	1,372
	Lim Hooi Yen and sister	Lim Hooi Yen (9)	868
	Lim Kok Hin	Lim Kok Hin (10)	1,337

Notes:

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

(2) Christopher Martin Boyd is a Director of the Company and is an Executive Chairman and a major shareholder of CB Richard Ellis (Malaysia) Sdn Bhd (Formerly Regroup Associates Sdn Bhd).

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

(4) Datuk Azizan bin Abd Rahman is the Chairman of the Company.

(5) Chan Kok Leong is an Executive Director of the Company.

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

(7) Kamil Ahmad Merican is a Director of the Company.

(8) Jeyaratnam a/l Tamotharam Pillai is a family member of Mr Vijeyaratnam a/l V. Thamotharam Pillay, a Director of the Company.

(9) Lim Hooi Yen is a Director of the Company's subsidiaries.

(10) Lim Kok Hin was a former Director of the Company's subsidiaries.

financial statements 2010

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 2010.

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/(loss) for the financial year	74,395	(7,184)
Attributable to:		
Equity holders of the Company	70,514	(7,184)
Minority interests	3,881	-
	74,395	(7,184)

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the disposal of a property, which resulted in a net gain of RM35,105,000 to the Group as disclosed in Note 5 to the financial statements.

DIVIDEND

No dividend has been paid or declared by the Company in respect of the previous financial year ended 31 March 2009.

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year ended 31 March 2010, of 3.8% less 25% (2.85 sen net per ordinary stock unit), amounting to a net dividend payable of approximately RM21,488,420 (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 2010, excluding treasury stock units held by the Company of 7,664,100 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 2011.

DIRECTORS

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

Datuk Azizan bin Abd Rahman
Dato' Tham Ka Hon
Datuk Henry Chin Poy Wu
Kamil Ahmad Merican
Vijeyaratnam a/l V.Thamotharam Pillay
Chan Kok Leong
Kok Meng Chow
Christopher Martin Boyd
Teo Liang Huat Thomas

DIRECTORS' BENEFITS

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

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 9 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 39 to the financial statements.

DIRECTORS' INTERESTS

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

INTEREST IN THE COMPANY

	NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH			
	AT 1.4.2009	ACQUIRED DURING THE FINANCIAL YEAR	SOLD DURING THE FINANCIAL YEAR	AT 31.3.2010
Direct interest:				
Datuk Azizan bin Abd Rahman	3,600,000	180,000	-	3,780,000
Dato' Tham Ka Hon	11,212,086	19,683,000	-	30,895,086
Kamil Ahmad Merican	1,100,000	150,000	-	1,250,000
Chan Kok Leong	4,695,000	1,200,000	(1,395,000)	4,500,000
Kok Meng Chow	300,000	914,500	(300,000)	914,500
Indirect interest:				
Dato' Tham Ka Hon	98,879,261	48,385,993	-	147,265,254

	NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH			
	AT 2.4.2009	ACQUIRED DURING THE FINANCIAL YEAR	SOLD DURING THE FINANCIAL YEAR	AT 31.3.2010
Direct interest:				
Teo Liang Huat Thomas *(appointed on 2 April 2009)*	29,300	-	-	29,300

	NUMBER OF ICULS AT NOMINAL VALUE OF RM1.00 EACH			
	AT 1.4.2009	ACQUIRED DURING THE FINANCIAL YEAR	SOLD/ CONVERTED DURING THE FINANCIAL YEAR	AT 31.3.2010
Direct interest:				
Dato' Tham Ka Hon	13,758,000	-	(13,758,000)	-
Kamil Ahmad Merican	150,000	-	(150,000)	-
Kok Meng Chow	1,847,500	-	(1,847,500)	-
Indirect interest:				
Dato' Tham Ka Hon	36,745,493	11,640,500	(48,385,993)	-

DIRECTORS' INTERESTS (CONTD.)

INTEREST IN THE COMPANY (CONTD.)

	NUMBER OF ICSLS AT NOMINAL VALUE OF RM0.65 EACH			
	AT 1.4.2009	ACQUIRED DURING THE FINANCIAL YEAR	SOLD/ CONVERTED DURING THE FINANCIAL YEAR	AT 31.3.2010
Direct interest:				
Datuk Azizan bin Abd Rahman	-	1,800,000	-	1,800,000
Dato' Tham Ka Hon	-	41,338,053	-	41,338,053
Kamil Ahmad Merican	-	625,000	-	625,000
Chan Kok Leong	-	2,600,000	-	2,600,000
Kok Meng Chow	-	390,000	-	390,000
Teo Liang Huat Thomas	-	14,650	-	14,650
Indirect interest:				
Dato' Tham Ka Hon	-	23,715,175	-	23,715,175

	NUMBER OF WARRANTS 2001/2011			
	AT 1.4.2009	ACQUIRED DURING THE FINANCIAL YEAR	SOLD/ EXERCISED DURING THE FINANCIAL YEAR	AT 31.3.2010
Direct interest:				
Dato' Tham Ka Hon	6,797,896	-	-	6,797,896
Indirect interest:				
Dato' Tham Ka Hon	7,871,820	-	-	7,871,820

	NUMBER OF OPTIONS OVER ORDINARY STOCK UNITS OF RM1.00 EACH			
	AT 1.4.2009	GRANTED DURING THE FINANCIAL YEAR	EXERCISED/ LAPSED DURING THE FINANCIAL YEAR	AT 31.3.2010
Dato' Tham Ka Hon	4,500,000	1,200,000	(5,700,000)	-
Chan Kok Leong	-	1,200,000	(1,200,000)	-
Kok Meng Chow	-	600,000	(250,000)	350,000

Dato' Tham Ka Hon by virtue of his interest in ordinary stock units in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

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

ISSUE OF STOCK UNITS AND DEBENTURES

During the financial year, the Company increased its:

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

b. issued and paid-up ordinary stock units from RM591,995,485 to RM761,643,737 by way of:

i. the issuance of 9,308,375 ordinary stock units of RM1.00 each for cash pursuant to the Company's ESOS, of which 4,753,875 ordinary stock units were issued on 4,527,500 ESOS at an exercise price of RM1.05 per ordinary stock unit and 4,554,500 ordinary stock units were issued on 4,554,500 ESOS at an exercise price of RM1.06 per ordinary stock unit;

ii. the issuance of 3,326,637 ordinary stock units of RM1.00 each arising from the exercise of 3,326,637 Warrants 2001/2011;

iii. the issuance of 120,622,938 ordinary stock units of RM1.00 each arising from the conversion of 120,622,938 ICULS of RM1.00 nominal value each; and

iv. the issuance of 36,390,302 ordinary stock units of RM1.00 each arising from the conversion of 36,390,302 ICSLS of RM0.65 each.

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

On 17 November 2009, the Company issued RM235,620,820 at 100% of its nominal value on the basis of RM0.65 nominal value of ICSLS for every two existing ordinary stock units held by stockholders pursuant to the Renounceable Rights Issue of the Company as disclosed in Note 41(b) to the financial statements.

The principal terms and conditions of the ICSLS are disclosed in Note 30 to the financial statements.

WARRANTS

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

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

	ENTITLEMENT FOR ORDINARY STOCK UNITS OF RM1.00 EACH			
	BALANCE AT 1.4.2009	ADJUSTMENT	EXERCISED	BALANCE AT 31.3.2010
Number of unexercised warrants	40,525,921	-	(3,326,637)	37,199,284

TREASURY STOCK UNITS

During the financial year, the Company disposed of 7,930,200 of its treasury stock units to the open market at an average price of RM1.40 per treasury stock unit. The total consideration received for the disposal, net of transaction costs was RM11,072,237.

The Company also repurchased 7,664,100 of its issued ordinary stock units from the open market at an average price of RM0.96 per stock unit during the financial year. The total consideration paid for the repurchase including transaction costs was RM7,355,771. The stock units repurchased are being held as treasury stock units in accordance with Section 67A of the Companies Act, 1965.

As at 31 March 2010, the Company held as treasury stock units a total of 7,664,100 of its 761,643,737 issued ordinary stock units. Such treasury stock units are held at a carrying amount of RM7,356,000 and further relevant details are disclosed in Note 31 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

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

EMPLOYEES' SHARE OPTION SCHEME (CONTD.)

The salient features of the E&O ESOS are disclosed in Note 36 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, who have been granted options to subscribe for less than 300,000 ordinary stock units of RM1.00 each. The names of option holders granted options to subscribe for 300,000 or more ordinary stock units of RM1.00 each during the financial year are as follows:

	NUMBER OF OPTIONS AT EXERCISE PRICE OF RM1.06 EACH				
NAME	GRANT DATE	EXPIRY DATE	GRANTED	EXERCISED	AT 31.3.2010
Lum Kwok Weng @ Lum Kok Weng	11.6.2009	28.4.2012	300,000	(300,000)	-
Michael Steven Saxon	11.6.2009	28.4.2012	300,000	(300,000)	-

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

OTHER STATUTORY INFORMATION

a. Before the income statements and balance sheets 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 value 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 inadequate to any substantial extent in the financial statements of the Group and of the Company; and

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

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

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

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

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

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

f. In the opinion of the directors:

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 41 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

Significant events subsequent to the financial year end are disclosed in Note 42 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 27 July 2010.

DATUK AZIZAN BIN ABD RAHMAN

CHAN KOK LEONG

statement by directors

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

We, Datuk Azizan bin Abd Rahman and Chan Kok Leong, being two of the directors of Eastern & Oriental Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 68 to 129 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards 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 2010 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 July 2010.

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

statutory declaration

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

I, Kok Meng Chow, being the director primarily responsible for the financial management of Eastern & Oriental Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 68 to 129 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 27 July 2010

KOK MENG CHOW

Before me,

R. VASUGI AMMAL
No. W480
Commissioner for 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 balance sheets as at 31 March 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements 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 68 to 129.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 and fair presentation of the financial statements 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 2010 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 thereon of the subsidiaries of which we have not acted as auditors, as disclosed 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 accounts 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 accounts 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 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. 2871/07/11 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
27 July 2010

income statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

		GROUP		COMPANY	
	NOTE	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	3	**352,375**	304,449	**34,031**	46,681
Cost of sales	4	**(228,686)**	(235,995)	**-**	-
Gross profit		**123,689**	68,454	**34,031**	46,681
Other income	5	**53,208**	20,111	**19,804**	10,775
Administrative expenses		**(44,671)**	(38,311)	**(18,636)**	(10,058)
Selling and marketing expenses		**(8,444)**	(8,282)	**-**	-
Other expenses		**(15,268)**	(48,907)	**(17,908)**	(22,443)
Operating profit/(loss)		**108,514**	(6,935)	**17,291**	24,955
Finance costs	6	**(22,981)**	(28,324)	**(23,200)**	(17,782)
Share of loss of associates		**(2,169)**	(3,477)	**-**	-
Share of profit of jointly controlled entities		**9,661**	612	**-**	-
Profit/(loss) before tax	7	**93,025**	(38,124)	**(5,909)**	7,173
Income tax expense	10	**(18,630)**	6,067	**(1,275)**	(5,355)
Profit/(loss) for the financial year		**74,395**	(32,057)	**(7,184)**	1,818
Attributable to:					
Equity holders of the Company		**70,514**	(37,276)	**(7,184)**	1,818
Minority interests		**3,881**	5,219	**-**	-
		74,395	(32,057)	**(7,184)**	1,818

		GROUP	
	NOTE	2010 SEN	2009 SEN
Earnings/(loss) per stock unit attributable to equity holders of the Company:			
Basic, for profit/(loss) for the financial year	11(a)	**6.63**	(5.60)
Diluted, for profit/(loss) for the financial year	11(b)	**6.63**	(5.60)

The accompanying notes form an integral part of the financial statements.

balance sheets

AS AT 31 MARCH 2010

		GROUP		COMPANY	
	NOTE	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**394,692**	341,590	**670**	34
Land held for property development	14	**680,884**	676,760	**-**	-
Investment properties	15	**14,887**	15,048	**-**	-
Prepaid lease payments	16	**933**	960	**-**	-
Intangible assets	17	**3,096**	2,169	**13**	-
Investments in subsidiaries	18	**-**	-	**1,130,909**	998,955
Investments in associates	19	**25,047**	27,216	**-**	-
Investments in jointly controlled entities	20	**9,793**	260	**-**	-
Other investments	21	**3,167**	8,937	**-**	-
Receivables	22	**-**	-	**50,695**	322,238
Deferred tax assets	23	**15,421**	18,419	**-**	-
		1,147,920	1,091,359	**1,182,287**	1,321,227
Current assets					
Property development costs	24	**310,916**	420,442	**-**	-
Inventories	25	**55,286**	96,191	**-**	-
Receivables	22	**79,142**	105,913	**707,488**	212,679
Accrued billings in respect of property development costs		**24,685**	5,799	**-**	-
Cash and bank balances	26	**559,253**	245,316	**4,358**	7,065
		1,029,282	873,661	**711,846**	219,744
Non-current asset classified as held for sale	27	**-**	6,851	**-**	-
		1,029,282	880,512	**711,846**	219,744
Total assets		**2,177,202**	1,971,871	**1,894,133**	1,540,971
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	28	**761,644**	591,995	**761,644**	591,995
Irredeemable convertible unsecured loan stocks	29	**1,695**	83,991	**1,695**	83,991
Irredeemable convertible secured loan stocks	30	**96,669**	-	**96,669**	-
Treasury stock units	31	**(7,356)**	(9,954)	**(7,356)**	(9,954)
Reserves	32	**187,903**	148,339	**357,659**	395,950
		1,040,555	814,371	**1,210,311**	1,061,982
Minority interests		**26,214**	21,537	**-**	-
Total equity		**1,066,769**	835,908	**1,210,311**	1,061,982
Non-current liabilities					
Irredeemable convertible unsecured loan stocks	29	**372**	26,653	**372**	26,653
Irredeemable convertible secured loan stocks	30	**114,825**	-	**114,825**	-
Borrowings	33	**449,172**	494,289	**100,615**	140,372
Provisions	34	**328**	290	**-**	-
Deferred tax liabilities	23	**46,674**	46,763	**-**	-
		611,371	567,995	**215,812**	167,025
Current liabilities					
Borrowings	33	**381,892**	397,469	**104,008**	109,726
Provisions	34	**162**	179	**-**	-
Payables	35	**111,989**	167,747	**364,002**	202,238
Taxation		**5,019**	2,573	**-**	-
		499,062	567,968	**468,010**	311,964
Total liabilities		**1,110,433**	1,135,963	**683,822**	478,989
Total equity and liabilities		**2,177,202**	1,971,871	**1,894,133**	1,540,971

The accompanying notes form an integral part of the financial statements.

consolidated statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	SHARE CAPITAL (NOTE 28) RM'000	ICULS (NOTE 29) RM'000	ICSLS (NOTE 30) RM'000	SHARE PREMIUM (NOTE 32) RM'000
GROUP				
At 1 April 2008	419,061	83,991	-	76,006
Currency translation differences	-	-	-	-
Loss for the financial year	-	-	-	-
Total recognised income and expense for the financial year	-	-	-	-
Issue of ordinary stock units:				
- Pursuant to Members' Scheme	172,899	-	-	220,053
- Warrants exercised	35	-	-	-
Purchase of treasury stock units	-	-	-	-
Share issue costs pursuant to Members' Scheme	-	-	-	(1,402)
Acquisition of remaining equity interest in subsidiary	-	-	-	-
Share options granted under ESOS lapsed	-	-	-	-
At 31 March 2009	591,995	83,991	-	294,657
Currency translation differences	-	-	-	-
Profit for the financial year	-	-	-	-
Total recognised income and expense for the financial year	-	-	-	-
Issue of ICSLS	-	-	109,138	-
Issue of ordinary stock units:				
- Pursuant to ESOS	9,308	-	-	273
- Warrants exercised	3,327	-	-	-
- Conversion of ICULS*	120,623	(82,296)	-	(20,239)
- Conversion of ICSLS*	36,391	-	(10,956)	(12,606)
Additional subscription of equity interest by minority interest	-	-	-	-
Purchase of treasury stock units	-	-	-	-
Repurchase of ICSLS	-	-	(1,513)	-
Disposal of treasury stock units	-	-	-	1,118
ICSLS issue costs	-	-	-	-
Share options granted under ESOS	-	-	-	-
Share options granted under ESOS lapsed	-	-	-	-
Share options granted under ESOS exercised	-	-	-	2,972
At 31 March 2010	**761,644**	**1,695**	**96,669**	**266,175**

* The conversion of ICULS and ICSLS comprises the aggregate amount of the equity and liability components of the instruments converted into equity of the Group. Further details are disclosed in Notes 29 and 30 respectively.

The accompanying notes form an integral part of the financial statements.

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					MINORITY INTERESTS	TOTAL EQUITY
NON-DISTRIBUTABLE			DISTRIBUTABLE			
TREASURY STOCK UNITS (NOTE 31) RM'000	EXCHANGE RESERVE (NOTE 32) RM'000	SHARE OPTION RESERVE (NOTE 32) RM'000	RETAINED PROFITS/ (ACCUMULATED LOSSES) (NOTE 32) RM'000	TOTAL RM'000	RM'000	RM'000
(5,110)	390	1,294	154,054	729,686	357,075	1,086,761
-	111	-	-	111	-	111
-	-	-	(37,276)	(37,276)	5,219	(32,057)
-	111	-	(37,276)	(37,165)	5,219	(31,946)
-	-	-	-	392,952	-	392,952
-	-	-	-	35	-	35
(4,844)	-	-	-	(4,844)	-	(4,844)
-	-	-	-	(1,402)	-	(1,402)
-	-	-	(264,889)	(264,889)	(340,757)	(605,646)
-	-	(2)	-	(2)	-	(2)
(9,954)	501	1,292	(148,111)	814,371	21,537	835,908
-	157	-	-	157	-	157
-	-	-	70,514	70,514	3,881	74,395
-	157	-	70,514	70,671	3,881	74,552
-	-	-	-	109,138	-	109,138
-	-	-	-	9,581	-	9,581
-	-	-	-	3,327	-	3,327
-	-	-	-	18,088	-	18,088
-	-	-	-	12,829	-	12,829
-	-	-	-	-	796	796
(7,356)	-	-	-	(7,356)	-	(7,356)
-	-	-	-	(1,513)	-	(1,513)
9,954	-	-	-	11,072	-	11,072
-	-	-	(2,067)	(2,067)	-	(2,067)
-	-	2,480	-	2,480	-	2,480
-	-	(66)	-	(66)	-	(66)
-	-	(2,972)	-	-	-	-
(7,356)	**658**	**734**	**(79,664)**	**1,040,555**	26,214	1,066,769

statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	NON-DISTRIBUTABLE						DISTRIBUTABLE	
	SHARE CAPITAL (NOTE 28) RM'000	ICULS (NOTE 29) RM'000	ICSLS (NOTE 30) RM'000	SHARE PREMIUM (NOTE 32) RM'000	TREASURY STOCK UNITS (NOTE 31) RM'000	SHARE OPTION RESERVE (NOTE 32) RM'000	RETAINED PROFITS (NOTE 32) RM'000	TOTAL EQUITY RM'000
COMPANY								
At 1 April 2008	419,061	83,991	-	76,006	(5,110)	1,294	98,183	673,425
Profit for the financial year, representing total recognised income and expense for the financial year	-	-	-	-	-	-	1,818	1,818
Issue of ordinary stock units:								
- Pursuant to Members' Scheme	172,899	-	-	220,053	-	-	-	392,952
- Warrants exercised	35	-	-	-	-	-	-	35
Purchase of treasury stock units	-	-	-	-	(4,844)	-	-	(4,844)
Share issue costs pursuant to Members' Scheme	-	-	-	(1,402)	-	-	-	(1,402)
Share options granted under ESOS lapsed	-	-	-	-	-	(2)	-	(2)
At 31 March 2009	591,995	83,991	-	294,657	(9,954)	1,292	100,001	1,061,982
Loss for the financial year, representing total recognised income and expense for the financial year	-	-	-	-	-	-	(7,184)	(7,184)
Issue of ICSLS	-	-	109,138	-	-	-	-	109,138
Issue of ordinary stock units:								
- Pursuant to ESOS	9,308	-	-	273	-	-	-	9,581
- Warrants exercised	3,327	-	-	-	-	-	-	3,327
- Conversion of ICULS*	120,623	(82,296)	-	(20,239)	-	-	-	18,088
- Conversion of ICSLS*	36,391	-	(10,956)	(12,606)	-	-	-	12,829
Purchase of treasury stock units	-	-	-	-	(7,356)	-	-	(7,356)
Repurchase of ICSLS	-	-	(1,513)	-	-	-	-	(1,513)
Disposal of treasury stock units	-	-	-	1,118	9,954	-	-	11,072
ICSLS issue costs	-	-	-	-	-	-	(2,067)	(2,067)
Share options granted under ESOS	-	-	-	-	-	2,480	-	2,480
Share options granted under ESOS lapsed	-	-	-	-	-	(66)	-	(66)
Share options granted under ESOS exercised	-	-	-	2,972	-	(2,972)	-	-
At 31 March 2010	**761,644**	**1,695**	**96,669**	**266,175**	**(7,356)**	**734**	**90,750**	**1,210,311**

* The conversion of ICULS and ICSLS comprises the aggregate amount of the equity and liability components of the instruments converted into equity of the Company. Further details are disclosed in Notes 29 and 30 respectively.

