E&O

EASTERN & ORIENTAL
BERHAD

ANNUAL REPORT 2011

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, established in 1948, is the oldest beach hotel along Penang island's famed Batu Ferringhi tourist strip. A major refurbishment and expansion of the hotel was completed in 2010.

E&O Concierge was set up in 2010 to provide pay-on-demand bespoke hospitality services to E&O's serviced residences. Efforts are ongoing to further 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**. Today, this thriving F&B brand is wholly-owned by E&O. Named after the original "Delicious" concept restaurant, the group now operates in some of the most vibrant spots of Kuala Lumpur and Penang. 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)**, 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 and guarded community. Located right in the heart of Kuala Lumpur's central business district is E&O's chic Manhattan-style **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 especially with its signature development, the **Quayside Seafront Resort Condominiums**, the first condominium in the region with a sprawling 4.5 acre private waterpark.

The Group's **Property Investment** division forms a vital complement to the other core businesses and provides E&O with steady, recurring income flow and opportunities for capital appreciation in the longer term.

hospitality & lifestyle ▪ property development ▪ property investment

expect nothing ordinary

Enriched by Our Heritage, Building Legacies for The Future

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

10-YEAR GROUP FINANCIAL HIGHLIGHTS

(RM'000)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
STATEMENTS OF COMPREHENSIVE INCOME										
Revenue	271,271	352,375	304,449	516,399	518,444#	270,301#	21,130	117,882	33,449	91,156
Profit/(Loss) before tax **	48,154	93,276	(38,124)	194,565	91,618#	12,536#	13,088	15,295	(34,821)	(25,679)
Income tax expense	(12,617)	(18,630)	6,067	(34,789)	(22,654)#	(2,332)#	1,174	(403)	(1,111)	(838)
Profit/(Loss) attributable to owners of the parent	32,211	70,765	(37,276)	128,854	61,178	23,058	15,341	20,553	(32,269)	(24,388)
STATEMENTS OF FINANCIAL POSITION										
Issued and Paid-up Capital	842,592	761,644	591,995	419,061	358,961	232,472	232,472	232,472	232,472	232,472
Weighted Average Number of stock units	1,059,935	1,063,967	666,211	532,804	415,252	221,715	229,384	232,472	232,472	222,274
Shareholders' Fund	1,057,568	1,043,259	814,371	729,686	606,733	347,121	388,171	391,816	373,515	405,894
RATIOS										
Net Earnings/(Loss) per stock unit (sen)	3.0	6.6	(5.6)	24.2	14.7	10.4	6.7	8.8	(13.9)	(11.0)
Net Dividend per stock unit (sen)	1.50^	2.85	-	3.70	2.92	1.4	1.4	0.7	0.7	2.1
Net Assets per stock unit attributable to owners of the parent (RM)	1.21*	1.25*	1.25*	1.55*	1.41*	1.55	1.77	1.69	1.61	1.75

* 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:
- 31.3.2011 of 813,202,612
- 31.3.2010 of 753,979,637
- 31.3.2009 of 584,065,285
- 31.3.2008 of 416,531,076
- 31.3.2007 of 358,188,263

** Restated from FYE 2002 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 2.0% less 25% income tax per stock unit, to be approved by the stockholders at the forthcoming Annual General Meeting

contents

message from our chairman

TO OUR VALUED STAKEHOLDERS,

Having ridden the turbulent waves churned up by the financial storms of 2008-9, the question now posed is “what’s next for E&O?”.

The analogy comes to mind of fishing boats that come to shore to seek safe harbour in times of danger, but venture back out to sea when fair weather returns, to again cast their nets on which livelihoods depend. So too, is E&O ready to embark on another chapter of our continuing voyage, and we have mapped out our course and milestones to chart progress for the next cycle of growth.

In essence, the ‘big picture’ is for the E&O Group to emerge stronger as a credible company and inimitable brand, gaining recognition among peers and competitors and further strengthening our market position, regionally and internationally.

Straits Court at Straits Quay

A strategic action plan has been drawn up, deliberated amongst the Board and by senior management, in order to achieve our corporate and brand evolution goals. This requires focus on *1)* garnering regional and international exposure for the brand, *2)* securing strategic alliances with renowned and international institutions and *3)* the development of new growth engines. Importantly, the strategic plan outlines *a)* bottomline growth and sustainable profit targets as well as *b)* measures to fortify the E&O human resource and talent pool.

Guided by this strategic plan and the concerted and targeted groundwork effort undertaken in 2010, I am pleased to report on several key milestones having been achieved in the early months of 2011.

Foremost among these was the inking of a joint-venture agreement with two wholly-owned subsidiaries of the sovereign funds Khazanah Nasional and Temasek Holdings (Private) Limited, of Malaysia and Singapore respectively.

E&O is extremely honoured to be the chosen partner to collaborate in the development of an iconic wellness township within Medini Central of the Nusajaya flagship zone of Iskandar Malaysia. Given that our present property development projects are located in the prime urban areas of Kuala Lumpur and Penang Island, our maiden foray into Johor represents an exciting new growth engine for the Group. In addition to the prominence of our partners in the Iskandar project, E&O's timing of entry into Iskandar is opportune, with 2012 being seen as the 'tipping point' in realising the immense potential of this southern growth corridor.

Further East, E&O has also attracted interest from Japan's leading *zaibatsu*, in the form of the brokerage arm of Japan's largest real estate developer Mitsui Fudosan Co. Ltd. Having carefully monitored E&O's consistent commitment to innovation, distinction and quality, Mitsui Fudosan has signed an agreement to market E&O's St Mary Residences in Kuala Lumpur and Quayside resort condominiums in Penang to their vast network throughout Japan.

Confidence expressed by these internationally influential 'giants', proves that in today's borderless world, although the E&O brand is local, demand can truly be global. In this belief, we are currently refining the concept masterplan for Seri Tanjung Pinang Phase 2, to develop a world-renowned seafront resort destination that will stimulate new growth, energy and focus to Penang's shores.

In April 2011, the Penang State Government granted its approval-in-principle, a crucial milestone for E&O towards reclamation of the balance concession area of 740 acres at Seri Tanjung Pinang. Going forward, other approvals by relevant authorities will need to be sought, most notably, an environmental impact assessment and traffic impact studies which are currently being undertaken.

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

Hwang-DBS Vickers Research Sdn Bhd
8 July 2010

International exposure is also drawing the fully E&O-owned and operated Delicious Group overseas. After overwhelming patronage at the new Delicious at Straits Quay, Penang — the first outside Klang Valley — Delicious is crossing the border to foreign albeit familiar soil, to Scotts Square in Singapore this November.

With the array of activities occurring across the Group in 2010/11, direct engagement with both current and potential investors and shareholders saw E&O participating in 75 investor relations meetings and numerous site visits involving 88 foreign and 53 local funds and research houses during the 12 month period of the financial year ended 31 March 2011.

In an interview of 10 fund managers by The Edge (3 January 2011), Avenue Invest Berhad (now known as Libra Invest Berhad, a member of the ECM Libra Financial Group) head of equities stated: *"Eastern & Oriental Berhad is Avenue Invest Berhad's top pick for 2011"* based on *"compelling valuations… strong earnings visibility"* and *"a strong brand name and good management team"*.

On behalf of the E&O Group, I would like to express our sincere appreciation to our valued stakeholders: our customers, shareholders, business partners, bankers, regulatory authorities and the media for their continued support. Our achievements would not have been possible without the tireless effort, commitment and dedication of the E&O staff and management — thank you for your invaluable contribution.

Datuk Azizan bin Abd Rahman
Chairman, Eastern & Oriental Berhad
August 2011

managing director's operational review

FINANCIAL PERFORMANCE

The Group achieved revenue of RM271.27 million for the financial year ended 31 March 2011 as compared to RM352.38 million recorded in the previous financial year. Higher revenue generated in the previous financial year, was mainly contributed by the property division from the higher sale of completed units in Dua Residency and higher revenue recognition for Seri Tanjung Pinang projects.

The jointly-developed projects namely St Mary Residences, with the Lion Group, and on-going Villas by-the-sea™ bungalows in Penang, with CIMB Mapletree and Al-Salam Bank, have achieved revenue totaling RM159.05 million (financial year ended 31 March 2010: RM153.42 million) which was not included in the group consolidated revenue for the financial year ended 31 March 2011.