The accompanying notes form an integral part of the financial statements.

consolidated cash flow statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	**93,025**	(38,124)
Adjustments for:		
Allowance for doubtful debts	**357**	1,973
Amortisation of intangible assets	**149**	142
Amortisation of prepaid lease payments	**27**	27
Depreciation of property, plant and equipment	**10,320**	11,875
Depreciation of investment properties	**161**	160
Bad debts written off	**1,643**	71
Impairment loss in:		
- other investments	**-**	5,026
- quoted investments	**-**	5,213
Interest expense	**22,981**	28,324
Inventories written off	**3**	1
Development expenditure written off	**22**	283
Property, plant and equipment written off	**149**	39
(Reversal)/provision for expected loss	**(139)**	442
Doubtful debts written back	**(3)**	-
(Gain)/loss on disposal of:		
- an associate	**-**	24
- other investments	**-**	19,953
- property, plant and equipment	**(35,110)**	206
- quoted investments	**(1,957)**	-
- investment properties previously classified as held for sale	**-**	(689)
Loss on foreign exchange	**365**	995
Reversal of impairment loss in other investments	**(878)**	-
Interest income	**(7,624)**	(10,167)
Dividend income	**(1,247)**	(1,812)
Share of loss of associates	**2,169**	3,477
Share of profit of jointly controlled entities	**(9,661)**	(612)
Share options granted under ESOS	**2,480**	-
Share options lapsed under ESOS	**(66)**	(2)
Operating profit before working capital changes	**77,166**	26,825
Working capital changes:		
Non-current asset classified as held for sale	**6,851**	-
Land held for property development	**(5,281)**	(4,692)
Property development costs	**32,244**	(46,560)
Inventories	**51,170**	(1,207)
Receivables	**13,736**	86,771
Payables	**(50,309)**	22,014
Cash generated from operations	**125,577**	83,151
Interest received	**6,309**	10,114
Interest paid	**(54,820)**	(55,615)
Income tax refunded	**384**	12,005
Income tax paid	**(16,997)**	(38,490)
Net cash generated from operating activities	**60,453**	11,165

	NOTE	2010 RM'000	2009 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(44,814)	(34,987)
Purchase of intangible assets		(16)	(44)
Purchase of other investments		-	(20,155)
Additional investment in investment properties		-	(2,907)
Proceeds from disposal of property, plant and equipment		103,009	91
Proceeds from disposal of investment property previously classified as held for sale		-	5,499
Proceeds from disposal of an associate		-	60
Proceeds from disposal of other investments		8,605	202
Acquisitions of additional equity interest in subsidiaries from minority shareholders		-	(212,694)
Net cash flow on balance acquisition of a subsidiary		(1,060)	-
Dividends received		1,116	1,498
Net cash generated from/(used in) investing activities		66,840	(263,437)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of Irredeemable Convertible Secured Loan Stocks ("ICSLS")		235,621	-
Additional subscription of equity interest by minority interest		796	-
Proceeds from exercise of ESOS		9,581	-
Proceeds from exercise of warrants		3,327	35
Purchase of treasury stock units		(7,356)	(4,844)
Proceeds from disposal of treasury stock units		11,072	-
Drawdown of borrowings		144,085	109,730
Repayment of borrowings		(204,481)	(53,119)
Repayment of hire purchase liabilities		(1,051)	(732)
Repurchase of ICSLS		(3,422)	-
ICSLS issue costs		(2,067)	-
Share issue costs pursuant to Members' Scheme		-	(1,402)
Dividends paid		-	(15,412)
Net cash generated from financing activities		186,105	34,256
Effects of exchange translation differences		157	111
Net increase/(decrease) in cash and cash equivalents		313,555	(217,905)
Cash and cash equivalents at the beginning of year		234,590	452,495
Cash and cash equivalents at the end of year	26	548,145	234,590

The accompanying notes form an integral part of the financial statements.

cash flow statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	NOTE	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(5,909)	7,173
Adjustments for:			
Allowance for doubtful debts		17,891	445
Amortisation of intangible assets		2	-
Depreciation of property, plant and equipment		64	3
Impairment loss of other investment		-	3,000
Impairment loss of subsidiaries		-	18,556
Loss on disposal of a subsidiary		-	59
Interest expense		23,200	17,782
Dividend income		(32,265)	(46,212)
Doubtful debts written back		(7,325)	-
Interest income		(10,926)	(7,876)
Reversal of impairment loss in a subsidiary		(1,469)	(2,899)
Share options granted under ESOS		2,480	-
Share options lapsed under ESOS		(66)	(2)
Operating loss before working capital changes		(14,323)	(9,971)
Receivables		1,897	1,389
Payables		2,297	(1,795)
Cash used in operations		(10,129)	(10,377)
Interest paid		(18,459)	(21,590)
Income tax refunded		-	2,537
Net cash used in operating activities		(28,588)	(29,430)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries		(485)	(3,000)
Additional investment in subsidiaries		(130,000)	(212,694)
Purchase of intangible assets		(15)	-
Purchase of property, plant and equipment		(328)	(34)
Dividend received		20,026	22,142
Interest received		169	2,964
Net cash used in investing activities		(110,633)	(190,622)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of Irredeemable Convertible Secured Loan Stocks ("ICSLS")		235,621	-
Proceeds from exercise of ESOS		9,581	-
Proceeds from exercise of warrants		3,327	35
Purchase of treasury stock units		(7,356)	(4,844)
Proceeds from disposal of treasury stock units		11,072	-
Drawdown of borrowings		-	10,372
Repayment of borrowings		(45,757)	(3,000)
Repayment of hire purchase liabilities		(32)	-
Repurchase of ICSLS		(3,422)	-
Advances to subsidiaries		(64,396)	14,959
ICSLS issue costs		(2,067)	-
Share issue costs pursuant to Members' Scheme		-	(1,402)
Dividends paid		-	(15,412)
Net cash generated from financing activities		136,571	708
Net decrease in cash and cash equivalents		(2,650)	(219,344)
Cash and cash equivalents at the beginning of year		(3,661)	215,683
Cash and cash equivalents at the end of year	26	(6,311)	(3,661)

The accompanying notes form an integral part of the financial statements.

notes to the financial statements

31 MARCH 2010

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business 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 27 July 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRS") in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis and are presented in Ringgit Malaysia (RM). All values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Subsidiaries and basis of consolidation

i. Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in the income statement.

ii. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

b. Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

c. Jointly controlled entities

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.2(b).

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

d. 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. The following specific recognition criteria must also be met before revenue is recognised:

i. Dividend income

Dividend income from subsidiaries is recognised when the right to receive payment is established while dividends from associates and other investments are recognised when received.

ii. Interest income

Interest income is recognised on accrual basis using effective interest rate method.

iii. Sale of properties

Revenue from sale of properties under development is accounted for by the stage of completion method as described in Note 2.2(h)(iii).

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.

iv. Construction contracts

Revenue from construction contracts is recognised on the stage of completion method as described in Note 2.2(l).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

d. Revenue recognition (Contd.)

v. 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.

vi. Rental income

Rental income from investment properties is recognised on accrual basis based on the agreed upon rental rates.

vii. Trading inventories

Revenue on trading inventories is recognised upon the transfer of risks and rewards.

viii. Management fees

Revenue from management services provided is recognised when services have been rendered.

e. Income tax

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the financial year end.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the financial year end. Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

f. Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

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 other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 15%
Plant, machinery and equipment	10% - 25%
Office equipment, renovation and furniture and fittings	10% - 50%
Vessel	10%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in income statement.

g. Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than deferred tax assets, employee benefits assets and financial assets) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in income statement.

h. Land held for property development and property development costs

i. 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.

ii. 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.

iii. Property development costs

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

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement 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 the income statement over billings to purchasers is classified as accrued billings in respect of property development costs and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings in respect of property development costs.

i. Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is not provided on freehold land. Depreciation of building is provided for on a straight-line basis to write off the cost of building to its residual value over the estimated useful life at 2% per annum.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

i. Investment properties (Contd.)

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of investment properties.

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 income statement in the financial year in which they arise.

j. Intangible assets

i. Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii. Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets, which represent software cost with finite lives, are 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 the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with finite useful life are reviewed at least at each financial year end.

The residual values, useful life and amortisation method are reviewed at each financial year end to ensure that the amount, method and period of amortisation are consistent with previous estimates and the expected pattern of consumption of the future economics benefits embodied in the items of intangible assets.

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in income statement.

k. Inventories

i. 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 less all estimated costs necessary to make the sale.

ii. Trading inventories

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

l. Construction contracts

Construction contracts are stated at cost plus attributable profit less progress billings. Cost comprises direct labour, material costs, sub-contract sum and an allocated proportion of directly related overheads. Administrative and general expenses are charged to the income statement as and when incurred.

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

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

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Provision is made for all anticipated losses on construction work. Provision for warranties is made for expected or estimated repair costs for making good certain defects and damages during the warranty periods.

The aggregate of the costs incurred and the profits or losses recognised are compared against the progress billings up to the financial year end for all contracts in progress. The balances are shown as amount due from customers on construction work when costs incurred plus recognised profits (less recognised losses) exceed progress billings. The balances are shown as amount due to customers on construction contract when progress billings exceed costs incurred plus recognised profits (less recognised losses).

m. Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. Where 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 to the present value of the expenditure expected to be required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognised as 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.

n. Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

i. Cash and cash equivalents

For the purposes of cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

ii. Other non-current investments

Non-current investments other than investments in subsidiaries, associates, jointly controlled entities and investment properties are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in income statement.

iii. Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the financial year end.

iv. Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

v. Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowing costs directly attributable to the acquisition and construction of land held for property development, development properties, investment properties, and other properties, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs will be suspended when the assets are completed or during the period in which development and construction are interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawndown from that borrowing facility.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

n. Financial instruments (Contd.)

v. Interest bearing loans and borrowings (Contd.)

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

vi. Irredeemable convertible unsecured loan stocks ("ICULS")

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

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

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

vii. Irredeemable convertible secured loan stocks ("ICSLS")

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

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

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

viii. Equity instruments

Ordinary stock units are classified as equity. Dividends on ordinary stock units are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary stock units of the Company that have not been cancelled, are classified as treasury stock units and presented as a deduction from equity. No gain or loss is recognised in income statement on the sale, re-issuance 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.

o. Leases

i. Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exception:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

ii. Finance leases - the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for hire purchase assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(f).

iii. Operating leases - the Group as lessee

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

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and buildings elements in proportion to their relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

p. Foreign currencies

i. 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 Ringgit Malaysia (RM), which is also the Company's functional currency.

ii. Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each financial year end, monetary items denominated in foreign currencies are translated at the rates prevailing at the financial year end. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in income statement for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in income statement. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are recognised in income statement in the Group's separate financial statements or the individual financial statements of the foreign operations, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in income statement 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

p. Foreign currencies (Contd.)

iii. Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the financial year end;

- Income and expenses for each income statement are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the exchange reserve within equity.

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 financial year end.

q. Employee benefits

i. 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.

ii. Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). A foreign subsidiary also make contributions to its country's statutory pension scheme.

iii. Defined benefit plans

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

iv. Share-based compensation

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

At each financial year end, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement, 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.

r. Impairment of non-financial assets

The carrying amounts of assets, other than investment properties, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each financial year end to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows 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 considered impaired and 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.

An impairment loss is recognised in income statement in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in income statement.

2.3 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company, which are:

FRSs, AMENDMENT TO FRSs AND INTERPRETATIONS	EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
FRS 8: Operating Segments	1 July 2009
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 101: Presentation of Financial Statements (revised)	1 January 2010
FRS 123: Borrowing Costs	1 January 2010
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 132: Financial Instruments: Presentation	1 January 2010
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
Amendments to FRSs 'Improvements to FRSs (2009)'	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTD.)

FRSs, AMENDMENT TO FRSs AND INTERPRETATIONS	EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions	1 January 2010
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3: Business Combinations (revised)	1 July 2010
FRS 127: Consolidated and Separate Financial Statements (amended)	1 July 2010
Amendments to FRS 2: Share-based Payment	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS138: Intangible Assets	1 July 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 15: Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 7: Disclosures for First-time Adopters (Amendment to FRS 1)	1 January 2011

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

<u>FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)</u>

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

<u>FRS 8: Operating Segment</u>

FRS 8 replaces FRS 114_{2004}: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

<u>FRS 101: Presentation of Financial Statements (revised)</u>

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

FRS 123: Borrowing Costs

This Standard supersedes FRS 123_{2004}: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. The Group's current accounting policy is outlined in Note 2.2(n)(v). In accordance with the transitional provisions of the Standard, the Group will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

Amendments to FRSs 'Improvements to FRSs (2009)'

FRS 5 Non-current Assets Held for Sale and Discontinued Operations: Clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those described by the Standard. The disclosures requirements from other FRSs only apply if specifically required for such non-current assets held for sale and disposal group or discontinued operations.

FRS 7 Financial Instruments: Disclosures: Clarifies on the presentation of finance costs whereby interest income is not a component of finance costs.

FRS 8 Operating Segments: Clarifies that segment information with respect to total asset is required only if they are included in measures of segment profit or loss that are used by the 'chief operating decision maker'.

FRS 101 Presentation of Financial Statements: Clarifies that financial instruments classified as held for trading in accordance with FRS 139 Financial Instruments: Recognition and Measurement are not automatically presented as current in the balance sheet. The amendment further clarifies that the classification of the liability component of a convertible instrument as current or non-current is not affected by the terms that could, at the option of the holder, result in settlement of the liability by the issue of equity instruments.

FRS 107 Statement of Cash Flows (formerly known as Cash Flow Statements): Clarifies that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Clarifies that only implementation guidance that is an integral part of an FRS is mandatory when selecting accounting policies.

FRS 110 Events after the Reporting Period (formerly known as Events After the Balance Sheet Date): Clarifies that dividends declared after the end of the reporting period are not liabilities as at the balance sheet date.

FRS 116 Property, Plant and Equipment: The amendment replaces the term "net selling price" with "fair value less costs to sell". It also clarifies that items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained profits. The Group is currently in the process of assessing the impact of this amendment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTD.)

Amendments to FRSs 'Improvements to FRSs (2009)' (Contd.)

FRS 118 Revenue: The amendment provides additional guidance on whether an entity is acting as a principal or an agent. It also aligns the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest by replacing the term 'direct costs' with 'transaction costs' as defined in FRS 139.

FRS 119 Employee Benefits: The amendment revises the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. It clarifies that the costs of administering the plan may be either recognised in the rate of return on plan assets or included in the actuarial assumptions used to measure the defined benefit obligation. The amendment further clarifies that amendment to plans that result in a reduction in benefits related to future services are curtailments. It also deleted the reference to the recognition of contingent liabilities to ensure consistency with FRS 137 Provisions, Contingent Liabilities and Contingent Assets.

FRS 123 Borrowing Costs: The definition of borrowing costs is aligned with FRS 139 by referring to the use of effective interest rate as a component of borrowing cost.

FRS 127 Consolidated and Separate Financial Statements: The amendment clarifies that when a parent entity accounts for a subsidiary at fair value in accordance with FRS 139 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

FRS 128 Investments in Associates: The amendment clarifies that if an associate is accounted for at fair value in accordance with FRS 139, only the requirement of FRS 128 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the investor in the form of cash or repayment of loans applies. It further clarifies that an investment in an associate is treated as a single asset for the purpose of impairment testing. Therefore, any impairment loss is not separately allocated to the goodwill included in the investment balance.

FRS 131 Interests in Joint Ventures: The amendment clarifies that if a joint venture is accounted for 'at fair value through profit or loss', in accordance with FRS 139, only the requirements of FRS 131 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

FRS 134 Interim Financial Reporting: Clarifies that earnings per share is to be disclosed in interim financial reports if an entity is within the scope of FRS 133: Earnings per Share.

FRS 136 Impairment of Assets: Clarifies that when discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. The amendment further clarifies that the largest cash-generating unit for group of units to which goodwill should be allocated for purposes of impairment testing is an operating segment as defined in FRS 8.

FRS 138 Intangible Assets: Clarifies that expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. The amendments also provide guidance regarding valuation techniques to measure the fair value of an intangible asset acquired in a business combination when there is no active market for the asset. In addition, the reference to "there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method" has been removed.

FRS 139 Financial Instruments: Recognition and Measurement: Clarifies that changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. It also clarifies on the scope exemption for business combination contracts. The amendments remove the reference in FRS 139 to a 'segment' when determining whether an instrument qualifies as a hedge and requires the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting. It also provides additional guidance on determining whether loan prepayment penalties result in an embedded derivatives that needs to be separated. In addition, the amendments state that the gains or losses on a hedged instrument should be reclassified from equity to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

FRS 140 Investment Property: Property under construction or development for future use as an investment property is classified as investment property. Where the fair value model is applied, such property is measured at fair value. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. The Group has previously accounted for such assets using the cost model. The amendment also includes changes in terminology in the Standard to be consistent with FRS 108. The change will be applied prospectively.

IC Interpretation 15: Agreements for the Construction of Real Estate

In applying IFRIC 15, the Group is required to recognise the revenue from property development activities on a completion basis. The impact of IFRIC 15 cannot be reasonably estimated, due to the uncertainties surrounding the expectation of future sales and fluctuation of development cost.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

a. Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

i. 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.

ii. Allowances for bad and doubtful debts

The policy for allowance for bad and doubtful debts of the Group is based on the evaluation of collectibility and ageing analysis of the receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current credit-worthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, additional allowances may be required. Further details are given in Note 22.

b. Key sources of estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainties at the financial year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i. Impairment

During the financial year, the Group has recognised impairment losses in respect of investments in an associate. The management carried out a review of the recoverable amount of the investments in associates during the current financial year because the associates have persistently been incurring losses. The recoverable amount was based on best estimate by the management. Further details are disclosed in Note 19.

ii. Property development

The Group recognises property development revenue and expenses in the income statement 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.

iii. 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 tax losses, capital and reinvestment allowances and other deductible temporary differences of the Group and of the Company amounted to RM137,853,000 (2009: RM131,783,000) and RM2,654,000 (2009: RM323,000) respectively, at the financial year end.

3. REVENUE

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Revenue from				
Property development activities	**203,065**	224,013	**-**	-
Sale of land held for property development	**-**	17,042	**-**	-
Sale of completed properties	**63,927**	7,357	**-**	-
Sale of non-current assets classified as held for sale	**15,000**	-	**-**	-
Rental income	**481**	70	**-**	-
Hotel and restaurant operations	**59,569**	51,734	**-**	-
Investments and others	**10,333**	4,233	**34,031**	46,681
	352,375	304,449	**34,031**	46,681

4. COST OF SALES

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Property development costs	**128,134**	178,867	**-**	-
Cost of land held for property development	**-**	17,621	**-**	-
Cost of completed properties	**51,428**	6,043	**-**	-
Cost of non-current assets classified as held for sale	**6,851**	-	**-**	-
Cost of rental related	**330**	192	**-**	-
Cost of hotel and restaurant operations	**36,209**	32,009	**-**	-
Cost of sales with respect to management services rendered	**886**	566	**-**	-
Others	**4,848**	697	**-**	-
	228,686	235,995	**-**	-

5. OTHER INCOME

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Interest income:				
- subsidiaries	**-**	-	**10,748**	5,949
- others	**7,624**	10,167	**178**	1,927
Doubtful debts written back	**3**	-	**7,325**	-
Gain on disposal of:				
- property, plant and equipment:				
- capital work-in-progress	**35,105**	-	**-**	-
- others	**7**	5	**-**	-
- quoted investments	**2,036**	-	**-**	-
- investment properties previously classified as held for sale	**-**	689	**-**	-
Reversal of impairment loss in:				
- other investments	**878**	-	**-**	-
- subsidiary	**-**	-	**1,469**	2,899
Write back of over accrual of trade payables	**-**	1,923	**-**	-
Hotel and restaurant related services	**3,368**	2,794	**-**	-
Rental income	**2,190**	1,284	**-**	-
Miscellaneous	**1,997**	3,249	**84**	-
	53,208	20,111	**19,804**	10,775

6. FINANCE COSTS

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Interest expense on:				
Bank overdrafts	**765**	725	**537**	505
Term loans	**19,187**	18,281	**6,387**	8,927
Revolving credits	**6,293**	8,092	**1,746**	2,187
Bank guarantee	**3,198**	4,848	**-**	-
Irredeemable convertible unsecured loan stocks	**958**	2,276	**958**	2,276
Irredeemable convertible secured loan stocks	**3,080**	-	**3,080**	-
Commercial papers	**320**	3,191	**-**	-
Medium term notes	**11,357**	12,390	**-**	-
Hire purchase	**117**	191	**61**	-
Related companies balances	**-**	-	**10,431**	3,887
	45,275	49,994	**23,200**	17,782
Less: Interest expense capitalised in:				
Property, plant and equipment (Note 13(c))	**(5,228)**	(547)	**-**	-
Land held for property development (Note 14(c))	**(2,487)**	(4,535)	**-**	-
Property development costs (Note 24)	**(14,579)**	(16,588)	**-**	-
	22,981	28,324	**23,200**	17,782

7. PROFIT/(LOSS) BEFORE TAX

The following amounts have been included in arriving at profit/(loss) before tax:

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Auditors' remuneration:				
- statutory audits	**501**	485	**44**	40
- underprovision in prior year	**17**	50	**4**	5
- other services	**46**	32	**22**	11
Amortisation of:				
- prepaid lease payments	**27**	27	**-**	-
- intangible assets	**149**	142	**2**	-
Allowance for doubtful debts	**357**	1,973	**17,891**	445
Bad debts written off	**1,643**	71	**-**	-
Depreciation of:				
- property, plant and equipment	**10,320**	11,875	**64**	3
- investment properties	**161**	160	**-**	-
Development expenditure written off	**22**	283	**-**	-
Employee benefits expense (Note 8)	**37,710**	28,255	**13,286**	3,920
Non-executive directors' remuneration (Note 9)	**794**	471	**492**	326
Impairment loss of:				
- other investments	**-**	5,026	**-**	3,000
- quoted investments	**-**	5,213	**-**	-
- subsidiaries	**-**	-	**-**	18,556
Inventories written off	**3**	1	**-**	-
Loss on disposal of:				
- an associate	**-**	24	**-**	-
- property, plant and equipment	**2**	211	**-**	-
- other investments	**-**	19,953	**-**	-
- quoted investments	**79**	-	**-**	-
- subsidiary	**-**	-	**-**	59

7. PROFIT/(LOSS) BEFORE TAX (CONTD.)

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Property, plant and equipment written off	**149**	39	**-**	-
(Reversal of)/provision for expected loss	**(139)**	442	**-**	-
Rental of land and buildings	**4,598**	4,282	**771**	370
Rental of plant and machinery	**174**	120	**8**	1
Unrealised loss on foreign exchange	**365**	995	**-**	-

8. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Charged to income statement	**37,710**	28,255	**13,286**	3,920
Wages and salaries	**29,266**	22,612	**9,183**	3,245
Social security contributions	**279**	227	**26**	8
Short term accumulating compensated absences	**97**	19	**-**	-
Contributions to defined contribution plan	**3,032**	2,869	**1,092**	550
Share options granted under ESOS	**2,414**	-	**2,414**	-
Other benefits	**2,622**	2,528	**571**	117
	37,710	28,255	**13,286**	3,920

a. Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM5,086,000 (2009: RM3,693,000) and RM3,749,000 (2009: RM2,037,000) respectively, as further disclosed in Note 9.

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

9. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Executive directors' remuneration:				
- fees	**-**	343	**-**	158
- other emoluments	**5,086**	3,350	**3,749**	1,879
	5,086	3,693	**3,749**	2,037
Non-executive directors' remuneration:				
- fees	**794**	471	**492**	326
Total directors' remuneration	**5,880**	4,164	**4,241**	2,363
Estimated money value of benefits-in-kind:				
- share options granted under ESOS	**1,170**	-	**1,170**	-
- others	**138**	144	**138**	27
Total directors' remuneration including benefits-in-kind	**7,188**	4,308	**5,549**	2,390

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

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Executive:				
Salaries and other emolument	**3,899**	2,211	**3,297**	1,480
Fees	**-**	343	**-**	158
Defined contribution plan	**524**	736	**452**	399
Estimated money value of benefits-in-kind:				
- share options granted under ESOS	**1,170**	-	**1,170**	-
- others	**133**	144	**133**	27
	5,726	3,434	**5,052**	2,064
Non-executive:				
Fees	**494**	420	**492**	326
Others	**5**	-	**5**	-
	499	420	**497**	326
	6,225	3,854	**5,549**	2,390

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

	NUMBER OF DIRECTORS	
	2010	2009
Executive directors:		
RM550,001 to RM600,000	**1**	-
RM600,001 to RM650,000	**-**	1
RM1,250,001 - RM1,300,000	**-**	1
RM1,500,001 - RM1,550,000	**-**	1
RM1,750,001 - RM1,800,000	**1**	-
RM2,200,001 - RM2,250,000	**1**	-
Non-executive directors:		
RM50,001 to RM100,000	**6**	4
RM100,001 to RM150,000	**-**	1

10. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Current income tax:				
Malaysian income tax	**18,183**	10,126	**5,567**	5,355
Overprovision in prior years	**(2,462)**	(3,599)	**(4,292)**	-
	15,721	6,527	**1,275**	5,355
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	**2,881**	(8,046)	**-**	-
Relating to changes in tax rate	**-**	(926)	**-**	-
Under/(over)provision in prior years	**28**	(3,622)	**-**	-
	2,909	(12,594)	**-**	-
Total income tax expense	**18,630**	(6,067)	**1,275**	5,355

10. INCOME TAX EXPENSE (CONTD.)

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2010 RM'000	2009 RM'000
GROUP		
Profit/(loss) before tax	93,025	(38,124)
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	23,256	(9,531)
Effect of changes in tax rates on opening balance of deferred tax	-	(926)
Effect of expenses not deductible for tax purposes	10,237	10,836
Effect of income subject to tax rate of 20%	-	(15)
Effect of income not subject to tax	(12,172)	(300)
Effect of utilisation of previously unrecognised deferred tax assets	(350)	(3,171)
Effect of share of loss of associates	542	869
Effect of share of results of jointly controlled entities	(2,415)	15
Effect of utilisation of group relief	-	(311)
Deferred tax assets not recognised during the financial year	1,868	2,222
Deferred tax recognised at different tax rate	-	1,317
Overprovision of income tax in prior years	(2,462)	(3,599)
Under/(over)provision of deferred tax in prior years	28	(3,622)
Other tax items	98	149
Income tax expense for the financial year	18,630	(6,067)
COMPANY		
(Loss)/profit before tax	(5,909)	7,173
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	(1,477)	1,793
Effect of income not subject to tax	(2,220)	(725)
Effect of expenses not deductible for tax purposes	8,681	4,271
Effect of utilisation of previously unrecognised deferred tax assets	-	(95)
Deferred tax assets not recognised during the financial year	583	111
Overprovision of income tax in prior years	(4,292)	-
Income tax expense for the financial year	1,275	5,355

11. EARNINGS/(LOSS) PER ORDINARY STOCK UNIT

a. Basic

Basic earnings/(loss) per ordinary stock unit is calculated by dividing the profit/(loss) for the financial year attributable to ordinary stockholders of the Company by the weighted average number of ordinary stock units in issue during the financial year.

	2010 RM'000	2009 RM'000
GROUP		
Profit/(loss) attributable to ordinary stockholders of the Company	70,514	(37,276)

	2010 '000	2009 '000
Weighted average number of ordinary stock units in issue	673,554	543,104
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS	53,580	123,107
Weighted average number of ordinary stock units which will be issued upon conversion of ICSLS	336,833	-
Adjusted weighted average number of ordinary stock units	1,063,967	666,211

	2010 SEN	2009 SEN
Basic earnings/(loss) per stock unit	6.63	(5.60)

b. **Diluted**

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

	2010 RM'000	2009 RM'000
GROUP		
Profit/(loss) attributable to ordinary stockholders of the Company	**70,514**	(37,276)

	2010 '000	2009 '000
Weighted average number of ordinary stock units in issue	**673,554**	543,104
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS	**53,580**	123,107
Weighted average number of ordinary stock units which will be issued upon conversion of ICSLS	**336,833**	-
Effect of exercise of warrants	**-**	-
Effect of dilution of ESOS	**-**	-
Adjusted weighted average number of ordinary stock units in issue and issuable	**1,063,967**	666,211

	2010 SEN	2009 SEN
Diluted earnings/(loss) per stock unit	**6.63**	(5.60)

The fully diluted earnings/(loss) per stock unit is the same as the basic earnings/(loss) per stock unit for current financial year under review, as the effects of ESOS and warrants are ignored as they are antidilutive in calculating the diluted earnings/(loss) per stock unit in accordance with FRS 133 on Earnings per share.

12. DIVIDENDS

No dividend has been paid or declared by the Company in respect of the previous financial year ended 31 March 2009.

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year ended 31 March 2010, of 3.8% less 25% (2.85 sen net per ordinary stock unit), amounting to a net dividend payable of approximately RM21,488,420 (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 2010, excluding treasury stock units held by the Company of 7,664,100 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 2011.

13. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS* RM'000	PLANT, MACHINERY AND EQUIPMENT RM'000	OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000	VESSEL RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK-IN-PROGRESS RM'000	TOTAL RM'000
GROUP							
At 31 March 2010							
Cost							
At 1 April 2009	199,676	5,693	23,806	4,560	7,712	149,638	391,085
Additions	-	213	1,161	-	611	43,200	45,185
Disposals	-	(2)	(5)	-	-	(66,930)	(66,937)
Transfer from property development costs (Note 24)	-	-	-	-	-	85,355	85,355
Written off	-	(34)	(401)	-	-	-	(435)
At 31 March 2010	**199,676**	**5,870**	**24,561**	**4,560**	**8,323**	**211,263**	**454,253**

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	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 2009	27,324	2,206	13,025	3,078	3,862	-	49,495
Depreciation charge for the financial year	4,821	950	3,482	456	611	-	10,320
Disposals	-	(1)	(2)	-	-	-	(3)
Written off	-	(6)	(280)	-	-	-	(286)
Exchange difference	-	-	35	-	-	-	35
At 31 March 2010	**32,145**	**3,149**	**16,260**	**3,534**	**4,473**	**-**	**59,561**
Net carrying amount	**167,531**	**2,721**	**8,301**	**1,026**	**3,850**	**211,263**	**394,692**

*** Land and buildings of the Group**

	FREEHOLD LAND RM'000	FREEHOLD BUILDING RM'000	FREEHOLD LAND AND BUILDING RM'000	TOTAL RM'000
At 31 March 2010				
Cost				
At 1 April 2009	26,480	71,349	101,847	199,676
Reclassification	14,497	(14,497)	-	-
At 31 March 2010	**40,977**	**56,852**	**101,847**	**199,676**
Accumulated depreciation				
At 1 April 2009	-	5,831	21,493	27,324
Depreciation charge for the financial year	-	986	3,835	4,821
At 31 March 2010	**-**	**6,817**	**25,328**	**32,145**
Net carrying amount	**40,977**	**50,035**	**76,519**	**167,531**

	LAND AND BUILDINGS* RM'000	PLANT, MACHINERY AND EQUIPMENT RM'000	OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000	VESSEL RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK-IN-PROGRESS RM'000	TOTAL RM'000
GROUP							
At 31 March 2009							
Cost							
At 1 April 2008	195,831	4,732	22,573	4,560	7,509	55,190	290,395
Additions	218	1,518	4,310	-	304	29,185	35,535
Disposals	-	(520)	(2,579)	-	(100)	-	(3,199)
Reclassify from intangible assets (Note 17)	-	-	80	-	-	-	80
Transfer from property development costs (Note 24)	3,627	-	-	-	-	65,263	68,890
Written off	-	(37)	(384)	-	(1)	-	(422)
Exchange difference	-	-	(194)	-	-	-	(194)
At 31 March 2009	199,676	5,693	23,806	4,560	7,712	149,638	391,085

	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 2008	21,119	1,869	11,804	2,622	3,475	-	40,889
Depreciation charge for the financial year	6,205	838	3,683	456	693	-	11,875
Reclassification	-	-	245	-	(245)	-	-
Disposals	-	(482)	(2,360)	-	(60)	-	(2,902)
Reclassify from intangible assets (Note 17)	-	-	29	-	-	-	29
Written off	-	(19)	(363)	-	(1)	-	(383)
Exchange difference	-	-	(13)	-	-	-	(13)
At 31 March 2009	27,324	2,206	13,025	3,078	3,862	-	49,495
Analysed as:							
Accumulated depreciation	27,324	2,206	12,868	3,078	3,862	-	49,338
Accumulated impairment losses	-	-	157	-	-	-	157
	27,324	2,206	13,025	3,078	3,862	-	49,495
Net carrying amount	172,352	3,487	10,781	1,482	3,850	149,638	341,590

*** Land and buildings of the Group**

	FREEHOLD LAND RM'000	FREEHOLD BUILDING RM'000	FREEHOLD LAND AND BUILDING RM'000	TOTAL RM'000
At 31 March 2009				
Cost				
At 1 April 2008	26,480	67,504	101,847	195,831
Additions	-	218	-	218
Transfer from property development costs (Note 24)	-	3,627	-	3,627
At 31 March 2009	26,480	71,349	101,847	199,676
Accumulated depreciation				
At 1 April 2008	-	4,331	16,788	21,119
Depreciation charge for the financial year	-	1,500	4,705	6,205
At 31 March 2009	-	5,831	21,493	27,324
Net carrying amount	26,480	65,518	80,354	172,352

	FURNITURE, FITTINGS AND EQUIPMENT RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
COMPANY			
At 31 March 2010			
Cost			
At 1 April 2009	49	-	49
Additions	93	607	700
At 31 March 2010	**142**	**607**	**749**
Accumulated depreciation			
At 1 April 2009	15	-	15
Depreciation charge for the financial year	13	51	64
At 31 March 2010	**28**	**51**	**79**
Net carrying amount	**114**	**556**	**670**

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	FURNITURE, FITTINGS AND EQUIPMENT RM'000
COMPANY	
At 31 March 2009	
Cost	
At 1 April 2008	26
Additions	34
Written off	(11)
At 31 March 2009	49
Accumulated depreciation	
At 1 April 2008	23
Depreciation charge for the financial year	3
Written off	(11)
At 31 March 2009	15
Net carrying amount	34

a. The net carrying amount of freehold land and buildings of the Group pledged for borrowings as disclosed in Note 33, at the financial year end are RM148,174,000 (2009: RM152,568,000).

b. Capital work-in-progress with carrying amount of RM190,342,000 (2009: RM139,421,000) has been pledged as security for the credit facility granted to subsidiaries of the Group.

c. Included in capital work-in-progress incurred during the financial year is interest expense of RM5,228,000 (2009: RM547,000).

d. During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM45,185,000 (2009: RM35,535,000) and RM700,000 (2009: RM34,000) respectively, of which RM607,000 (2009: RM223,000) and RM607,000 (2009: Nil) 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	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Equipment	**363**	656	**-**	-
Motor vehicles	**2,983**	2,881	**556**	-
	3,346	3,537	**556**	-

e. The Group acquired office equipment of RM18,000 by means of finance lease arrangements in the previous financial year. The net carrying amount of office equipment under finance lease amounted to RM15,000.

f. Included in the property, plant and equipment is provision for restoration costs of RM328,000 (2009: RM307,000).

14. LAND HELD FOR PROPERTY DEVELOPMENT

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
GROUP				
At 31 March 2010				
At 1 April 2009	359,923	264,357	52,480	676,760
Additions	406	271	7,091	7,768
Transfer from/(to) property development cost (Note 24)	1,833	(2,900)	(2,577)	(3,644)
At 31 March 2010	**362,162**	**261,728**	**56,994**	**680,884**

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
At 31 March 2009				
At 1 April 2008	315,412	429,841	91,913	837,166
Additions	293	-	26,555	26,848
Re-allocation of costs	(9,837)	10,711	(874)	-
Disposals	(15,770)	-	(1,851)	(17,621)
Transfer from/(to) property development costs (Note 24)	25,501	(176,195)	(63,413)	(214,107)
Reclassify to property development costs (Note 24)	(213)	-	-	(213)
Transfer to non-current assets classified as held for sale (Note 27(a))	(4,655)	-	(2,196)	(6,851)
Reclassified from non-current assets classified as held for sale (Note 27(b))	49,192	-	2,346	51,538
At 31 March 2009	359,923	264,357	52,480	676,760

Notes:

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

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

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

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

b. Land held for property development of the Group with carrying amount of RM350,183,000 (2009: RM347,128,000) and RM73,569,000 (2009: RM73,355,000) are pledged as security for credit facilities granted to the Group and for a syndicated bank guarantee facility in connection with the issuance of Bank Guaranteed Commercial Papers and/or Medium Term Notes ("BG CP/MTNs") respectively, as disclosed in Note 33.

c. Included in development expenditure incurred during the financial year is interest expense of RM2,487,000 (2009: RM4,535,000).

15. INVESTMENT PROPERTIES

	FREEHOLD LAND RM'000	FREEHOLD BUILDING RM'000	TOTAL RM'000
GROUP			
At 31 March 2010			
Cost			
At 1 April 2009/31 March 2010	**10,885**	**4,323**	**15,208**
Accumulated depreciation			
At 1 April 2009	-	160	160
Depreciation charge for the financial year	-	161	161
At 31 March 2010	**-**	**321**	**321**
Net carrying amount	10,885	4,002	14,887

15. INVESTMENT PROPERTIES (CONTD.)

	FREEHOLD LAND RM'000	FREEHOLD BUILDING RM'000	TOTAL RM'000
GROUP			
At 31 March 2009			
Cost			
At 1 April 2008	8,000	4,098	12,098
Additions	2,885	22	2,907
Transfer from property development costs (Note 24)	-	203	203
At 31 March 2009	10,885	4,323	15,208
Accumulated depreciation			
At 1 April 2008	-	-	-
Depreciation charge for the financial year	-	160	160
At 31 March 2009	-	160	160
Net carrying amount	10,885	4,163	15,048

Investment properties with a carrying amount of RM14,887,000 (2009: RM15,048,000) are pledged as security for the credit facility granted to a subsidiary, as disclosed in Note 33.

The estimated market value of the investment properties held at the financial year end based on valuation by Burgess Rawson, an independent professional valuer in June 2008 using the open market value method amounted to RM20,000,000.

16. PREPAID LEASE PAYMENTS

	SHORT TERM LEASEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND RM'000	LEASEHOLD LAND AND BUILDING RM'000	TOTAL RM'000
GROUP				
At 31 March 2010				
Cost				
At 1 April 2009/31 March 2010	386	363	800	1,549
Accumulated amortisation				
At 1 April 2009	344	137	108	589
Amortisation charge for the financial year	12	7	8	27
At 31 March 2010	356	144	116	616
Net carrying amount	**30**	**219**	**684**	**933**
At 31 March 2009				
Cost				
At 1 April 2008/31 March 2009	386	363	800	1,549
Accumulated amortisation				
At 1 April 2008	335	127	100	562
Amortisation charge for the financial year	9	10	8	27
At 31 March 2009	344	137	108	589
Net carrying amount	42	226	692	960

a. The long term leasehold properties comprise properties with an unexpired lease period of 50 years and more. All other leasehold properties are classified as short term. The leasehold properties were amortised over the period of the respective leases which range from 9 to 99 years.

b. Long and short term leasehold land with a carrying amount of RM249,000 (2009: RM268,000) are pledged as security for credit facilities granted to a subsidiary, as disclosed in Note 33.