Lone Pine Hotel

The Group posted pre-tax profit of RM48.15 million compared to the pre-tax profit of RM93.28 million in the previous financial year. The higher pre-tax profit in financial year 2010 was mainly due to an extraordinary gain of RM35.11 million on the disposal of an investment property asset. The pre-tax profit for the financial year ended 31 March 2011, reflected the pre-opening expenses incurred for Lone Pine Hotel and Straits Quay festive retail mall as well as lower contribution from the property division on the back of lower revenue recognised and higher finance costs.

The Delicious Group recorded revenue of RM36.63 million through its network of eight outlets under the Delicious, DISH, and Reunion restaurants. The year under review was a milestone year for the F&B group as it became a wholly-owned subsidiary of E&O and also opened its first Delicious Café outlet in Penang, its first foray outside Kuala Lumpur.

CORPORATE DEVELOPMENTS

The Delicious Group Becomes A Wholly-Owned Subsidiary of E&O

On 24 August 2010, E&O Restaurants Sdn Bhd, a wholly-owned subsidiary of Eastern & Oriental Hotel Sdn Bhd, which in turn is the wholly-owned subsidiary of E&O Berhad, entered into a share sale agreement for the acquisition of 1,433,250 ordinary shares of RM1.00 each representing the remaining 49% equity interest in The Delicious Group Sdn Bhd (TDG) for a cash consideration of RM8.8 million. The proposed acquisition was completed on 19 November 2010 and accordingly, TDG has become a wholly-owned subsidiary of E&O.

Disposal of Securities Interest in Fututech Berhad

E&O Property Development Berhad and Samudra Pelangi Sdn Bhd, both wholly-owned subsidiaries of E&O Berhad disposed their entire securities interest in Fututech Berhad for a total cash consideration of RM8.78 million to Egovision Sdn Bhd on 24 March 2011. The proceeds from the disposal enabled the Group to redeploy its resources into its higher yielding core businesses.

OPERATIONAL REVIEW

Property Development

A brand new onsite sales gallery complete with show units was built for St Mary Residences, our signature development in the heart of Kuala Lumpur's central business district. Officially opened on 15 March 2011, the onsite gallery and show units at the actual 4.1 acre St Mary development site on Jalan Tengah provides a realistic glimpse of the sophisticated and luxurious city-lifestyle as well as the orientation and views that the residents of this upscale development will enjoy.

Overall take-up for the two residential towers stands at 80%. Construction works for this joint-venture project with the Lion Group, is already at the 80% mark and targeted for completion in the second quarter of 2012. The third tower, which is returned as consideration to the owners of the land, is slated to be run as serviced apartments. E&O is a strong contender for the management of these 200 units of serviced apartments which will include the provision of a full-range of pay-on-demand F&B and housekeeping services.

Over in Penang island, at our flagship masterplanned seafront development Seri Tanjung Pinang, construction works is ongoing for Phase 1 of Quayside Seafront Resort Condominiums. Quayside is touted as a pioneer within its class, being the only condominium in the region with a sprawling 4.5 acre waterpark.

The first three towers (two high rise and one low rise) of Quayside launched in stages since February 2010 are currently nearly 75% sold. The fourth and final tower of Quayside Phase 1, a low rise, was launched in June 2011. The launch of Phase 2, comprising three high rises, is slated to commence in late 2011/early 2012.

The joint-venture between E&O Property Development Berhad and CIMB-Mapletree came to fruition with the October 2010 exclusive launch of limited units of super semi-detached homes and villas at Seri Tanjung Pinang. These luxury homes are the *creme de la creme* of landed residences at this millionaire's enclave. Freehold and directly seafronting, all 33 units have been sold.

In Singapore, we have appointed a Country Manager to better serve our existing and potential clients as well as further strengthen E&O's presence in the neighbouring island state. Our Singapore office and property gallery is located at 11 Beach Road.