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 2010			
Cost			
At 1 April 2009	1,851	730	2,581
Additions	-	16	16
Balance purchase consideration of a subsidiary (Note 38)	1,060	-	1,060
At 31 March 2010	**2,911**	**746**	**3,657**
Accumulated amortisation			
At 1 April 2009	-	412	412
Amortisation charge for the financial year	-	149	149
At 31 March 2010	**-**	**561**	**561**
Net carrying amount	**2,911**	**185**	**3,096**
At 31 March 2009			
Cost			
At 1 April 2008	1,851	766	2,617
Additions	-	44	44
Reclassify to property, plant and equipment (Note 13)	-	(80)	(80)
At 31 March 2009	1,851	730	2,581
Accumulated amortisation			
At 1 April 2008	-	299	299
Amortisation charge for the financial year	-	142	142
Reclassify to property, plant and equipment (Note 13)	-	(29)	(29)
At 31 March 2009	-	412	412
Net carrying amount	1,851	318	2,169

	COMPUTER SOFTWARE RM'000
COMPANY	
Cost	
Addition during the year/At 31 March 2010	15
Accumulated amortisation	
Amortisation charge for the financial year/At 31 March 2010	2
Net carrying amount at 31 March 2010	13

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

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period with growth rate of 10% annually. The cash flow projections are discounted using the weighted average cost of capital of 7.3%.

17. INTANGIBLE ASSETS (CONTD.)

a. Key assumptions used in value-in-use calculations

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

i. Budgeted gross margin

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

ii. Growth rate

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

iii. Discount rate

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

b. Sensitivity to changes in assumptions

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

18. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2010 RM'000	2009 RM'000
Unquoted shares at cost	**1,190,494**	1,060,009
Less: Accumulated impairment losses	**(59,585)**	(61,054)
	1,130,909	998,955

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2010 %	2009 %	PAID-UP SHARE CAPITAL RM
I) SUBSIDIARIES OF THE COMPANY					
E&O Property Development Berhad ("E&OPROP") #	Malaysia	Investment holding	**100**	100	662,126,205
Dynamic Degree Sdn. Bhd.	Malaysia	Investment holding	**100**	100	3,000,000
E&O Developers Sdn. Bhd.	Malaysia	Investment holding	**100**	100	5,500,000
E&O Ventures Sdn. Bhd.	Malaysia	Dormant	**51**	51	100
Eastern & Oriental Hotel Sdn. Bhd. ("EOH") ##	Malaysia	Hotel owner and operator, property development and property investment	**100**	100	29,830,000
E&O Leisure Sdn. Bhd.	Malaysia	Property investment	**100**	100	2
Major Liberty Sdn. Bhd.	Malaysia	Investment holding	**100**	100	300,000
Matrix Promenade Sdn. Bhd.	Malaysia	Investment holding	**100**	100	300,000
KCB Geotechnics Sdn. Bhd.	Malaysia	Inactive	**100**	-	500,000
Twenty First Century Realty Sdn. Bhd.	Malaysia	Managing of proceeds raised from Eastern & Oriental Berhad's Irredeemable Convertible Secured Loan Stocks	**100**	-	2

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2010 %	2009 %	PAID-UP SHARE CAPITAL RM
II) SUBSIDIARIES OF EASTERN & ORIENTAL HOTEL SDN. BHD.					
E&O Restaurants Sdn. Bhd.	Malaysia	Investment holding	**100**	100	100,000
E&O Express Sdn. Bhd.	Malaysia	Hotel operator	**100**	100	10,000,000
E&O Cruises Sdn. Bhd.	Malaysia	Dormant	**100**	100	2
E&O Limousine Services Sdn. Bhd.	Malaysia	Dormant	**100**	100	2
a) Subsidiaries of E&O Restaurants Sdn. Bhd.					
Eminent Pedestal Sdn. Bhd.	Malaysia	Operation of restaurant	**100**	100	100,000
The Delicious Group Sdn. Bhd.	Malaysia	Café and restaurant operator	**51**	51	2,925,000
b) Subsidiary of E&O Express Sdn. Bhd.					
Lone Pine Hotel (Penang) Sdn. Bhd.	Malaysia	Hotel management	**100**	100	320,000
c) Subsidiaries of The Delicious Group Sdn. Bhd.					
Delicious Catering Sdn. Bhd.	Malaysia	Food catering services	**51**	51	2
Reunion Restaurants Sdn. Bhd.	Malaysia	Restaurant operator	**51**	51	2
Food Emporium Sdn. Bhd.	Malaysia	Business of convenience shops	**51**	51	2
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
IV) SUBSIDIARIES OF E&OPROP					
Ambangan Puri Sdn. Bhd.	Malaysia	Property development and property investment	**100**	100	1,250,000
Edisi Utama Sdn. Bhd.	Malaysia	Property development	**100**	100	250,000
E&O Properties Sdn. Bhd.	Malaysia	Property development, property investment and project management	**100**	100	16,580,000
E&O Sales and Marketing Sdn. Bhd.	Malaysia	Sales and marketing services	**100**	100	6,000,000
E&O Property (Singapore) Pte. Ltd. **	Singapore	Sales and marketing services	**100**	100	S$500,000
Emerald Designs Sdn. Bhd.	Malaysia	Property development	**100**	100	300,000
Galaxy Prestige Sdn. Bhd.	Malaysia	Investment holding	**100**	100	250,000
Kamunting Management Services Sdn. Bhd.	Malaysia	Investment holding	**100**	100	100,000
KCB Holdings Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2
Kamunting Tin Dredging Limited **	England	Investment holding	**100**	100	£2,006,250
Pelicrest Sdn. Bhd.	Malaysia	Investment holding	**100**	100	119,005
Prime-Lite Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2
Regal Alliance Sdn. Bhd.	Malaysia	Property development	**100**	100	24,152,582

18. INVESTMENTS IN SUBSIDIARIES (CONTD.)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2010 %	2009 %	PAID-UP SHARE CAPITAL RM
IV) SUBSIDIARIES OF E&OPROP (CONTD.)					
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
Twenty First Century Realty Sdn. Bhd.	Malaysia	Dormant	**-**	100	2
a) Subsidiary of Ambangan Puri Sdn. Bhd.					
Seventy Damansara Sdn. Bhd.	Malaysia	Property investment and property development	**100**	100	3,250,000
b) Subsidiaries of E&O Properties Sdn. Bhd.					
E&O Management Services Sdn. Bhd.	Malaysia	Property management and property investment	**100**	100	2
Kayangan Budaya Sdn. Bhd.	Malaysia	Property development	**87.5**	87.5	12,700
Minat Ganda Sdn. Bhd.	Malaysia	Property investment and property development	**100**	100	500,060
c) Subsidiaries of Kamunting Management Services Sdn. Bhd.					
Bridgecrest Resources Sdn. Bhd.	Malaysia	Investment holding	**94.0**	94.0	100,000
E&O-PDC Holdings Sdn. Bhd.	Malaysia	Investment holding	**60.0**	60.0	35,000
i) Subsidiaries of Bridgecrest Resources Sdn. Bhd.					
E&O Property (Penang) Sdn. Bhd.	Malaysia	Property development	**94.0**	94.0	1,000,000
Permaijana Ribu (M) Sdn. Bhd.	Malaysia	Investment holding	**85.7**	85.7	5,000,000
ii) Subsidiary of Permaijana Ribu (M) Sdn. Bhd.					
Tanjung Pinang Development Sdn. Bhd.	Malaysia	Land reclamation and development	**78.0**	78.0	5,000,000
d) Subsidiaries of KCB Holdings Sdn. Bhd.					
KCB Geotechnics Sdn. Bhd.	Malaysia	Inactive	**-**	100	500,000
KCB Trading Sdn. Bhd.	Malaysia	Property development and property investment	**100**	100	5,000,000
Trans-Mutual Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2
WCW Technologies Sdn. Bhd.	Malaysia	General contractor	**100**	100	667,000
i) Subsidiary of KCB Trading Sdn. Bhd.					
E&O Customer Services Sdn. Bhd.	Malaysia	Property management and property investment	**100**	100	500,000
ii) Subsidiary of Trans-Mutual Sdn. Bhd.					
Kamunting Management (HK) Limited *	Hong Kong	Dormant	**100**	100	HK$1,000
e) Subsidiaries of Tinggi Murni Sdn. Bhd.					
Samudra Pelangi Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2010 %	2009 %	PAID-UP SHARE CAPITAL RM
i) Subsidiaries of Samudra Pelangi Sdn. Bhd.					
Hexon Housing Development Sdn. Bhd.	Malaysia	Property development and property investment	**100**	100	100,000
Indasu Housing Development Sdn. Bhd.	Malaysia	Housing development	**100**	100	2
KSM Property Development Sdn. Bhd.	Malaysia	Inactive	**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 Kamunting Tin Dredging Limited					
Goldtap Services Limited **	England	Food and beverage	**100**	100	£1

* Audited by affiliate of Ernst & Young Global

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

In the previous financial year, pursuant to the members' scheme of arrangement under Section 176 of the Companies Act, 1965 for the exchange of the ordinary shares of RM1.00 each in E&OPROP held by the shareholders of E&OPROP other than E&O and Dynamic Degree Sdn. Bhd. for new ordinary stock units of RM1.00 each in E&O and/or cash ("Members' Scheme"). Accordingly, E&OPROP has been delisted from the Official List of Bursa Securities with effect from 8 August 2008. The shares in the subsidiaries with carrying amount of RM547,784,000 (2009: RM551,896,000) have been pledged as security for borrowings as disclosed in Note 33.

During the financial year, the Company has increased its additional investment in EOH by way of subscription of 130,000 Redeemable Preference Shares issued by EOH at par of RM1 and premium of RM999 per share.

(I) E&OPROP agrees to provide E&O Property (Penang) Sdn. Bhd. with sufficient funds to meet any cost overruns and shortfall in cashflow in respect of the mixed commercial and residential development project carried out on the Developing Land and Commercial Land 2 and to meet any shortfall in a bank account pursuant to Guarantee Facility Agreement dated 16 January 2007 in connection with the issuance of BG CP/MTNs as disclosed in Note 33.

a. Acquisitions of subsidiaries

2010

As disclosed in Note 41, the Company had on 1 October 2009 acquired Twenty First Century Realty Sdn. Bhd. ("TFCR"), a 100% wholly-owned subsidiary of E&OPROP, which in turn is a wholly-owned subsidiary of the Company for a cash consideration of RM2.00.

Further, the Company had on 25 March 2010 acquired KCB Geotechnics Sdn. Bhd. ("KCBG") from KCB Holdings Sdn. Bhd., a 100% wholly-owned subsidiary of E&OPROP which in turn is a wholly-owned subsidiary of the Company for a cash consideration of RM485,000.

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

18. INVESTMENTS IN SUBSIDIARIES (CONTD.)

a. Acquisitions of subsidiaries (Contd.)

2009

During the previous financial year, The Delicious Group Sdn. Bhd. ("DGSB"), a 51% owned subsidiary of E & O Restaurants Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company had on 23 January 2009 acquired two (2) ordinary shares of RM1.00 each representing 100% equity interest in the capital of Food Emporium Sdn. Bhd. ("FESB") for a total cash consideration of RM2.00. Accordingly, FESB became a wholly-owned subsidiary of DGSB.

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

b. Disposal of subsidiaries

2009

During the previous financial year, the Company has disposed of 100% equity interest in E & O-Pie Sdn. Bhd., E & O Trading Sdn. Bhd. and Radiant Kiara Sdn. Bhd. pursuant to an internal reorganisation. There is no disclosure on the financial impact as the amount involved is immaterial.

19. INVESTMENTS IN ASSOCIATES

	GROUP	
	2010	2009
	RM'000	RM'000
In Malaysia:		
Quoted shares, at cost	**27,344**	27,344
Unquoted shares, at cost	**16,810**	16,810
Share of post-acquisition reserves	**(19,107)**	(16,938)
	25,047	27,216
Market value of:		
Quoted shares	**4,881**	5,694

Details of the associates, all of which are incorporated in Malaysia, are as follows:

NAME OF ASSOCIATES	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST		PROPORTION OF VOTING POWER	
		2010	2009	**2010**	2009
		%	%	**%**	%
Renown Heritage Sdn. Bhd.	Property investment	**50.00**	50.00	**50.00**	50.00
Fututech Berhad ("Fututech")	Investment holding and provision of management services	**27.70**	27.70	**27.70**	27.70

In the previous financial year, the Group has disposed off its entire 50% equity interest in Puncak Madu Sdn. Bhd. ("PMSB") in relation to:

a. 60,000 ordinary shares of RM1.00 each in the issued and paid-up capital of PMSB; and

b. 20,155,000 preference shares of RM0.01 each in PMSB issued at a premium of RM0.99 each and entitlement of non-cumulative dividend of 6% per annum

for a total cash consideration of RM261,550 ("Disposal").

Accordingly, PMSB ceased to be an associate of the Group.

Fututech has a financial year end of 31 December, which is not coterminous with those of the Group.

For the purpose of applying the equity method of accounting, the audited financial statements of the associates have been used and appropriate adjustments have been made for the effects of significant transactions between 31 March 2010 and their respective financial year ends.

The summarised financial information of the associates are as follows:

	2010 RM'000	2009 RM'000
ASSETS AND LIABILITIES		
Current assets	**24,965**	17,319
Non-current assets	**22,903**	41,141
Total assets	**47,868**	58,460
Current liabilities	**4,488**	6,192
Non-current liabilities	**734**	139
Total liabilities	**5,222**	6,331
RESULTS		
Revenue	**18,450**	27,199
Loss for the financial year	**(7,098)**	(8,458)

Investments in associates of the Group amounted to RM8,216,000 (2009: RM10,355,000) have been pledged to financial institutions as securities for credit facilities granted to the Group as disclosed in Note 33.

The management of the Company carried out a review of the recoverable amount of its investment in an associate during the current financial year as the associate has persistently been incurring losses. The review led to the recognition of an additional impairment loss during the financial year of RM722,000 (2009: RM2,741,000). The recoverable amount was based on best estimate by the management.

20. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	GROUP	
	2010 RM'000	2009 RM'000
Unquoted shares at cost	**125**	125
Share of post-acquisition reserves	**9,668**	7
Transfer to amounts due to jointly controlled entities (Note 35)	**-**	128
	9,793	260

Details of the jointly controlled entities are as follows:

NAME OF JOINTLY CONTROLLED ENTITIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP INTEREST 2010 %	2009 %
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.	Malaysia	Property development	**50.00**	50.00

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

The Group's aggregate share of the current assets, non-current assets, current liabilities, income and expenses of the jointly controlled entities are as follows:

	2010 RM'000	2009 RM'000
ASSETS AND LIABILITIES		
Current assets	**158,810**	33,572
Non-current assets	**6**	94,195
Total assets	**158,816**	127,767
Current liabilities	**146,580**	127,665

20. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONTD.)

	2010 RM'000	2009 RM'000
RESULTS		
Revenue	**72,974**	9,259
Profit for the financial year	**9,661**	612

21. OTHER INVESTMENTS

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At cost:				
Quoted investments in Malaysia:				
- shares	**10,542**	26,683	**-**	-
- warrants	**-**	-	**-**	-
Others	**5,063**	5,118	**3,000**	3,000
	15,605	31,801	**3,000**	3,000
Less: Accumulated impairment losses	**(12,438)**	(22,864)	**(3,000)**	(3,000)
	3,167	8,937	**-**	-
At market value:				
Quoted shares in Malaysia	**3,444**	8,891	**-**	-
Warrants quoted in Malaysia	**2,402**	1,004	**-**	-

The Group and the Company were granted by Alliance Merchant Bank Berhad ("AMBB") an unsecured fixed rate term loan facility of RM50,000,000 and RM30,000,000 respectively. As an integral part of the facility agreement, the Group and the Company were required to subscribe for a Variable Rate Asset Backed Subordinated Bonds amounting to RM5,000,000 and RM3,000,000 respectively under the Primary Collateralised Loan Obligations ("Primary CLO") Programme, which shall be redeemed five years from the date of issue on 28 May 2004.

During the financial year, the Group and the Company have repaid the unsecured fixed rate term loan facility of RM50,000,000 and RM30,000,000 respectively. However, the Variable Rate Asset Backed Subordinated Bonds amounting to RM5,000,000 and RM3,000,000 were fully impaired due to default payments by some bondholders under the Primary CLO Programme.

Investments in quoted shares in Malaysia of the Group amounting to RM3,006,000 (2009: RM8,635,000) have been pledged to various financial institutions for credit facilities granted to the Group and to the Company as disclosed in Note 33.

The directors are of the opinion that there has been no further impairment loss in the value of investment in shares and accordingly, no further impairment loss is made.

22. RECEIVABLES

	NOTE	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
NON-CURRENT					
Amounts due from subsidiaries	(b)	**-**	-	**84,256**	346,107
Less: Allowance for doubtful debts		**-**	-	**(33,561)**	(23,869)
		-	-	**50,695**	322,238
CURRENT					
Trade receivables		**17,155**	31,147	**-**	-
Retention sum receivable		**5,594**	11,913	**-**	-
	(c)	**22,749**	43,060	**-**	-
Other receivables		**4,846**	7,557	**17,271**	13,143
Amounts due from subsidiaries	(b)	**-**	-	**673,189**	186,578
Amounts due from associates	(d)	**-**	12	**-**	-

		GROUP		COMPANY	
	NOTE	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Amounts due from jointly controlled entities	(e)	**31,914**	39,991	**-**	-
Performance deposit		**3,250**	5,250	**3,250**	5,250
Deposits and prepayments		**7,103**	3,878	**722**	569
Tax recoverable		**15,724**	12,255	**13,930**	7,139
		85,586	112,003	**708,362**	212,679
Less: Allowance for doubtful debts:					
- Trade receivables		**(6,046)**	(4,965)	**-**	-
- Other receivables		**(398)**	(1,125)	**(133)**	-
- Amount due from a subsidiary		**-**	-	**(741)**	-
		79,142	105,913	**707,488**	212,679

a. **Credit risk**

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit and each customer has a maximum credit limit.

The credit period for completed properties is generally for a period of three months, extending up to four months while the term in respect of its property development activities is approximately 21 (2009: 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 (2009: 7 to 170) days.

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.

b. **Amounts due from subsidiaries**

The amounts due from subsidiaries are unsecured and repayable on demand. The non-trade amounts bear interest rate ranging from 0.5% to 8.25% (2009: 0.5% to 8.25%) per annum.

c. **Trade receivables**

The Group's trade receivables consist of third party trade receivables.

Retention sum receivables are the monies withheld by lawyer upon delivery of vacant possession to the property buyers. These funds will be released by the lawyer in two stages, the first release will be at the expiry of six months and the second release will be at the expiry of eighteen months from the date of vacant possessions, except for an amount of RM613,000 (2009: RM1,269,000), whereby its first release will be at the expiry of eight months and second release will be at the expiry of twenty four months from the date of vacant possessions.

d. **Amounts due from associates**

The amounts due from associates are unsecured, interest free and repayable on demand.

e. **Amounts due from jointly controlled entities**

The amounts due from jointly controlled entities are unsecured, interest free and repayable on demand except for advances to a jointly controlled entity which bears interest of 8.5% per annum in the previous financial year.

Further details on related party transactions are disclosed in Note 39.

Other information on financial risks of other receivables are disclosed in Note 43.

23. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP	
	2010 RM'000	2009 RM'000
At the beginning of year	**(28,344)**	(40,938)
Recognised in income statement (Note 10)	**(2,909)**	12,594
At the end of year	**(31,253)**	(28,344)

23. DEFERRED TAX ASSETS/(LIABILITIES) (CONTD.)

	GROUP 2010 RM'000	2009 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	**15,421**	18,419
Deferred tax liabilities	**(46,674)**	(46,763)
	(31,253)	(28,344)

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

Deferred tax assets of the Group

	UNUTILISED CAPITAL ALLOWANCES RM'000	PROPERTY, PLANT AND EQUIPMENT RM'000	INVESTMENT PROPERTIES RM'000	PROVISIONS RM'000	OTHERS RM'000	TOTAL RM'000
At 1 April 2008	3,401	14,890	-	922	390	19,603
Reclassification	-	(979)	979	-	-	-
Recognised in income statement	(473)	3,681	(54)	25	(23)	3,156
At 31 March 2009	2,928	17,592	925	947	367	22,759
Recognised in income statement	(456)	(3,095)	-	275	(168)	(3,444)
At 31 March 2010	**2,472**	**14,497**	**925**	**1,222**	**199**	**19,315**

Deferred tax liabilities of the Group

	UNUTILISED CAPITAL ALLOWANCES RM'000	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 2008	(98)	(5,080)	(54,170)	(7)	(620)	(566)	(60,541)
Reclassification	-	-	(439)	-	72	367	-
Recognised in income statement	-	732	8,363	7	336	-	9,438
At 31 March 2009	(98)	(4,348)	(46,246)	-	(212)	(199)	(51,103)
Recognised in income statement	98	320	831	-	(347)	(367)	535
At 31 March 2010	**-**	**(4,028)**	**(45,415)**	**-**	**(559)**	**(566)**	**(50,568)**

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

	GROUP 2010 RM'000	2009 RM'000	COMPANY 2010 RM'000	2009 RM'000
Unused tax losses	**53,948**	51,124	**-**	-
Unabsorbed capital allowances	**11,802**	11,900	**252**	323
Unabsorbed reinvestment allowances	**47,755**	47,755	**-**	-
Provisions	**2,569**	37	**2,402**	-
Others	**21,779**	20,967	**-**	-
	137,853	131,783	**2,654**	323

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 temporary differences are available indefinitely for offset against future taxable profits of the Company and the respective subsidiaries.

24. PROPERTY DEVELOPMENT COSTS

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	EXPECTED LOSS RM'000	TOTAL RM'000
GROUP					
At 31 March 2010					
Cumulative property development costs					
At 1 April 2009	92,158	181,853	460,908	-	734,919
Costs incurred during the financial year	1,276	3,355	105,956	-	110,587
Land conversion	163,011	(163,011)	-	-	-
Re-allocation of costs	5,027	(5,274)	247	-	-
Transfer to property, plant and equipment (Note 13)	(8,049)	-	(77,306)	-	(85,355)
Transfer (to)/from land held for property development (Note 14)	(1,833)	2,900	2,577	-	3,644
Reversal of completed projects	(30,712)	(6,664)	(118,568)	-	(155,944)
Unsold units transferred to inventories	(1,699)	(549)	(8,020)	-	(10,268)
At 31 March 2010	**219,179**	**12,610**	**365,794**	**-**	**597,583**
Cumulative costs recognised in income statement					
At 1 April 2009	(55,119)	(9,710)	(247,426)	(2,222)	(314,477)
Recognised during the financial year	(20,801)	(3,165)	(104,307)	139	(128,134)
Land conversion	(2,287)	2,287	-	-	-
Reversal of completed projects	30,712	6,664	116,485	2,083	155,944
At 31 March 2010	**(47,495)**	**(3,924)**	**(235,248)**	**-**	**(286,667)**
At 31 March 2010	**171,684**	**8,686**	**130,546**	**-**	**310,916**
GROUP					
At 31 March 2009					
Cumulative property development costs					
At 1 April 2008	259,984	79,798	833,014	-	1,172,796
Costs incurred during the financial year	1,271	3,911	235,645	-	240,827
Land conversion	82,367	(82,367)	-	-	-
Re-allocation of costs	1,686	4,316	(6,002)	-	-
Transfer to property, plant and equipment (Note 13)	(6,876)	-	(62,014)	-	(68,890)
Transfer (to)/from land held for property development (Note 14)	(25,501)	176,195	63,413	-	214,107
Reclassified from land held for property development (Note 14)	213	-	-	-	213
Transfer to investment properties (Note 15)	-	-	(203)	-	(203)
Reversal of completed projects	(201,614)	-	(554,754)	-	(756,368)
Unsold units transferred to inventories	(19,372)	-	(48,191)	-	(67,563)
At 31 March 2009	92,158	181,853	460,908	-	734,919
Cumulative costs recognised in income statement					
At 1 April 2008	(227,279)	(10,736)	(652,183)	(1,780)	(891,978)
Recognised during the financial year	(27,567)	(5,744)	(145,114)	(442)	(178,867)
Land conversion	(6,770)	6,770	-	-	-
Re-allocation of costs	4,883	-	(4,883)	-	-
Reversal of completed projects	201,614	-	554,754	-	756,368
At 31 March 2009	(55,119)	(9,710)	(247,426)	(2,222)	(314,477)
At 31 March 2009	37,039	172,143	213,482	(2,222)	420,442

24. PROPERTY DEVELOPMENT COSTS (CONTD.)

Development properties of the Group with carrying amount of RM296,244,000 (2009: RM361,255,000) are pledged to the financial institutions as securities for credit facilities granted to certain subsidiaries and for a syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 33, respectively.

Proceeds from sales of development properties of E & O Property (Penang) Sdn. Bhd. are assigned as security for a syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 33.

Included in property development costs incurred during the financial year is interest expense of RM14,579,000 (2009: RM16,588,000).

25. INVENTORIES

	GROUP	
	2010 RM'000	2009 RM'000
At cost:		
Completed properties	**50,745**	91,333
Trading inventories	**649**	596
Food, beverages and tobacco	**738**	482
General supplies	**724**	778
	52,856	93,189
At net realisable value:		
Completed properties	**2,430**	3,002
	55,286	96,191

Inventories amounting to RM40,086,000 (2009: RM69,388,000) have been pledged to the financial institution for credit facility granted to a subsidiary as disclosed in Note 33.

26. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Cash on hand and at banks	**207,507**	70,177	**127**	425
Deposits with licensed banks	**351,746**	175,139	**4,231**	6,640
Cash and bank balances	**559,253**	245,316	**4,358**	7,065

Notes:

a. Included in cash on hand and at banks of the Group are amounts of RM87,346,000 (2009: RM51,905,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations. RM73,986,000 (2009: RM30,770,000) of these cash on hand and at banks are assigned and charged as security for a syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 33.

b. Cash and bank balances of the Group of RM68,899,000 (2009: RM70,533,000) are assigned and charged as security for a syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 33.

c. Included in deposit with licensed banks of the Group is an amount of RM451,000 (2009: RM1,745,000) pledged as security for bank guarantees issued to a utility company and tenors.

d. Cash and bank balances of the Group of RM103,356,000 (2009: RM261,000) are assigned and charged as security for a syndicated term loan facility as disclosed in Note 33.

e. Included in cash and bank balances of the Group are amounts of RM219,309,000 held pursuant to the Trust Deed constituting the Irredeemable Convertible Secured Loan Stocks 2009/2019 dated 11 September 2009 executed between the Company and the trustee, namely Pacific Trustees Berhad.

f. Other information on financial risks of cash and cash equivalents are disclosed in Note 43.

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

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Cash on hand and at banks	**207,507**	70,177	**127**	425
Deposits with licensed banks	**351,746**	175,139	**4,231**	6,640
Bank overdrafts (Note 33)	**(11,108)**	(10,726)	**(10,669)**	(10,726)
Total cash and cash equivalents	**548,145**	234,590	**(6,311)**	(3,661)

27. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	GROUP	
	2010 RM'000	2009 RM'000
ASSETS		
LAND HELD FOR PROPERTY DEVELOPMENT (NOTE 14)	**-**	6,851

2009

a. In the previous financial year, E & O Properties Sdn. Bhd., a wholly-owned subsidiary of E & O Property Development Berhad ("E&OPROP"), which in turn is a wholly-owned subsidiary of the Company, had on 19 December 2008 entered into a Sale and Purchase Agreement with Bintang Jendela Sdn. Bhd. to dispose a piece of freehold land held for property develpment with a carrying amount of RM6,851,000.

b. During the previous financial year, KCB Trading Sdn. Bhd. ("KCB"), a wholly-owned subsidiary of E&OPROP, which in turn is the subsidiary of the Company, had on 6 June 2008 entered into a conditional Sale and Purchase Agreement ("SPA") with Magna Universe Sdn. Bhd. ("Magna") to dispose of a piece of freehold land held for property development with a carrying amount of RM51,538,000.

However, the Company had on 15 October 2008 announced that KCB had served notice on Magna to terminate the SPA due to failure of Magna to meet a payment milestone as provided for in the SPA as supplemented by the Supplemental Agreement. Due to the termination of the SPA, it was reclassified to land held for property development as disclosed in Note 14.

28. SHARE CAPITAL

	NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH		AMOUNT	
	2010 '000	2009 '000	**2010 RM'000**	2009 RM'000
Authorised:				
At the beginning of year	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Created during the financial year	**200,000**	-	**200,000**	-
At the end of year	**1,200,000**	1,000,000	**1,200,000**	1,000,000
Issued and fully paid:				
At the beginning of year	**591,995**	419,061	**591,995**	419,061
Ordinary stock units issued during the financial year:				
- pursuant to Members' Scheme	**-**	172,899	**-**	172,899
- warrants exercised	**3,327**	35	**3,327**	35
- conversion of ICULS (Note 29)	**120,623**	-	**120,623**	-
- conversion of ICSLS (Note 30)	**36,391**	-	**36,391**	-
- pursuant to E&O ESOS (Note 36)	**9,308**	-	**9,308**	-
At the end of year	**761,644**	591,995	**761,644**	591,995

During the financial year, the Company increased its issued and paid-up ordinary stock units from RM591,995,485 to RM761,643,737 by way of:

i. the issuance of 9,308,375 ordinary stock units of RM1.00 each for cash pursuant to the Company's ESOS, of which 4,753,875 ordinary stock units were issued on 4,527,500 ESOS at an exercise price of RM1.05 per ordinary stock unit and 4,554,500 ordinary stock units were issued on 4,554,500 ESOS at an exercise price of RM1.06 per ordinary stock unit;

28. SHARE CAPITAL (CONTD.)

ii. the issuance of 3,326,637 ordinary stock units of RM1.00 each arising from the exercise of 3,326,637 Warrants 2001/2011;

iii. the issuance of 120,622,938 ordinary stock units of RM1.00 each arising from the conversion of 120,622,938 ICULS of RM1.00 nominal value each; and

iv. the issuance of 36,390,302 ordinary stock units of RM1.00 each arising from the conversion of 36,390,302 ICSLS of RM0.65 each.

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

Of the total 761,643,737 (2009: 591,995,485) issued and fully paid-up ordinary stock units of RM1.00 each, 7,664,100 (2009: 7,930,200) stock units are held as treasury stock units by the Company. As at 31 March 2010, the number of issued and fully paid-up ordinary stock units (not held as treasury stock units) is 753,979,637 (2009: 584,065,285) ordinary stock units of RM1.00 each.

29. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

	GROUP/COMPANY		
	EQUITY COMPONENT RM'000	LIABILITY COMPONENT RM'000	TOTAL RM'000
NOMINAL VALUE			
At 1 April 2008	83,991	34,226	118,217
8% coupon ICULS paid during the financial year	-	(9,849)	(9,849)
8% coupon ICULS	-	2,276	2,276
At 31 March 2009	83,991	26,653	110,644
Converted to ordinary stock units during the financial year	(82,296)	(18,088)	(100,384)
8% coupon ICULS paid during the financial year	-	(9,151)	(9,151)
8% coupon ICULS	-	958	958
At 31 March 2010	**1,695**	**372**	**2,067**

Notes:

The principal terms and conditions of the ICULS are as follows:

- The ICULS are issued at a nominal value of RM1.00 each.
- The ICULS bear a coupon rate of 8% per annum, payable annually in arrears.
- The ICULS are unsecured.
- The ICULS will mature on 25 July 2011.
- The ICULS are convertible into new ordinary stock units of RM1.00 each in the Company any time during the tenure at a conversion price of RM1.00 nominal value of ICULS for one new ordinary stock unit.
- The ICULS shall not be redeemable. On maturity, ICULS which have not been converted shall automatically be converted into new ordinary stock units.
- The ICULS are constituted by a Trust Deed executed by the Company and a duly authorised trustee, who is acting on behalf of the holders of ICULS.

The equity component of ICULS was classified as part of equity in accordance with the provisions of FRS 132, Financial Instruments: Disclosure and Presentation. Accordingly, the distribution to the holders of the ICULS is disclosed as a distribution of equity.

30. IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ICSLS")

	GROUP/COMPANY		
	EQUITY COMPONENT RM'000	LIABILITY COMPONENT RM'000	TOTAL RM'000
NOMINAL VALUE			
At 1 April 2009	-	-	-
Issued during the financial year	109,138	126,483	235,621
Converted to ordinary stock units during the financial year	(10,956)	(12,829)	(23,785)
Repurchase of ICSLS	(1,513)	(1,909)	(3,422)
8% coupon ICSLS	-	3,080	3,080
At 31 March 2010	**96,669**	**114,825**	**211,494**

Notes:

The ICSLS are issued on 17 November 2009 and the principal terms and conditions of the ICSLS are as follows:

- The ICSLS are issued at a nominal value of RM0.65 each.

- The ICSLS bear a coupon rate of 8% per annum on the nominal value of the ICSLS, payable annually in arrears.

- The ICSLS will mature on 16 November 2019.

- The ICSLS are constituted by a Trust Deed dated 11 September 2009 executed by the Company and a duly authorised trustee, who is acting on behalf of the holders of ICSLS. A wholly owned subsidiary of the Company is used to act as Special Purpose Vehicle ("SPV") for receiving and managing the net proceeds arising from the issuance of ICSLS.

- The debenture executed by the Company creating a first ranking fixed and floating charge over all assets, rights, undertakings and interests of the SPV.

- The holders of the ICSLS will be able to convert one (1) ICSLS into one (1) ordinary stock unit of RM1.00 each in the Company ("E&O Stock Unit"). The nominal value of RM0.65 comprised in one (1) ICSLS will be insufficient to pay in full for one (1) new E&O Stock Unit, which has a RM1.00 par value. Notwithstanding, upon conversion, new E&O Stock Unit will be issued and subsequently, the balance unpaid of RM0.35 on each of such new E&O Stock Units issued will be paid from and debited against the share premium account of the Company.

  To facilitate the conversion of outstanding ICSLS into new E&O Stock Units, the Company has allocated in its share premium account a sufficient amount equivalent to RM0.35 for each outstanding ICSLS, which is sufficient to be applied towards fully paying up the new E&O Stock Units to be issued pursuant to such conversion and, such allocation shall not be available for or be applied towards any other purpose, other than to fully satisfy the conversion of the outstanding ICSLS.

- The ICSLS shall not be redeemable. On maturity, ICSLS which have not been converted shall automatically be converted into new ordinary stock units.

- At any time from the second (2nd) anniversary of the issuance date of the ICSLS, should the price of E&O Stock Units trade above RM1.00 based on the preceding three (3)-month volume weighted average market price, the Company can invoke mandatory conversion of all outstanding ICSLS. In this respect, the ICSLS shall be converted based on the conversion price of RM1.00.

- The net proceeds from the ICSLS shall be applied by the Company and the SPV for the following purposes:

  i. to acquire properties developed by the E&O Group itself and/or by the E&O Group in joint venture or collaboration with others;

  ii. for strategic mergers, acquisitions and/or expansions which may include the acquisitions of viable land bank for future property development projects and/or strategic collaborations, joint ventures or alliances in respect of the E&O Group's property development, hospitality and lifestyle and/or property investment businesses;

  iii. subject to the Company providing security interests to and/or for the benefit of the SPV of equivalent value, reducing E&O Group's external borrowings; and/or

  iv. such other purpose with the consent of the ICSLS holders by a special resolution.

30. IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ICSLS") (CONTD.)

Notes: (Contd.)

As at 31 March 2010, the cash proceeds amounting to approximately RM235,621,000 arising from the issuance of ICSLS have been partially utilised as follows:

	RM'000
Repayment of bank borrowings	15,720
ICSLS issue costs	2,067
	17,787

The equity component of ICSLS was classified as part of equity in accordance with the provisions of FRS 132, Financial Instruments: Disclosure and Presentation. Accordingly, the distribution to the holders of the ICSLS is disclosed as a distribution of equity.

31. TREASURY STOCK UNITS

	GROUP/COMPANY	
	2010 RM'000	2009 RM'000
At cost:		
At the beginning of year	9,954	5,110
Disposal of treasury stock units	(9,954)	-
Purchase of treasury stock units	7,356	4,844
At the end of year	7,356	9,954

The stockholders of the Company, by a ordinary resolution passed in a general meeting held on 29 September 2009 renewed their approval for the Company's plan to repurchase its own ordinary stock units. The directors of the Company are committed to enhancing the value of the Company for its stockholders and believe that the repurchase plan can be applied in the best interests of the Company and its stockholders.

During the financial year, the Company repurchased 7,664,100 (2009: 5,399,900) of its issued ordinary stock units from the open market at an average price of RM0.96 (2009: RM0.90) per stock unit. The total consideration paid for the repurchase including transaction costs was RM7,355,771 (2009: RM4,843,546). The stock units repurchased are being held as treasury stock units in accordance with Section 67A of the Companies Act, 1965.

The Company has, during the financial year, sold 7,930,200 treasury stock units in the open market. The average sale price of the treasury stock units was RM1.40 per stock unit. The total proceeds from the sale are for working capital purposes.

As at 31 March 2010, the total stock units repurchased and held as treasury stock units amounted to 7,664,100 (2009: 7,930,200) ordinary stock units of RM1.00 each at a total cost of RM7,356,000 (2009: RM9,954,000).

32. RESERVES

		GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Distributable:					
(Accumulated losses)/retained profits	(a)	(79,664)	(148,111)	90,750	100,001
Non-distributable:					
Share premium	(b)	266,175	294,657	266,175	294,657
Share option reserve	(c)	734	1,292	734	1,292
Exchange reserve	(d)	658	501	-	-
		267,567	296,450	266,909	295,949
		187,903	148,339	357,659	395,950

a. Retained profits

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 March 2010 and 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 March 2010 and 2009, the Company has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained profits.

b. Share premium

The share premium of the Group arose mainly from the initial listing exercise of the Company.

During the previous financial year, 172,899,109 ordinary stock units were issued at an issuance price of RM2.27 each pursuant to the Members' Scheme. The nominal value per ordinary stock unit is RM1.00 each. The differences of the issuance price and the nominal value, net of share issuance costs were recognised as share premium.

During the financial year, the Company issued 362,493,569 ICSLS at a nominal value of RM0.65 each. Upon conversion, ICSLS will be insufficient to pay in full for one (1) new E&O Stock Unit, the balance unpaid of RM0.35 each of such new E&O Stock Units issued will be paid from and debited against the share premium account of the Company.

The Company shall allocate an amount sufficient to facilitate the conversion of all outstanding ICSLS into new E&O Stock Units and such allocation shall not be available for or be applied towards any other purpose, other than to fully satisfy the conversion of the outstanding ICSLS.

c. Share option reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

d. Exchange reserve

The exchange reserve is used to record 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.

33. BORROWINGS

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Short term borrowings				
Secured:				
Bank overdrafts	**11,108**	10,726	**10,669**	10,726
Term loans	**60,119**	29,499	**38,243**	14,000
Revolving credits	**129,905**	174,745	**55,000**	55,000
Commercial papers	**80,000**	80,000	**-**	-
Medium term notes	**100,000**	50,000	**-**	-
Hire purchase	**760**	999	**96**	-
	381,892	345,969	**104,008**	79,726
Unsecured:				
Revolving credits	**-**	1,500	**-**	-
Term loans	**-**	50,000	**-**	30,000
	-	51,500	**-**	30,000
	381,892	397,469	**104,008**	109,726
Long term borrowings				
Secured:				
Term loans	**348,164**	292,840	**100,372**	140,372
Medium term notes	**100,000**	200,000	**-**	-
Hire purchase	**1,008**	1,449	**243**	-
	449,172	494,289	**100,615**	140,372

33. BORROWINGS (CONTD.)

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Total Borrowings				
Secured:				
Bank overdrafts (Note (a), Note 26)	**11,108**	10,726	**10,669**	10,726
Term loans (Note (b))	**408,283**	322,339	**138,615**	154,372
Revolving credits (Note (c))	**129,905**	174,745	**55,000**	55,000
Commercial papers (Note (d))	**80,000**	80,000	**-**	-
Medium term notes (Note (d))	**200,000**	250,000	**-**	-
Hire purchase (Note (e))	**1,768**	2,448	**339**	-
	831,064	840,258	**204,623**	220,098
Unsecured:				
Term loans	**-**	50,000	**-**	30,000
Revolving credits	**-**	1,500	**-**	-
	-	51,500	**-**	30,000
	831,064	891,758	**204,623**	250,098

Notes:

a. Bank overdrafts

The bank overdrafts are secured by charge on certain properties, unquoted shares and quoted investments as disclosed in Notes 13, 18 and 21 respectively.

b. Term loans

The term loans are secured by corporate guarantees from the Company and E&OPROP and charge 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 charge on certain land held for property development, unquoted shares and inventories of the Group as disclosed in Notes 14, 18 and 25 respectively.

d. Commercial papers and medium term notes

E&O Property Penang Sdn. Bhd. ("EOPP"), has 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/MTNs are guaranteed by Malayan Banking Berhad and Affin Bank Berhad for a sum of RM360,000,000 through a syndicated bank guarantee facility, which is secured by:

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

ii. the master land charged by TPD;

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

iv. the assignment of sales of proceeds;

v. the assignment and charge over designated accounts;

vi. the assignment and charge over housing development accounts;

vii. the assignment of insurances; and

viii. E&OPROP's undertaking (Note 18(l)).

e. Hire purchase and finance lease liabilities

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Future minimum lease payments:				
Not later than 1 year	**839**	1,109	**113**	-
Later than 1 year and not later than 2 years	**696**	745	**113**	-
Later than 2 years and not later than 5 years	**363**	801	**147**	-
Total future minimum lease payments	**1,898**	2,655	**373**	-
Less: Future finance charges	**(130)**	(207)	**(34)**	-
Present value of finance lease liabilities	**1,768**	2,448	**339**	-
Less: Amount due within 12 months	**(760)**	(999)	**(96)**	-
Amount due after 12 months	**1,008**	1,449	**243**	-

f. Other information on financial risks of borrowings are disclosed in Note 43.

34. PROVISIONS

	RESTORATION COSTS OF PROPERTY, PLANT AND EQUIPMENT RM'000 (a)	OTHERS RM'000 (b)	TOTAL RM'000
GROUP			
At 1 April 2008	-	644	644
Additional provision	307	-	307
Utilisation of provision during the financial year	-	(482)	(482)
At 31 March 2009	307	162	469
Additional provision	38	-	38
Utilisation of provision during the financial year	(17)	-	(17)
At 31 March 2010	**328**	**162**	**490**
At 31 March 2010			
Current	**-**	**162**	**162**
Non-current:			
Later than 1 year but not later than 2 years	**328**	**-**	**328**
	328	**162**	**490**
At 31 March 2009			
Current	17	162	179
Non-current:			
Later than 1 year but not later than 2 years	99	-	99
Later than 2 year but not later than 5 years	191	-	191
	290	-	290
	307	162	469

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 13(f).

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

35. PAYABLES

		GROUP		COMPANY	
	NOTE	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables	(a)	**25,687**	66,197	**-**	-
Retention sum payable		**17,492**	27,467	**-**	-
		43,179	93,664	**-**	-
Amounts due to subsidiaries	(b)	**-**	-	**359,856**	199,787
Amounts due to jointly controlled entities	(c)	**-**	128	**-**	-
Amount due to an affiliated company	(d)	**12**	12	**-**	-
Amount due to a minority shareholder	(e)	**12,826**	12,826	**-**	-
Other payables		**29,956**	26,921	**98**	47
Other accruals		**24,140**	26,747	**4,048**	2,404
Deposits received		**1,876**	7,449	**-**	-
		111,989	167,747	**364,002**	202,238

a. Trade payables
The normal credit terms granted to the Group range from 14 to 120 (2009: 14 to 120) days.

b. Amounts due to subsidiaries
The amounts due to subsidiaries are unsecured, bear interest rate ranging from 0% to 5.5% per annum (2009: 0% to 7%) and have no fixed terms of repayment.

c. Amounts due to jointly controlled entities
In the previous financial year, the amounts due to jointly controlled entities were unsecured, interest free and were repayable on demand.

d. Amount due to an affiliated company
Affiliated company is described in Note 39. The amount due to an affiliated company is unsecured, interest free and is repayable on demand.

e. Amount due to a to a minority shareholder
The amount due to a minority shareholder in respect of advances to a subsidiary is unsecured, interest-free and is repayable on demand.

Further details on related party transactions are disclosed in Note 39.

Other information on financial risks of payables are disclosed in Note 43.

36. EMPLOYEE BENEFITS

EASTERN & ORIENTAL BERHAD EMPLOYEES' SHARE OPTION SCHEME ("E&O ESOS")

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

The salient features of the E&O ESOS are as follows:

a. the number of new stock units to be offered under the Scheme shall be subject to a maximum of 10% of the issued and paid-up share capital of the Company at any time during the existence of the E&O ESOS.

b. any employee shall be eligible to participate in the E&O ESOS if the following conditions are satisfied:

   i. the employee must be a confirmed employee of the Company or of an eligible subsidiary and not be on probation;

   ii. the employee must have served the Company or of an eligible subsidiary for a period of at least six continuous months; and

   iii. the employee must have attained the age of 18 years.

   An Executive Director of the Company is eligible to participate in the E&O ESOS if the Executive Director is involved in the day-to-day management of the Company, on the payroll of the Company, and the allotment to be made to the Executive Director has been approved by the Company in a general meeting.

c. the option price shall be based on a discount of not more than 10% of the five days weighted average market price at the date on which the options are offered. Notwithstanding this, the exercise price per new stock unit shall in no event be less than its par value.

d. the new stock units to be allotted upon exercise of an option will upon allotment rank pari passu in all respects with the then existing issued stock units save and except that they will not be entitled to any dividends, rights, allotment or any distribution declared, made or paid to stockholders in respect of which the entitlement date precedes the allotment date of the aforesaid stock units.

e. the options granted will be valid up to the extended expiry date of the ESOS on 28 April 2012.

The following table illustrates the number and weighted average exercise prices (“WAEP”) of, and movements in share options during the financial year:

	NUMBER OF SHARE OPTIONS					
	OUTSTANDING AT BEGINNING OF YEAR	MOVEMENT DURING THE FINANCIAL YEAR			OUTSTANDING AT END OF YEAR	EXERCISABLE AT END OF YEAR
		GRANTED	EXERCISED	FORFEITED		
	’000	’000	’000	’000	’000	’000
2010						
2003 Options	4,595	-	(4,528)	(10)	57	57
2009 Options	-	6,968	(4,555)	(205)	2,208	2,208
	4,595	**6,968**	**(9,083)**	**(215)**	**2,265**	**2,265**
WAEP	**1.05**	**1.06**	**1.43**	**1.16**	**1.06**	**1.06**
2009						
2003 Options	4,607	-	-	(12)	4,595	4,595
WAEP	1.05	-	-	0.46	1.05	1.05

i. Details of share options outstanding at the end of the year:

	WAEP RM	EXERCISED PERIOD
2010		
2003 Options	1.05	20.11.2003 - 28.04.2012
2009 Options	1.06	11.06.2009 - 28.04.2012
2009		
2003 Options	1.05	20.11.2003 - 28.04.2012

ii. Share options exercised during the year

As disclosed in Note 28, options exercised during the financial year resulted in the issuance of 9,308,375 (2009: Nil) ordinary stock units at RM1.00 each. The related weighted average share prices at the date of exercise was RM1.43 (2009: Nil).

iii. Fair value of share options granted during the year

The fair value of share options granted during the financial year was estimated using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	2010	2009
Weighted average share price (RM)	**1.12**	1.07
Weighted average exercise price (RM)	**1.06**	1.05
Expected volatility (%)	**53.00**	52.00
Expected life (years)	**2.83**	5.58
Risk free rate (%)	**2.92**	3.96
Expected dividend yield (%)	**1.98**	2.00

The expected volatility reflects the assumption of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

37. COMMITMENTS

a. Capital commitments

	GROUP	
	2010 RM'000	2009 RM'000
Approved and contracted for:		
Property, plant and equipment	**41,907**	24,116

b. Non-cancellable lease commitments

The future minimum lease payables of the Group and the Company under non-cancellable operating leases are summarised as follows:

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Future minimum rentals payables:				
Not later than 1 year	**3,036**	3,475	**823**	816
Later than 1 year and not later than 5 years	**1,832**	3,146	**202**	1,013
Later than 5 years	**1,208**	1,462	**-**	-

38. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Secured:				
Guarantees given to financial institutions for credit granted to subsidiaries *	**-**	-	**202,665**	90,966
Unsecured:				
Contingent liability arising from investment in a subsidiary company:				
Balance of purchase consideration subject to The Delicious Group Sdn. Bhd. ("DGSB") attaining certain profit target within 3 financial years (Note (i))	**-**	1,060	**-**	-

* The secured portion relates to term loans secured by legal charges over the Group's property, plant and equipment, investment properties and pledge of fixed deposits are disclosed in the relevant notes.

Note (i):
For the financial year ended 31 March 2010, DGSB has attained the targeted profit required, as such the balance payable was adjusted against the goodwill arising from acquisition of DGSB as disclosed in Note 17.

39. RELATED PARTY DISCLOSURES

a. In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	GROUP	
	2010 RM'000	2009 RM'000
Associate:		
Management fee receivable	**-**	(12)
Project management and administrative services receivable from a jointly-controlled entity	**(2,468)**	(829)
Transactions with companies in which a director of a subsidiary company has financial interest:		
Progress claim from Tidalmarine Engineering Sdn. Bhd.	**146**	2,428
Progress claim from Dr. Nik & Associates Sdn. Bhd.	**-**	281

	GROUP 2010 RM'000	2009 RM'000
Procurement of consultancy services from CB Richard Ellis (formerly known as Regroup Associates) Group of companies ("CB Richard Group") in which a key management personnel also holds directorship in the CB Richard Group	**1,002**	320
Procurement of design services from Adaptus Design System Sdn. Bhd. ("Adaptus") in which a key management personnel also holds directorship in Adaptus	**26**	69
Procurement of consultancy services from GDP Group of companies ("GDP Group") in which a key management personnel also holds directorship in certain companies in the GDP Group	**2,170**	2,509
Procurement of consultancy services from ANZ Equities Sendirian Berhad in which a director of the Company has financial interest	**480**	480
Sale of properties to certain directors and spouse of certain directors of the Company	**10,522**	981

	COMPANY 2010 RM'000	2009 RM'000
Subsidiaries:		
Dividend income	**(32,265)**	(46,212)
Interest income receivables	**(10,748)**	(5,949)
Management fee receivables	**(1,766)**	(466)
Food catering services	**41**	33
Interest expense payables	**10,431**	3,887
Management fee payables	**-**	575
Procurement of design services from Adaptus Design System Sdn. Bhd. ("Adaptus") in which a key management personnel also holds directorship in Adaptus	**26**	69

Related companies in these financial statements refer to companies within 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 2010 are disclosed in Notes 22 and 35.

The affiliated company and its relationship with the Group are as follows:

AFFILIATED COMPANY	RELATIONSHIP
Koperasi Gabungan Negeri Pulau Pinang Berhad ("KGN")	KGN was a corporate shareholder of Tanjung Pinang Development Sdn. Bhd.

b. Compensation of key management personnel

The remuneration of directors and other members of key management during the financial year are as follows:

	GROUP 2010 RM'000	2009 RM'000	COMPANY 2010 RM'000	2009 RM'000
Short term employee benefits	**6,369**	4,634	**5,147**	2,434
Post-employment benefits: Defined contribution plan	**716**	925	**601**	433
Share options granted under ESOS	**1,463**	-	**1,463**	-
	8,548	5,559	**7,211**	2,867

Included in the total remuneration of key management personnel are:

	GROUP 2010 RM'000	2009 RM'000	COMPANY 2010 RM'000	2009 RM'000
Executive directors' remuneration (Note 9)	**5,086**	3,693	**3,749**	2,037

39. RELATED PARTY DISCLOSURES (CONTD.)

b. Compensation of key management personnel (Contd.)

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

	GROUP		COMPANY	
	2010 '000	2009 '000	**2010 '000**	2009 '000
At the beginning of year	**4,500**	4,500	**4,500**	4,500
Granted	**3,750**	-	**3,750**	-
Exercised	**(7,900)**	-	**(7,900)**	-
At the end of year	**350**	4,500	**350**	4,500

The share options were granted on the same terms and conditions as those offered to other employees of the Group as disclosed in Note 36.

40. SEGMENT INFORMATION

a. **Reporting format**
The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The Group operates mainly in Malaysia. Hence, there is no secondary information to be reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

b. **Business segments**
The Group operates mainly in three major business segments for the financial year ended 31 March 2010:

Properties - development and investment in residential and commercial properties
Hospitality - management and operations of hotels and restaurants
Investments and others

c. **Allocation basis and transfer pricing**
Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on terms mutually agreed between the parties. Segment revenue, expenses and results include transfer between business segments. These transfers are eliminated on consolidation.

Business Segments

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

	PROPERTIES RM'000	HOSPITALITY RM'000	INVESTMENTS AND OTHERS RM'000	ELIMINATION RM'000	TOTAL OPERATIONS RM'000
2010					
REVENUE					
External sales	282,473	59,569	10,333	-	352,375
Inter-segment sales	886	-	83,611	(84,497)	-
Total revenue	283,359	59,569	93,944	(84,497)	352,375
RESULTS					
Segment results	113,418	4,273	71,725	(80,902)	108,514
Share of profits of jointly controlled entities	5,669	-	3,992	-	9,661
Share of loss of associates	-	-	(2,169)	-	(2,169)
Finance costs					(22,981)
Profit before tax					93,025
Income tax expense					(18,630)
Profit for the financial year					74,395

	PROPERTIES RM'000	HOSPITALITY RM'000	INVESTMENTS AND OTHERS RM'000	ELIMINATION RM'000	TOTAL OPERATIONS RM'000
ASSETS					
Segment assets	**1,655,058**	**219,853**	**1,639,475**	**(1,437,994)**	**2,076,392**
Associates	**-**	**-**	**25,047**	**-**	**25,047**
Jointly controlled entities*	**23,698**	**-**	**18,009**	**-**	**41,707**
Unallocated assets					**34,056**
Total assets					**2,177,202**
LIABILITIES					
Segment liabilities	**734,046**	**83,920**	**198,614**	**(904,101)**	**112,479**
Unallocated liabilities					**997,954**
Total liabilities					**1,110,433**
OTHER INFORMATION					
Capital expenditure	**16,907**	**27,766**	**528**	**-**	**45,201**
Depreciation	**1,188**	**7,678**	**1,615**	**-**	**10,481**
Amortisation	**17**	**25**	**134**	**-**	**176**
Reversal of expected loss	**(139)**	**-**	**-**	**-**	**(139)**
Share options granted under ESOS	**-**	**-**	**2,414**	**-**	**2,414**
2009					
REVENUE					
External sales	248,482	51,734	4,233	-	304,449
Inter-segment sales	304	-	36,367	(36,671)	-
Total revenue	248,786	51,734	40,600	(36,671)	304,449
RESULTS					
Segment results	36,193	(591)	13,097	(35,681)	13,018
Loss of disposal of other investment	-	-	(19,953)	-	(19,953)
Share of profit/(loss) of jointly controlled entities	670	-	(58)	-	612
Share of loss of associates	-	-	(3,477)	-	(3,477)
Finance costs					(28,324)
Loss before tax					(38,124)
Income tax expense					6,067
Loss for the financial year					(32,057)
ASSETS					
Segment assets	1,664,659	196,918	1,140,349	(1,130,047)	1,871,879
Associates	-	-	27,216	-	27,216
Jointly controlled entities*	21,230	-	19,021	-	40,251
Unallocated assets					32,525
Total assets					1,971,871
LIABILITIES					
Segment liabilities	685,144	196,640	197,786	(911,354)	168,216
Unallocated liabilities					967,747
Total liabilities					1,135,963
OTHER INFORMATION					
Capital expenditure	21,858	13,137	584	-	35,579
Depreciation	1,050	9,310	1,675	-	12,035

40. SEGMENT INFORMATION (CONTD.)

	PROPERTIES RM'000	HOSPITALITY RM'000	INVESTMENTS AND OTHERS RM'000	ELIMINATION RM'000	TOTAL OPERATIONS RM'000
Amortisation	17	21	131	-	169
OTHER INFORMATION (CONTD.)					
Impairment loss of:					
other investments	-	-	5,026	-	5,026
quoted investments	-	-	5,213	-	5,213
Provision for expected loss	442	-	-	-	442

* This includes amount due from jointly controlled entities.

Note:

i. No geographical segment information is presented as the Group operates principally within Malaysia.

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

a. The Company ("E&O") had on 1 October 2009 acquired two ordinary shares of RM1.00 each at par, representing 100% of the issued and paid-up capital of the Twenty First Century Realty Sdn. Bhd. ("TFCR") from E&O Property Development Berhad, a wholly-owned subsidiary of E&O for a cash consideration of RM2.00.

   In relation to the above, TFCR is to act as a special purpose vehicle for the purpose of receiving and managing the net proceeds arising from ICSLS as referred to in Note 30.

b. On 20 November 2009, E&O had completed the Renounceable Rights Issue of up to RM246,892,234 nominal value of Ten (10)-Year 8% ICSLS at an issue price of RM0.65 per ICSLS on the basis of one (1) new ICSLS for every two (2) existing E&O stock units held ("Rights Issue").

   Pursuant to the Rights Issue, E&O allotted and issued 362,493,569 ICSLS (nominal value of RM235,620,820) which were granted listing on the Main Market of Bursa Malaysia Securities Berhad on 20 November 2009.

c. Radiant Kiara Sdn. Bhd., a wholly-owned subsidiary of the Matrix Promenade Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company had on 21 December 2009 entered into a sale and purchase agreement to dispose an investment property held under GRN 36342, Lot No. 595, Seksyen 57, Bandar and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur measuring approximately 4,651.203 square metres to Menara Hap Seng Sdn Bhd for a cash consideration of RM103,000,000.

42. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

a. The Company had on 21 April 2010 incorporated two new wholly-owned subsidiaries, Eastern & Oriental Properties (Guernsey) Limited ("EOPG") and Oriental Light (Guernsey) Limited ("OLG") in Guernsey.

   The issued and paid-up share capital of both EOPG and OLG are £1 divided into one ordinary share. OLG is a wholly-owned subsidiary of EOPG.

b. Between the reporting date and the date of authorisation of these financial statements for issue, the Company repurchased 21,231,700 of its issued ordinary stock units from the open market for a total consideration of RM19,716,233.

c. Between the reporting date and the date of authorisation of these financial statements for issue, the issued and fully paid-up ordinary share capital of the Company was increased from RM761,643,737 to RM773,613,537, comprising 11,969,800 ordinary stocks units of RM1.00 each by way of:

   i. the issuance of 11,639,200 ordinary stock units of RM1.00 each arising from the conversion of 11,639,200 ICSLS of RM0.65

each; and

ii. the issuance of 330,600 ordinary stock units of RM1.00 each arising from the conversion of 330,600 ICULS of RM1.00 nominal value each.

The new ordinary stock units issued ranked pari passu in all respects with the existing ordinary stock units of the Company.

43. FINANCIAL INSTRUMENTS

a. Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

b. Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at bank.

The Group's interest rate risk arises primarily from interest-bearing 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 manages its interest rate exposure by maintaining 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.