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

- Situated in the vicinity of the Kuala Lumpur City Centre (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
- Concierge reception at each tower lobby, meeting and reading rooms, children's playground and playroom, gymnasium and sauna facilities

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

- 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
- Contemporary tropical design with 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

- 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

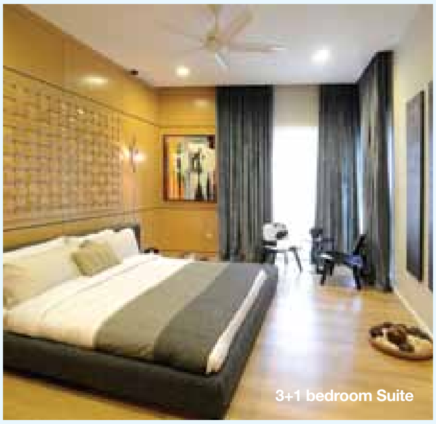
Artist's impression, St Mary Residences Penthouse

ST MARY RESIDENCES

www.stmaryresidences.com

Type	: 28-storey Serviced Apartments
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
Status	: Completing 2012

- Styled after Manhattan's iconic loft apartments but with a unique Malaysian character
- Comprises three majestic towers, commanding impressive views of the Petronas Twin Towers, KL Tower, Bukit Nanas Nature Reserve and the vibrant Kuala Lumpur central business district skyline
- 8-minutes walk to the KLCC and surrounded by the best of the city's shopping and dining outlets
- A refreshing 1.2 acre fully-turfed central park, provides an urban sanctuary for dwellers
- 2 storey residents-only clubhouse, gym and function rooms on its northern fringe, with a manicured lawn flowing seamlessly to the edge of the swimming pool



3+1 bedroom Suite

Studio Suite

St Mary Residences Sales Gallery

Seri Tanjung Pinang

www.seritanjungpinang.com

- Located along Penang's northeast coast, this masterplanned development sits strategically between the UNESCO World Heritage City of George Town and the renowned beaches of Batu Ferringhi
- Developed in two phases, the 240 acre first phase of this remarkable development has evolved into mature, vibrant community of locals and expatriates from all over the world
- Approval-in-principle for the 740 acre Phase 2 has been obtained from the Penang State Government
- Residences here range from 3-storey courtyard terraces in Penang's unique straits-eclectic architecture to luxury suites and from resort seafront condominiums to grand seafronting villas reminiscent of Caribbean plantation manors
- The Straits Quay festive retail mall and marina in Seri Tanjung Pinang infuses the essence of living by-the-sea for residents, visitors and tourist alike

TERRACE

Type	: 2 1/2-storey Ariza Courtyard | 2 1/2-storey Ariza Seafront
Location	: Seri Tanjung Pinang, Penang Island
Description	: Built-up of ~3,200 sq ft to ~3,800 sq ft
Units	: 289
Launch Date	: October 2005 - July 2009
Status	: Completed

- A modern interpretation of the original Straits Eclectic-style townhouse which grace the heritage quarters of George Town
- The uniform external façade 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
- The seafronting terraces have been further upgraded with designer kitchens, fully fitted with appliances, teak floor, marble master bathroom, air-conditioning 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	: 214
Launch Date	: June 2006 - November 2008
Status	: Completed

- 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 precincts, 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	: 40 | 5
Launch Date	: December 2007 | October 2010
Status	: Completed | Completing 2013

- 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

SERVICED RESIDENCES

Type	: 1 and 2 bedrooms Suites at Straits Quay
Location	: Seri Tanjung Pinang, Penang Island
Description	: Built-up of ~850 sq ft to ~2,753 sq ft
Units	: 217
Launch Date	: July 2007 - August 2009
Status	: Completed

- 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
- Built around the Waterside at Seri Tanjung Pinang, residents enjoy direct access to the retail marketplace with the pleasure marina and waterfront promenade at its doorstep
- The Suites have 24 hours security and operates a card access system, comes fully equipped with stylish designer kitchens, and fitted with wardrobes, lightings and air-conditioning units
- Leisure facilities on the rooftop include swimming pools, fully-equipped gym and tennis court

Artist's impression, Cayman

SUPER SEMI-DETACHED HOMES & VILLAS by-the-sea™

Type	: 3-storey, 5+1 bedroom Cayman Villas by-the-sea™
Location	: Seri Tanjung Pinang, Penang Island
Description	: Built-up of 5,126 sq ft; Land size: 5,000 – 5,073 sq ft
Units	: 8
Launch Date	: October 2010
Status	: Completing 2013

Type	: 3-storey, 5+1 bedroom Caspian super semi-detached
Location	: Seri Tanjung Pinang, Penang Island
Description	: Built-up of 5,040 sq ft; Land size: 5,000 – 5,886 sq ft
Units	: 20
Launch Date	: October 2010
Status	: Completing 2013

Artist's impression, Caspian

- E&O Property Development Berhad in a joint venture with CIMB-Mapletree developed a signature collection of Villas by-the-sea™ and super semi-detached residences in Seri Tanjung Pinang
- These limited units of Cayman luxury villas and Caspian super semi-detached homes are seafronting with generous parcels of freehold land, measuring 5,000 to 15,000 square feet
- Units come with their own private lifts and lap pools
- These resplendent homes were launched in October 2010 and were sold out within two months, a firm endorsement of the quality and demand for E&O properties

Quayside, 3-bedroom Suite

QUAYSIDE SEAFRONT RESORT CONDOMINIUMS

www.quaysideresort.com

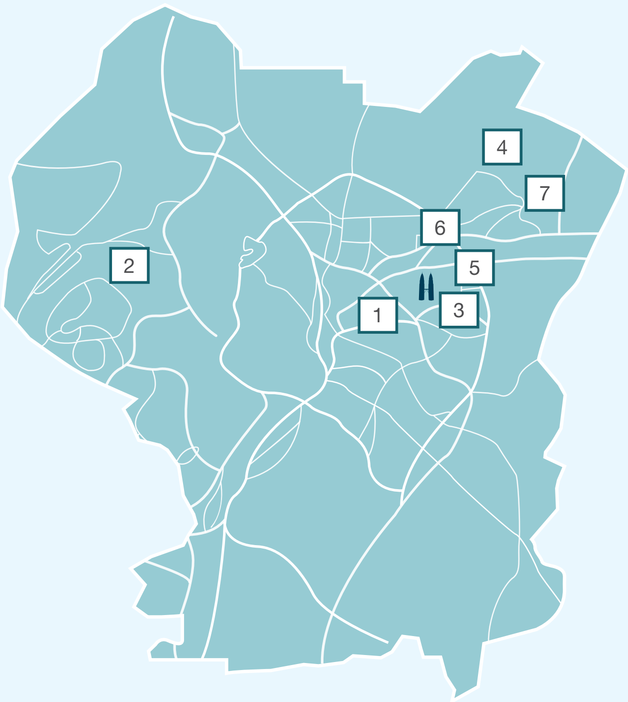
Type	: 27-storey and 7-storey Condominiums 2 high-rise and 2 low-rise towers (Phase 1)
Location	: Seri Tanjung Pinang, Penang Island
Description	: Built-up of ~1,137 sq ft to ~7,159 sq ft
Units	: 698
Launch Date	: February 2010
Status	: Completing 2013