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	NOTE	WAEIR %	WITHIN 1 YEAR RM'000	1-2 YEARS RM'000	2-3 YEARS RM'000	3-4 YEARS RM'000	4-5 YEARS RM'000	MORE THAN 5 YEARS RM'000	TOTAL RM'000
2010									
GROUP									
Fixed rate									
Deposits	26	**2.26**	**224,494**	**-**	**-**	**-**	**-**	**-**	**224,494**
Term loans	33	**4.55**	**(30,000)**	**(30,000)**	**(40,000)**	**(10,372)**	**-**	**-**	**(110,372)**
Irredeemable convertible unsecured loan stocks	29	**8.00**	**-**	**(372)**	**-**	**-**	**-**	**-**	**(372)**
Irredeemable convertible secured loan stocks	30	**8.00**	**-**	**-**	**-**	**-**	**-**	**(114,825)**	**(114,825)**
Commercial papers	33	**2.72**	**(80,000)**	**-**	**-**	**-**	**-**	**-**	**(80,000)**
Medium term notes	33	**4.70**	**(100,000)**	**(100,000)**	**-**	**-**	**-**	**-**	**(200,000)**
Hire purchase	33	**4.54**	**(760)**	**(658)**	**(273)**	**(68)**	**(9)**	**-**	**(1,768)**
Floating rate									
Deposits	26	**2.27**	**127,252**	**-**	**-**	**-**	**-**	**-**	**127,252**
Bank overdrafts	33	**7.03**	**(11,108)**	**-**	**-**	**-**	**-**	**-**	**(11,108)**
Revolving credits	33	**3.83**	**(129,905)**	**-**	**-**	**-**	**-**	**-**	**(129,905)**
Term loans	33	**4.42**	**(30,119)**	**(35,660)**	**(27,905)**	**(100,000)**	**(50,000)**	**(54,227)**	**(297,911)**
COMPANY									
Fixed rate									
Deposits	26	**1.75**	**4,231**	**-**	**-**	**-**	**-**	**-**	**4,231**

43. FINANCIAL INSTRUMENTS (CONTD.)

b. Interest rate risk (Contd.)

	NOTE	WAEIR %	WITHIN 1 YEAR RM'000	1-2 YEARS RM'000	2-3 YEARS RM'000	3-4 YEARS RM'000	4-5 YEARS RM'000	MORE THAN 5 YEARS RM'000	TOTAL RM'000
Term loans	33	**4.55**	**(30,000)**	**(30,000)**	**(40,000)**	**(10,372)**	**-**	**-**	**(110,372)**
COMPANY									
Fixed rate (Contd.)									
Irredeemable convertible unsecured loan stocks	29	**8.00**	**-**	**(372)**	**-**	**-**	**-**	**-**	**(372)**
Irredeemable convertible secured loan stocks	30	**8.00**	**-**	**-**	**-**	**-**	**-**	**(114,825)**	**(114,825)**
Hire purchase	33	**2.95**	**(96)**	**(102)**	**(96)**	**(36)**	**(9)**	**-**	**(339)**
Floating rate									
Bank overdrafts	33	**7.01**	**(10,669)**	**-**	**-**	**-**	**-**	**-**	**(10,669)**
Revolving credits	33	**3.17**	**(55,000)**	**-**	**-**	**-**	**-**	**-**	**(55,000)**
Term loans	33	**4.25**	**(8,243)**	**(10,000)**	**(10,000)**	**-**	**-**	**-**	**(28,243)**
2009									
GROUP									
Fixed rate									
Deposits	26	3.02	50,293	-	-	-	-	-	50,293
Amount due from a jointly controlled entity	22	8.50	15,641	-	-	-	-	-	15,641
Term loans	33	5.13	(50,000)	(30,000)	(30,000)	(40,000)	(10,372)	-	(160,372)
Irredeemable convertible unsecured loan stocks	29	8.00	-	-	(26,653)	-	-	-	(26,653)
Commercial papers	33	4.00	(80,000)	-	-	-	-	-	(80,000)
Medium term notes	33	4.65	(50,000)	(100,000)	(100,000)	-	-	-	(250,000)
Hire purchase	33	4.73	(999)	(682)	(557)	(178)	(32)	-	(2,448)
Floating rate									
Deposits	26	2.88	124,846	-	-	-	-	-	124,846
Bank overdrafts	33	6.80	(10,726)	-	-	-	-	-	(10,726)
Revolving credits	33	4.73	(176,245)	-	-	-	-	-	(176,245)
Term loans	33	5.60	(29,499)	(38,348)	(41,910)	(31,155)	(71,055)	-	(211,967)
COMPANY									
Fixed rate									
Deposits	26	2.00	40	-	-	-	-	-	40
Term loans	33	4.94	(30,000)	(30,000)	(30,000)	(40,000)	(10,372)	-	(140,372)
Irredeemable convertible unsecured loan stocks	29	8.00	-	-	(26,653)	-	-	-	(26,653)
Floating rate									
Deposits	26	1.80	6,600	-	-	-	-	-	6,600
Bank overdrafts	33	6.80	(10,726)	-	-	-	-	-	(10,726)
Revolving credits	33	3.99	(55,000)	-	-	-	-	-	(55,000)
Term loans	33	5.61	(14,000)	(10,000)	(10,000)	(10,000)	-	-	(44,000)

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months except for term loans and floating rate loans which are repriced annually. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

c. Foreign currency risk

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.

The Group is not engaged in any hedging transactions.

d. Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall 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 at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

e. Credit risk

The Group's credit risk is primarily attributable to trade receivables. 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 and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group has no significant concentrations of credit risk other than those receivables as analysed in Note 22. The Group's maximum exposure to credit risk, in the event that the counter-party to the transaction with the Group fails to perform its obligation as of 31 March 2010, is the carrying amount of the trade receivables as indicated in the balance sheets.

f. Fair values

The carrying amounts of the Group and of the Company's borrowings, which are variable rate borrowings, are considered to be a reasonable estimate of the fair values as the borrowings will be repriced immediately in the event of any changes to the market interest rates.

The carrying amounts of financial assets and liabilities approximate their fair value. For unquoted investments, it is not practical to estimate the fair value of the unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group and the Company believe that the carrying amount represents the recoverable amount.

group's properties

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2010 RM'000
PT No. 6332, Mukim Petaling Daerah Petaling Selangor	Freehold	2006	2.445 sq. ft.	Vacant Land	-	16
PT 1623 H.S.(D) 3572 PT 1691 H.S.(D) 3640 Mukim Beseri, Perlis	Freehold	2009	2 units	Single Storey Terrace	21	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, 169, 171, 172, 177, 179, 183-189, 192 (New Lot 244), 194, 202-204, 222-224, 228-234 & PT No. 2 Mukim 8, South-West District Pulau Pinang	Freehold	2006	339.184 acres	Vacant Land	-	108,492
	Lease expiring 10.12.2022	2006	7.787 acres	Vacant Land	-	2,487
	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 0063 Bandar dan Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	Freehold	2006	5,842 sq. m	Vacant Land	-	41,617
PT No. 258-325, 476-539, 540-690, 691, 692, 695, 697, 698, 1137-1142, 1183, 1199, 1143, 1146, 1147,1150,1152,1154,1156-1158, 1160, 1162, 1166, 1168, 1170, 1173, 1175, 1177, 1179 & 1180 All within Bandar Tanjung Pinang Daerah Timur Laut Pulau Pinang	Freehold	2007	49.80 acres	Currently Under Development	-	504,803
	Lease expiring 28.4.2103	2006	13.12 acres			
PT No. 689, 690 and 1136 All within Bandar Tanjung Pinang Daerah Timur Laut Pulau Pinang	Freehold	2010	3 units	Bungalow	1	8,106
PT No. 693 All within Bandar Tanjung Pinang Daerah Timur Laut Pulau Pinang	Freehold	2010	18 units	Low Medium Cost Apartment	1	2,071
Lot No. 1300 to 1314, 1316, 1318 to 1320, 1322, 1323, 1325, 1326, 1329 to 1333, 1335, 1336, 1338 to 1340, 1342, 1343, 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 2088/89	2006	303.276 acres	Vacant Land	-	104,826
	Lease expiring 19.05.2097	2006	6.256 acres	Vacant Land	-	1,261

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2010 RM'000
PT No. 64334, 64335, 64400, 64403, 64412, 64415, 64419, 64420, 64422, 64424-64427, 64429-64432, 64434, 64436, 64437, 64439, 64441, 64442, 64448-64452, 64469, 64454, 64457 Mukim of Batu District of Gombak Selangor Darul Ehsan	Freehold	2006	50 Units	Strata Shop/ Office	11	2,430
202 Desa Cahaya Jalan Ampang Kuala Lumpur	Freehold	2006	1 Unit	Residential Condominium	17	1,600
Jalan Batai Barat Damansara Heights Kuala Lumpur PT No. 1357 H.S.(D) 32559, Lot No. 46346 H.S.(D) 45608 & Lot No. 45424 (G 22944) All in Mukim and District of Kuala Lumpur Wilayah Persekutuan	Freehold	2006	0.309 acres	Vacant Bunglow Land	-	2,009
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	-	16,635
Jalan Teruntung Damansara Heights Kuala Lumpur Lot No. 53693 HS(D) 47641 and Lot No. 53694 HS(D) 47642 Mukim and District of Kuala Lumpur Wilayah Persekutuan	Freehold	2006	3.933 acres	Land held for development	-	52,716
Geran 53370, Lot No. 55332 Geran 53373, Lot No. 55335 Geran 53379, Lot No. 55340 Jalan Damansara Kuala Lumpur Mukim and District of Kuala Lumpur Wilayah Persekutuan	Freehold	2007	3 Units	Luxurious detached houses	3	15,405
Dua Residency Condo Jalan Tun Razak H.S.(D) 116240, PT 65 Seksyen 63 Daerah of Kuala Lumpur Wilayah Persekutuan	Freehold	2007	6 units	High end condominiums	3	21,048
Lot No. 58087 Geran 70402 Daerah Kuala Lumpur Mukim Kuala Lumpur	Freehold	2007	1 unit	Semi-detached houses	3	2,403
Lot No 58056 Geran 70377 Daerah Kuala Lumpur Mukim Kuala Lumpur	Freehold	2007	726 sq. mt.	Vacant Land	-	1,271

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2010 RM'000
GN63251, Lot No.287, Seksyen 43 Bandar dan District Kuala Lumpur	Freehold	2007	5,219 sq. mt.	Vacant Land	-	56,528
GM 3011, Lot No. 55502 GM 3012 Lot No. 55503 Daerah Kuala Lumpur Mukim Kuala Lumpur	Freehold	2007	12,312 sq. mt	Vacant Land	-	34,902
Geran 36397, Lot 53, Seksyen 43 Geran 36399, Lot 55, Seksyen 43 Geran 36400, Lot 56, Seksyen 43 Daerah Kuala Lumpur Bandar Kuala Lumpur	Freehold	2007	3,545.942 sq. mt.	Vacant Land	-	18,168
H.S.(D) 15926 PT No.1214 Bandar Tanjong Pinang Sek. 1 Dearah Timor Laut Negeri Pulau Pinang	Freehold	2008	27,743.7 sq. mt.	Currently under development	-	72,500
Annexe Block Lot 383, Jalan Tun Razak 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	3	18,586
Dua Residency Condominium Jalan Tun Razak Kuala Lumpur	Freehold	2009	1 unit	Residential Condominium	3	5,075
Lot No. 696, PT (D/M) No. 1215 H.S.(D) No. 15927 Lot No. 703, PT (D/M) No. 1216 H.S.(D) No. 15928 All within Bandar Tanjung Pinang Daerah Timur Laut Pulau Pinang	Freehold	2009	557,334.72 sq. ft. 17,953.75 sq. ft.	Currently under development	-	156,039
Lot No. 2 & 3 Lot No. 589, Geran 49047 Town of Batu Ferringgi North East District Penang	Freehold Freehold	1995 2008	1.682 acres 1.86 acres	Land with building for hotel use	-	49,073
Lot No. 124, Geran 35844 Lot No. 831, Geran 61602 Lot No. 249, Geran 35873 (previously Lot No. 125, Geran 35845) 10 Farquhar Street 10200 Penang	Freehold	1978	4.25 acres	Land with building for hotel use	-	140,026
Lot No. 224, Geran 63919 10 Farquhar Street 10200 Penang	Lease expiring in 01.01.2013	1978	0.10 acres	Land with building for hotel use	-	31
Lot No. 407, PN 1380 10 Farquhar Street 10200 Penang	Lease expiring in 31.12.2055	1978	0.08 acres	Land with building for hotel use	-	218

analysis of stockholdings

AS AT 30 JULY 2010

ORDINARY SHARE CAPITAL

Authorised Share Capital	:	RM1,200,000,000
Issued and Fully Paid Up Capital	:	RM773,613,537
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	:	28,895,800

DISTRIBUTION OF STOCKHOLDINGS

SIZE OF STOCKHOLDINGS	NO. OF STOCKHOLDERS	%	NO. OF STOCK UNITS	%
Less than 100	445	1.90	13,363	0.00
100 to 1,000	8,459	36.18	4,294,688	0.55
1,001 to 10,000	11,387	48.70	44,014,834	5.69
10,001 to 100,000	2,660	11.37	78,907,516	10.20
100,001 to less than 5% of issued Stock Units	430	1.84	541,898,217	70.05
5% and above of issued Stock Units	2	0.01	104,484,919	13.51
Total	**23,383**	**100.00**	**773,613,537**	**100.00**

THIRTY LARGEST STOCKHOLDERS BASED ON THE RECORD OF DEPOSITORS

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
1.	Cimsec Nominees (Asing) Sdn Bhd *CIMB Securities (Singapore) Pte Ltd for Ample Echo Limited*	54,954,303	7.10
2.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tham Ka Hon (CEB)*	49,530,616	6.40
3.	Kenanga Nominees (Asing) Sdn Bhd *Pledged Securities Account for Halfmoon Bay Capital Limited*	34,051,632	4.40
4.	HSBC Nominees (Asing) Sdn Bhd *BBH And Co Boston for Halfmoon Bay Capital Limited*	30,000,000	3.88
5.	AMMB Nominees (Tempatan) Sdn Bhd *AmInternational (L) Ltd for Pusaka Setia Sendirian Berhad (PUSAKA)*	24,285,993	3.14
6.	Mayban Nominees (Asing) Sdn Bhd *Cacona Pte Ltd (270700)*	23,060,466	2.98
7.	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Terra Realty Sdn Bhd (KLM)*	20,755,000	2.68
8.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wisma Perkasa Sdn Bhd*	20,075,923	2.60
9.	Mayban Nominees (Asing) Sdn Bhd *G.K. Goh Strategic Holdings Pte Ltd (260551)*	14,900,000	1.93
10.	Multi-Purpose Holdings Berhad	14,890,000	1.93
11.	Affin Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Pusaka Setia Sendirian Berhad*	11,371,928	1.47
12.	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt An for American International Assurance Berhad*	10,952,200	1.42
13.	Cimsec Nominees (Asing) Sdn Bhd *Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	10,861,150	1.40
14.	Citigroup Nominees (Asing) Sdn Bhd *JP Morgan CLR Corp for Third Avenue Real Estate Opportunities Fund LP*	10,667,697	1.38

THIRTY LARGEST STOCKHOLDERS BASED ON THE RECORD OF DEPOSITORS (CONTD.)

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
15.	HSBC Nominees (Asing) Sdn Bhd *BNYM SA/NV for Invesco Asean Equity Fund*	9,000,000	1.16
16.	UOBM Nominees (Asing) Sdn Bhd *Tael One Partners Ltd for Indo Capital Growth Limited*	8,087,000	1.05
17.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)*	7,843,240	1.01
18.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	7,752,915	1.00
19.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for The Bank of New York Mellon (Mellon Acct)*	7,267,075	0.94
20.	Cartaban Nominees (Asing) Sdn Bhd *State Street Australia Fund UAJB for Unifund (HTSG As Trustee)*	6,975,000	0.90
21.	UOBM Nominees (Asing) Sdn Bhd *Tael One Partners Ltd for Grand Mission International Limited*	6,925,000	0.90
22.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for The Bank of New York Mellon (BNYM As E&A)*	6,125,600	0.79
23.	Affin Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tham Ka Hon*	6,012,500	0.78
24.	Minister of Finance *Akaun Jaminan Pinjaman Kerajaan Persekutuan*	5,600,000	0.72
25.	ECML Nominees (Asing) Sdn Bhd *For Stephen William Canning Stow (009)*	5,292,000	0.69
26.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sow Cheng Kow*	4,978,400	0.64
27.	Nordic Summer Sdn Bhd	4,500,000	0.58
28.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for J.P. Morgan Bank Luxembourg S.A.*	4,131,340	0.53
29.	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Terra Construction Sdn Bhd (KLM)*	3,930,000	0.51
30.	Mayban Nominees (Tempatan) Sdn Bhd *HwangDBS Investment Management Bhd for Employees Provident Fund (230571)*	3,859,800	0.50
	Total	**428,636,778**	**55.41**

SUBSTANTIAL STOCKHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL STOCKHOLDERS AS AT 30 JULY 2010

	STOCKHOLDINGS			
NAME OF SUBSTANTIAL STOCKHOLDERS	DIRECT	%	INDIRECT	%
Ample Echo Limited	54,954,303	7.38	-	-
Halfmoon Bay Capital Limited	64,551,632	8.67	-	-
Dato' Tham Ka Hon	55,543,116	7.46	(1) 67,662,921	9.09
Nik Anida Binti Nik Manshor, Puan Sri	1,051,600	0.14	(2) 87,385,555	11.73
Datin Chua Cheng Boon	-	-	(3) 60,737,921	8.16
G. K. Goh Holdings Limited	-	-	(4) 92,914,769	12.48
GKG Investment Holdings Pte Ltd	-	-	(5) 94,941,969	12.75
Goh Yew Lin	-	-	(6) 94,941,969	12.75
Goh Geok Khim	-	-	(6) 94,941,969	12.75

Notes:

(1) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Terra Realty Sdn Bhd ("TRSB"), Pusaka Setia Sendirian Berhad ("PSSB"), Terra Construction Sdn Bhd ("TCSB") and Grand Mission International Limited ("GMIL") and his spouse's shareholdings in TRSB, PSSB and TCSB.
(2) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Halfmoon Bay Capital Limited, Malayasset Ventures Sdn Bhd and Wisma Perkasa Sdn Bhd.
(3) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through TRSB, PSSB and TCSB.
(4) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Ample Echo Limited, G.K. Goh Strategic Holdings Pte Ltd and Cacona Pte Ltd.
(5) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through G. K. Goh Holdings Limited and Alpha Securities Pte Ltd.
(6) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through GKG Investment Holdings Pte Ltd.

DIRECTORS' INTEREST IN STOCK UNITS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 30 JULY 2010

	STOCKHOLDINGS			
NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
Dato' Tham Ka Hon	55,543,116	7.46	(1) 67,662,921	9.09
Datuk Azizan Bin Abd Rahman	4,050,000	0.54	-	-
Datuk Henry Chin Poy Wu	-	-	-	-
Kamil Ahmad Merican	1,250,000	0.17	-	-
Vijeyaratnam a/l V. Thamotharam Pillay	-	-	-	-
Chan Kok Leong	4,500,000	0.60	-	-
Kok Meng Chow	914,500	0.12	-	-
Christopher Martin Boyd	-	-	-	-
Teo Liang Huat Thomas	29,300	0.00	-	-

Note:

(1) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through TRSB, PSSB, TCSB and GMIL and his spouse's shareholdings in TRSB, PSSB and TCSB.