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

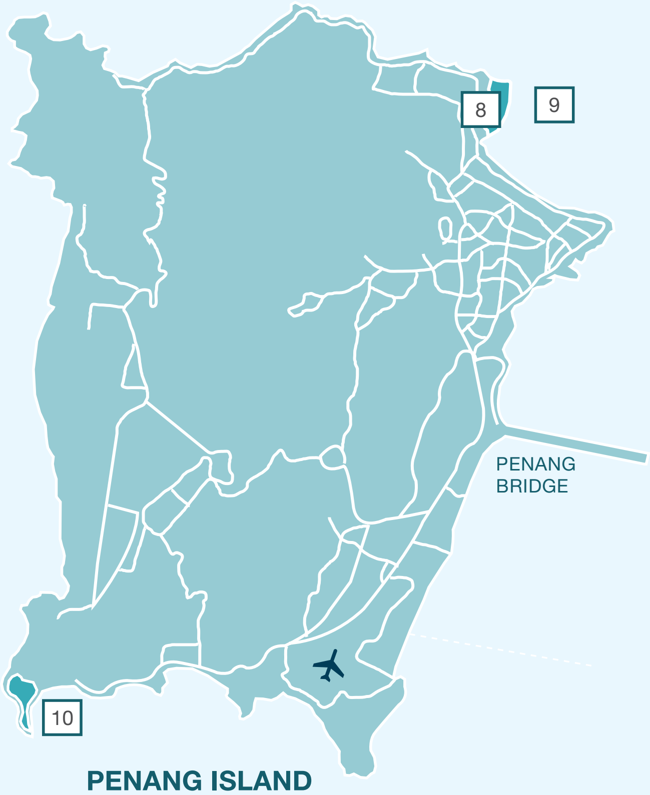
Artist's impression, Quayside Penthouse

LIST OF LANDBANKS AS AT 31 MARCH 2011

LANDBANKS	LAND SIZE (acres)
KLANG VALLEY	
1. St Mary's land at Jalan Tengah, Kuala Lumpur (JV with The Lion Group)	4.1
2. Jalan Teruntung, Damansara Heights, Kuala Lumpur (The Peak)	3.9
3. Jalan Conlay, Kuala Lumpur	1.4
4. Kemensah Heights, Ulu Kelang (Ampang area), Kuala Lumpur	309.5
5. Jalan Yap Kwan Seng, Kuala Lumpur	1.3
6. Jalan Liew Weng Chee (Off Jalan Yap Kwan Seng), Kuala Lumpur	0.9
7. Ukay Heights, Ulu Kelang (Ampang area), Kuala Lumpur	9.4
	330.5
PENANG ISLAND	
8. Seri Tanjung Pinang, Tanjung Tokong, Penang - Phase One	240.0
9. Seri Tanjung Pinang, Tanjung Tokong, Penang - Phase Two	740.0
10. Gertak Sanggul - Southwestern tip of Penang Island	365.0
	1,345.0
GRAND TOTAL	**1,675.5**



KLANG VALLEY



PENANG ISLAND

Property Investment

November 2010 witnessed the soft opening of E&O's Straits Quay retail marina in Penang, heralding a brand new era of retail, dining and marina lifestyle experience for the island. Ahead of its grand opening, targeted for end-2011, Straits Quay is already close to 70% tenanted. When fully open, the retail centre is expected to accommodate close to 100 tenants comprising a comprehensive mix of outlets and attractions; from boutiques to bistros, seafood restaurants to seaside cafes, bars to boat rides, along a wide and captivating seafront promenade. A floating stage in the middle of the marina provides an ideal platform for closer audience interaction during live performances.

Since its opening, the 270,000 sq ft retail mall located within E&O's integrated Seri Tanjung Pinang waterfront development at Tanjung Tokong has become a must-visit destination for locals and tourists. Besides featuring a host of familiar and new, local and international, retail and dining brands to Penang, Straits Quay has been chosen by Royal Selangor—Malaysia and the world's foremost pewter smith—as the location for its second signature visitor centre in the country, its first in the northern region. The Royal Selangor School of Hard Knocks and Visitor Centre opened on 25 August 2011, officiated by the Honourable Chief Minister of Penang.

A definite boon for the arts and culture scene in Penang is the upcoming Performing Arts Centre of Penang (PgPAC) which will be housed at Straits Quay. The centre will be managed by The Actors Studio (TAS), helmed by Malaysia's leading performing arts couple Joe Hasham OBE and Dato' Faridah Merican. Currently, in the advanced stages of fitting-out, PgPAC is expected to open its doors end-2011.

Supporting MICE marketing efforts, the new Straits Quay Festival Hall is being fitted out and will open by end-2011 bringing an additional 30,000 sq ft of conference and banqueting space to Penang. The hall is ideal for exhibitions and conventions and will be able to accommodate 1,500 pax banquets and a plenary hall setting for 2,500 pax.

Straits Quay Festive Retail Mall and Straits Quay Marina

The Straits Quay Marina, which welcomed its first boat in March 2011, complements the retail marina and provides a vital component in bringing to life the holistic concept of living-by-the sea. Forty pontoon berths are available for vessels between 10 to 20m length overall (LOA). The Marina's facilities include:

- Electricity and fresh water at all pontoons
- Pump-out station
- Security cards and 24 hours surveillance by Straits Quay's security staff
- Boat management services are available, consisting of basic boat cleaning, security checks
- Divers for underwater inspections are available upon request
- Fire fighting and emergency pumping equipment
- Boaters' centre with local information, WiFi access, shower stalls, washing machine, etc

The pier at Straits Quay Marina will be the key stop for E&O's upcoming water limousine service.

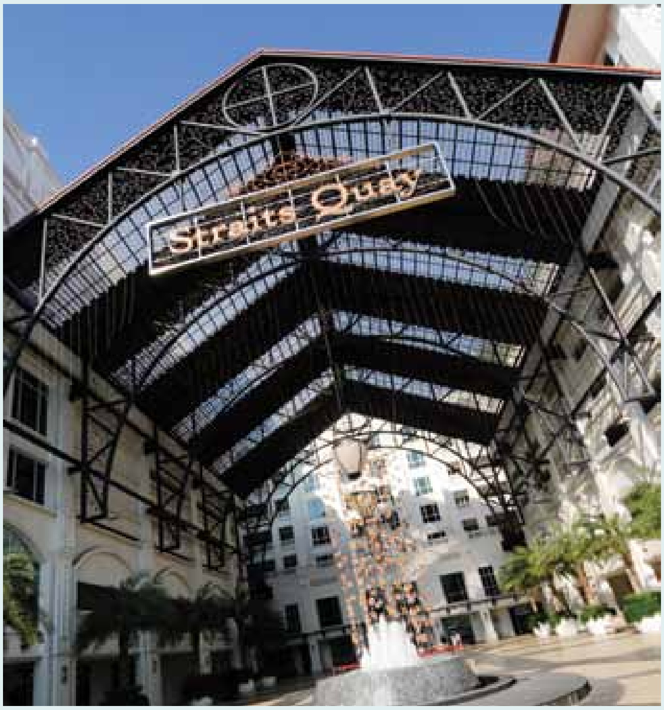



Photo courtesy of Royal Selangor

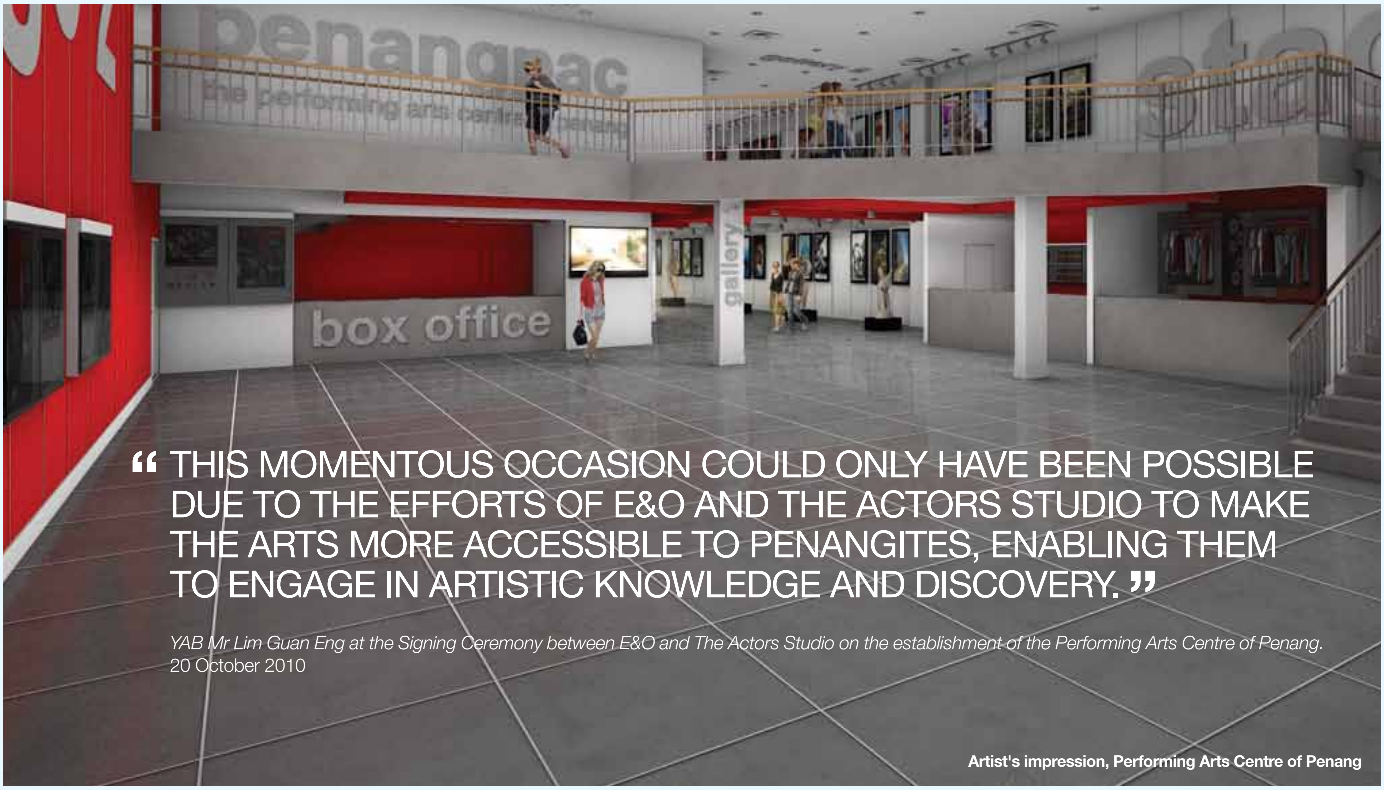
ROYAL SELANGOR VISITOR CENTRE OPENS AT STRAITS QUAY

Modeled after its main visitor centre at its factory in Kuala Lumpur, the Royal Selangor visitor centre at Straits Quay is designed to provide an environment where visitors can appreciate and experience the history of pewter in Malaysia. It showcases the venerable Royal Selangor brand which, like the E&O brand, was established in 1885 and celebrates its 126th anniversary in 2011.

Declared open on 9 March 2011 by the Honourable Chief Minister of Penang, the Visitor Centre offers wide range of interesting pewter-related information and activities, including a demonstration of pewter crafting and also hands-on activity at the School of Hard Knocks' pewtersmithing workshop. In a fun half-hour session, participants have the opportunity to learn how to make their very own pewter dish, using traditional tools as done by pewtersmiths more than a hundred years ago.

> "WITH ITS DISTINCTIVE DESIGN, THE WONDERFUL SEASIDE SETTING OF A MARINA, AND E&O'S COMMITMENT TO MAKING THIS LOCATION ICONIC, WE ARE CONFIDENT THAT STRAITS QUAY WILL BECOME A MAJOR ATTRACTION."

Royal Selangor Marketing Sdn Bhd, General Manager, Chen Tien Yue at a joint-press conference with E&O announcing the tie-up between the two parties.
25 August 2010



“ THIS MOMENTOUS OCCASION COULD ONLY HAVE BEEN POSSIBLE DUE TO THE EFFORTS OF E&O AND THE ACTORS STUDIO TO MAKE THE ARTS MORE ACCESSIBLE TO PENANGITES, ENABLING THEM TO ENGAGE IN ARTISTIC KNOWLEDGE AND DISCOVERY. ”

YAB Mr Lim Guan Eng at the Signing Ceremony between E&O and The Actors Studio on the establishment of the Performing Arts Centre of Penang.
20 October 2010

Artist's impression, Performing Arts Centre of Penang

PERFORMING ARTS CENTRE TO OPEN IN PENANG