DIRECTORS' INTEREST IN ESOS OPTIONS AS AT 30 JULY 2010

	ESOS OPTIONS			
NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
Dato' Tham Ka Hon	1,200,000	-	-	-
Datuk Azizan Bin Abd Rahman	-	-	-	-
Datuk Henry Chin Poy Wu	-	-	-	-
Kamil Ahmad Merican	-	-	-	-
Vijeyaratnam a/l V. Thamotharam Pillay	-	-	-	-
Chan Kok Leong	1,200,000	-	-	-
Kok Meng Chow	950,000	-	-	-
Christopher Martin Boyd	-	-	-	-
Teo Liang Huat Thomas	-	-	-	-

analysis of warrant holdings

AS AT 30 JULY 2010

WARRANTS 2001/2011

No. of Warrants Issued	:	72,962,980
No. of Outstanding Warrants	:	37,199,284
Exercise Price of Warrants	:	RM1.00
Voting Rights	:	One (1) vote per Warrant

DISTRIBUTION OF WARRANT HOLDINGS

SIZE OF WARRANT HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 100	352	38.18	17,861	0.05
100 to 1,000	102	11.06	58,953	0.16
1,001 to 10,000	295	32.00	1,387,561	3.73
10,001 to 100,000	147	15.94	4,475,525	12.03
100,001 to less than 5% of Warrants in issue	23	2.49	4,662,668	12.53
5% and above of Warrants in issue	3	0.33	26,596,716	71.50
Total	**922**	**100.00**	**37,199,284**	**100.00**

THIRTY LARGEST WARRANTHOLDERS BASED ON THE RECORD OF DEPOSITORS

NO.	NAME OF WARRANTHOLDERS	NO. OF WARRANTS	%
1.	DB (Malaysia) Nominees (Asing) Sdn Bhd *Exempt An for Deutsche Bank AG Singapore (PWM Asing)*	11,927,000	32.06
2.	Terra Realty Sdn Bhd	7,871,820	21.16
3.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tham Ka Hon (CEB)*	6,797,896	18.27
4.	Chai Mooi Chong	654,000	1.76
5.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Gan Eng Kwong (8040871)*	527,072	1.42
6.	Raja Zainal Abidin bin Raja Hussin	346,598	0.93
7.	Teng Swee Lan @ Fong Swee Lan	274,100	0.74
8.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Sin Chong (8040854)*	227,574	0.61
9.	HDM Nominees (Asing) Sdn Bhd *UOB Kay Hian Pte Ltd for Chih Ching Ping*	204,800	0.55
10.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Cheong Cheiw Hong*	191,000	0.51
11.	Mayban Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tee Kai Shiang (REM 166)*	190,000	0.51
12.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Chin Fah Onn (MY0618)*	177,000	0.48
13.	ECML Nominees (Asing) Sdn Bhd *DBS Vickers Securities (Singapore) Pte Ltd for Optimus Capital International Limited*	176,900	0.48
14.	A.A. Anthony Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for T C Holdings Sdn Bhd*	166,587	0.45
15.	Chung Kean Beng	165,000	0.44
16.	Soo Heng Chin	156,927	0.42
17.	Susan Liew Shau Nyee	140,000	0.38

NO.	NAME OF WARRANTHOLDERS	NO. OF WARRANTS	%
18.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Credit Suisse (SG BR-TST-ASING)*	137,900	0.37
19.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chui Wing Hoe*	132,500	0.36
20.	DB (Malaysia) Nominee (Asing) Sdn Bhd *Deutsche Bank AG London for RAB-Northwest Fund Limited*	128,573	0.35
21.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Hoo Yeong Dar*	127,800	0.34
22.	Tong Chin Hen	119,270	0.32
23.	Goh Yong Liak	115,000	0.31
24.	Wong Seng Mow	102,043	0.28
25.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Oo Siew Chin (E-KLC)*	101,124	0.27
26.	Lim Hong Hock	100,900	0.27
27.	TA Nominees (Asing) Sdn Bhd *Pledged Securities Account for Charles Ross Mckinnon*	100,000	0.27
28.	Mayban Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Heng Poh Suan (R01-Margin)*	96,246	0.26
29.	Lee Ah Swee @ Lee Swee Kee	94,270	0.25
30.	Ong Chai Thiam	90,000	0.24
	Total	**31,639,900**	**85.06**

DIRECTORS' INTEREST IN WARRANTS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 30 JULY 2010

	WARRANTHOLDINGS			
NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
Dato' Tham Ka Hon	6,797,896	18.27	[1]7,871,820	21.16
Datuk Azizan Bin Abd Rahman	-	-	-	-
Datuk Henry Chin Poy Wu	-	-	-	-
Kamil Ahmad Merican	-	-	-	-
Vijeyaratnam a/l V. Thamotharam Pillay	-	-	-	-
Chan Kok Leong	-	-	-	-
Kok Meng Chow	-	-	-	-
Christopher Martin Boyd	-	-	-	-
Teo Liang Huat Thomas	-	-	-	-

Note:

(1) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Terra Realty Sdn Bhd ("TRSB") and his spouse's shareholdings in TRSB.

analysis of iculs holdings

AS AT 30 JULY 2010

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2006/2011 (“ICULS”)

No. of ICULS Issued	: 155,835,446
Nominal Value	: RM1.00 each
No. of Outstanding ICULS	: 2,153,812
Conversion Price of ICULS	: RM1.00
Voting Rights	: One (1) vote per ICULS

DISTRIBUTION OF ICULS HOLDINGS

SIZE OF ICULS HOLDINGS	NO. OF ICULS HOLDERS	%	NO. OF ICULS	%
Less than 100	124	21.99	1,104	0.05
100 to 1,000	123	21.81	73,503	3.41
1,001 to 10,000	281	49.82	924,978	42.95
10,001 to 100,000	34	6.03	851,727	39.55
100,001 to less than 5% of ICULS in issue	-	-	-	-
5% and above of ICULS in issue	2	0.35	302,500	14.04
Total	**564**	**100.00**	**2,153,812**	**100.00**

THIRTY LARGEST ICULS HOLDERS BASED ON THE RECORD OF DEPOSITORS

NO.	NAME OF ICULS HOLDERS	NO. OF ICULS	%
1.	Chai Kim-Lyn	168,000	7.80
2.	Chong Kim Chuan @ Chong Leong Cheng	134,500	6.24
3.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chor Sek Choon*	90,000	4.18
4.	Lee Ah Swee @ Lee Swee Kee	75,000	3.48
5.	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for City of New York Group Trust*	53,448	2.48
6.	Evergreen Angle Sdn Bhd	50,000	2.32
7.	Yeoh Chin Hin	38,500	1.79
8.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Teck Yew*	36,002	1.67
9.	Ng Boo Kean @ Ng Beh Kian	35,000	1.62
10.	Teoh Guat Eng	35,000	1.62
11.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Oo Siew Chin (E-KLC)*	23,000	1.07
12.	Tan Chee Peng	22,400	1.04
13.	Ong Meng Seng	21,000	0.98
14.	Tee Yong	20,300	0.94
15.	Gan Peoy Hong	20,000	0.93
16.	Mercury Securities Sdn Bhd	19,651	0.91
17.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Syarikat Rimba Timur (R T) Sdn Bhd (501422109771)*	19,000	0.88
18.	Wong Ka Chi	19,000	0.88
19.	Ngeow Man Fah	18,200	0.85
20.	Lim Kim Seng	17,325	0.80
21.	Lim Hong Liang	16,500	0.77
22.	Ambank (M) Berhad *Pledged Securities Account for Gan Eng Kwong (SMART)*	16,100	0.75
23.	Koh Lee Huat	16,000	0.74
24.	Teo Chong Suee	15,900	0.74
25.	Teh Wen Yee	15,750	0.73

NO.	NAME OF ICULS HOLDERS	NO. OF ICULS	%
26.	Tan Swee Lan	15,575	0.72
27.	Choy Wee Chiap	15,014	0.70
28.	Quey Sew Leng @ Quek Siew Leng	15,010	0.70
29.	Eu Mui @ Ee Soo Mei	15,000	0.70
30.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tommy bin Bugo @ Hamid bin Bugo*	15,000	0.70
	Total	**1,071,175**	**49.73**

DIRECTORS' INTEREST IN ICULS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 30 JULY 2010

	ICULS HOLDINGS			
NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
Dato' Tham Ka Hon	-	-	-	-
Datuk Azizan Bin Abd Rahman	-	-	-	-
Datuk Henry Chin Poy Wu	-	-	-	-
Kamil Ahmad Merican	-	-	-	-
Vijeyaratnam a/l V. Thamotharam Pillay	-	-	-	-
Chan Kok Leong	-	-	-	-
Kok Meng Chow	-	-	-	-
Christopher Martin Boyd	-	-	-	-
Teo Liang Huat Thomas	-	-	-	-

analysis of icsls holdings

AS AT 30 JULY 2010

IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2009/2019 ("ICSLS")

No. of ICSLS Issued	:	362,493,569
Nominal Value	:	RM0.65 each
No. of Outstanding ICSLS	:	314,464,067
Conversion Price of ICSLS	:	RM1.00
Voting Rights	:	One (1) vote per ICSLS

DISTRIBUTION OF ICSLS HOLDINGS

SIZE OF ICSLS HOLDINGS	NO. OF ICSLS HOLDERS	%	NO. OF ICSLS	%
Less than 100	22	0.46	1,199	0.00
100 to 1,000	1,501	31.42	1,107,805	0.35
1,001 to 10,000	2,402	50.28	8,602,339	2.74
10,001 to 100,000	664	13.90	21,377,056	6.80
100,001 to less than 5% of ICSLS in issue	184	3.85	157,731,401	50.16
5% and above of ICSLS in issue	4	0.09	125,644,267	39.95
Total	**4,777**	**100.00**	**314,464,067**	**100.00**

THIRTY LARGEST ICSLS HOLDERS BASED ON THE RECORD OF DEPOSITORS

NO.	NAME OF ICSLS HOLDERS	NO. OF ICSLS	%
1.	Affin Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tham Ka Hon*	38,375,553	12.20
2.	Mayban Nominees (Asing) Sdn Bhd *Cacona Pte Ltd (270700)*	37,903,539	12.05
3.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Nik Awang @ Wan Azmi bin Wan Hamzah*	25,650,000	8.16
4.	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Terra Construction Sdn Bhd (KLM)*	23,715,175	7.54
5.	HSBC Nominees (Tempatan) Sdn Bhd *Nomura Asset Mgmt Malaysia for Employees Provident Fund*	9,000,000	2.86
6.	CitiGroup Nominees (Asing) Sdn Bhd *JP Morgan CLR Corp for Third Avenue Real Estate Opportunities Fund LP*	7,333,848	2.33
7.	Halfmoon Bay Capital Limited	7,271,416	2.31
8.	Mayban Nominees (Asing) Sdn Bhd *G.K. Goh Strategic Holdings Pte Ltd (260551)*	7,200,000	2.29
9.	Cartaban Nominees (Asing) Sdn Bhd *Exempt An for RBC Dexia Investor Services Trust (Clients Account)*	7,041,700	2.24
10.	Mayban Nominees (Tempatan) Sdn Bhd *Mayban Trustees Berhad for Saham Amanah Sabah (ACC 2-940410)*	5,559,300	1.77
11.	Cimsec Nominees (Asing) Sdn Bhd *Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	5,260,855	1.67
12.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)*	4,456,602	1.42
13.	HSBC Nominees (Asing) Sdn Bhd *HSBC-FS for Legg Mason Southeast Asia Special Situations Trust (201061)*	4,091,300	1.30
14.	UOBM Nominees (Asing) Sdn Bhd *Tael One Partners Ltd for Indo Capital Growth Limited*	4,043,500	1.29

NO.	NAME OF ICSLS HOLDERS	NO. OF ICSLS	%
15.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for The Bank of New York Mellon (Mellon Acct)*	3,633,537	1.15
16.	ECML Nominees (Asing) Sdn Bhd *For Stephen William Canning Stow (009)*	2,600,000	0.83
17.	UOBM Nominees (Asing) Sdn Bhd *Tael One Partners Ltd for Grand Mission International Limited*	2,600,000	0.83
18.	Nordic Summer Sdn Bhd	2,250,000	0.71
19.	Wisma Perkasa Sdn Bhd	2,187,961	0.70
20.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for The Bank of New York Mellon (BNYM As E&A)*	2,048,650	0.65
21.	Onn Ping Lan	2,011,700	0.64
22.	Malaysian Assurance Alliance Berhad	2,000,000	0.64
23.	Mayban Nominees (Tempatan) Sdn Bhd *Mayban Trustees Berhad for CIMB-Principal Small Cap Fund (240218)*	2,000,000	0.64
24.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for HwangDBS Select Opportunity Fund (3969)*	1,935,550	0.61
25.	HLG Nominee (Tempatan) Sdn Bhd *PB Trustee Services Berhad for Hong Leong Growth Fund*	1,873,150	0.59
26.	Amsec Nominees (Tempatan) Sdn Bhd *AmTrustee Berhad for Pacific Dividend Fund (UT-PM-DIV)*	1,781,500	0.57
27.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Azizan bin Abd Rahman (MY0531)*	1,700,000	0.54
28.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for J.P. Morgan Bank Luxembourg S.A.*	1,630,619	0.52
29.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chan Kok Leong*	1,500,000	0.48
30.	Universal Trustee (Malaysia) Berhad *CIMB-Principal Balanced Income Fund*	1,500,000	0.48
	Total	**220,155,455**	**70.01**

DIRECTORS' INTEREST IN ICSLS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 30 JULY 2010

	ICSLS HOLDINGS			
NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
Dato' Tham Ka Hon	38,738,053	12.32	(1) 26,315,175	8.37
Datuk Azizan Bin Abd Rahman	1,800,000	0.57	-	-
Datuk Henry Chin Poy Wu	-	-	-	-
Kamil Ahmad Merican	625,000	0.20	-	-
Vijeyaratnam a/l V. Thamotharam Pillay	-	-	-	-
Chan Kok Leong	2,600,000	0.83	-	-
Kok Meng Chow	390,000	0.12	-	-
Christopher Martin Boyd	-	-	-	-
Teo Liang Huat Thomas	14,650	0.00	-	-

Note:

(1) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Terra Construction Sdn Bhd ("TCSB") and Grand Mission International Limited and his spouse's shareholdings in TCSB.

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Eighty-Third Annual General Meeting of Eastern & Oriental Berhad will be held at Banquet Hall, Level 1, Kuala Lumpur Golf & Country Club, No.10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 29 September 2010 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2010 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To re-elect Encik Kamil Ahmad Merican who retires as Director of the Company in accordance with Article 98 of the Company's Articles of Association. **(Resolution 2)**

3. To re-elect Mr Christopher Martin Boyd who retires as Director of the Company in accordance with Article 98 of the Company's Articles of Association. **(Resolution 3)**

4. To re-elect Mdm Kok Meng Chow who retires as Director of the Company in accordance with Article 98 of the Company's Articles of Association. **(Resolution 4)**

5. To re-appoint Datuk Henry Chin Poy Wu 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 5)**

6. To approve the payment of Directors' fees of RM491,803 in respect of the financial year ended 31 March 2010. **(Resolution 6)**

7. To approve a first and final dividend of 3.8% less income tax for the financial year ended 31 March 2010. **(Resolution 7)**

8. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

AS SPECIAL BUSINESS

9. To consider and if thought fit, to pass the following Ordinary Resolution:

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

   "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue ordinary stock units in the Company ("Stock Units") from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of Stock Units issued pursuant to this resolution does not exceed ten percent (10%) of the total issued capital of the Company and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

10. To transact any other business for which due notice shall have been given in accordance with the Articles of Association of the Company and the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the stockholders, a first and final dividend of 3.8% less 25% income tax in respect of the financial year ended 31 March 2010, will be paid on 8 November 2010 to stockholders whose names appear on the Record of Depositors at the close of business on 18 October 2010.

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 18 October 2010 in respect of ordinary 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
7 September 2010

NOTES:

1. 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.
2. 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.
3. 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.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary stock units of the Company standing to the credit of the said securities account.

EXPLANATORY NOTE ON SPECIAL BUSINESS

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

The proposed resolution 9, if passed, will empower the Directors to allot and issue new ordinary stock units in the Company up to an amount not exceeding in total 10% of the issued capital of the Company, subject to compliance with the relevant regulatory requirements. This approval is sought to avoid any delay and cost in convening a general meeting for such issuance of stock units. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. The general mandate had also been sought for in the last Annual General Meeting of the Company. There were no stock units issued and no proceeds raised from the previous mandate.

The renewal of the general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of stock units, for purpose of funding future investment project(s), working capital and/or acquisitions.

statement accompanying notice of annual general meeting

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

i. Pursuant to Article 98 of the Company's Articles of Association
   - Encik Kamil Ahmad Merican
   - Mr Christopher Martin Boyd
   - Mdm Kok Meng Chow

ii. Pursuant to Section 129(6) of the Companies Act, 1965
   - Datuk Henry Chin Poy Wu

The details of the above Directors standing for re-election or re-appointment are set out in the Directors' Profile on pages 38 to 39 in the Annual Report.

The details of the above Directors' securities holding in the Company are set out on pages 135 to 141 in the Annual Report.

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EASTERN & ORIENTAL
BERHAD

form of proxy

Number of stock units held

I/We ....
(Full Name in Capital Letters)

NRIC No/Company No ....

CDS Account No ....

of ....
(Full Address)

being a member(s) of **EASTERN & ORIENTAL BERHAD** (Company No.: 555 – K) hereby appoint

....
(Full Name and NRIC No)

of ....
(Full Address)

or failing him/her ....
(Full Name and NRIC No)

of ....
(Full Address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Eighty-Third Annual General Meeting of the Company to be held at Banquet Hall, Level 1, Kuala Lumpur Golf & Country Club, No.10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 29 September 2010 at 10.00 a.m. and at any adjournment thereof.

RESOLUTIONS		FOR *	AGAINST *
1.	To receive the Audited Financial Statements		
2.	To re-elect Encik Kamil Ahmad Merican		
3.	To re-elect Mr Christopher Martin Boyd		
4.	To re-elect Mdm Kok Meng Chow		
5.	To re-appoint Datuk Henry Chin Poy Wu		
6.	To approve payment of Directors' fees		
7.	To approve a first and final dividend of 3.8% less income tax		
8.	To re-appoint Messrs Ernst & Young as Auditors of the Company		
9.	To authorise the issue of shares pursuant to Section 132D of the Companies Act, 1965		

*Please indicate with a cross (x) in spaces provided whether you wish your vote(s) to be cast for or against the resolutions set out in the Notice of Meeting. In the absence of specific direction, your proxy may vote or abstain as he/she thinks fit.

Signed this day of 2010 ....

Signature of member(s)/Seal

NOTES:

1. 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.
2. 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.
3. 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.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary stock units of the Company standing to the credit of the said securities account.

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

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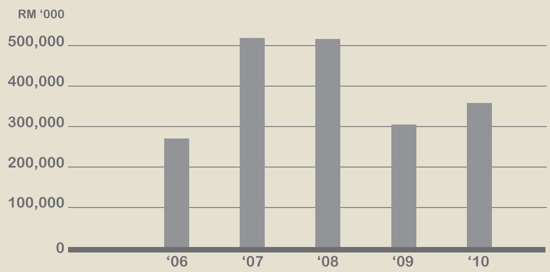
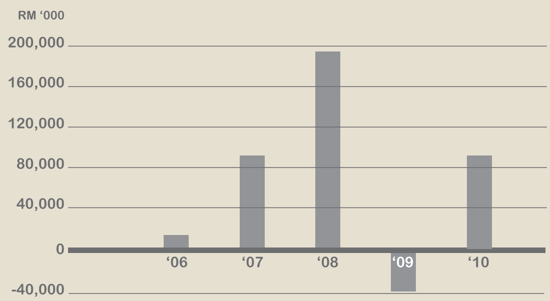
5-YEAR GROUP FINANCIAL HIGHLIGHTS

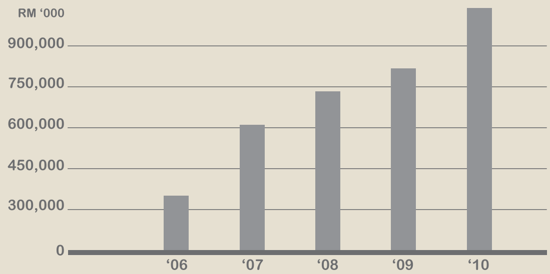
REVENUE



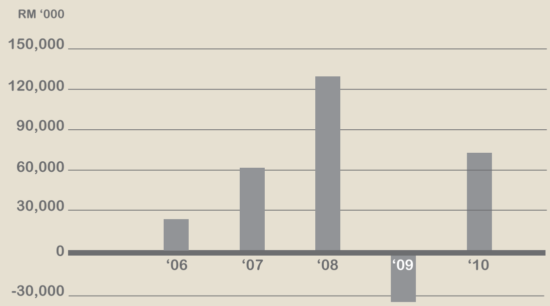
PROFIT / (LOSS) BEFORE TAX



SHAREHOLDERS' FUND



PROFIT / (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY



Note:
Please refer to page 2 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.
Tel: 03 2095 6868 Fax: 03 2095 9898

www.easternandoriental.com