E&O scored another first – Penang's first Performing Arts Centre will open its doors at the Straits Quay festive retail marina at end-2011, bringing to Penangites a whole variety of performing arts activities ranging from dance, theatre and music right through to art, photography and other artistic shows.

Like the successful The Kuala Lumpur Performing Arts Centre (KLPac) in Kuala Lumpur, the Performing Arts Centre at Straits Quay will be managed by The Actors Studio (TAS), helmed by renowned performing arts couple Joe Hasham OBE and Dato' Faridah Merican. A signing ceremony between E&O and TAS was held in October 2010, witnessed by the Penang Chief Minister, YAB Lim Guan Eng.

The total investment cost to kick-start the setting up of the Performing Arts Centre is estimated at RM9.0 million. Of this, the bulk will be funded by E&O and the balance by TAS.

The 22,000 sq ft centre will feature two theatres – a proscenium theatre that will seat 304, as well as an experimental theatre that would seat 150. Located on the 4th floor of Straits Quay, the centre will also feature a number of studios to be used for classes, rehearsals and practices, as well as a foyer, ticketing office and back-of-stage facilities.

The space would allow TAS to bring in international acts, as well as cultivate a calendar of locally-produced events, in addition to nurturing amongst Penangites a love for, and knowledge of, the rich world of performing arts.

The Performing Arts Centre of Penang is a not-for-profit entity and E&O's involvement in it is consistent with the Group's CSR platform for the promotion of culture, heritage and arts within its communities. It speaks to E&O's *raison d'etre* to offer innovative, holistic and all-encompassing lifestyle experiences, further entrenching its position as a premier lifestyle developer.

Hospitality & Lifestyle

The Group proudly takes its name from South East Asia's grand dame of heritage hotels, the Eastern & Oriental Hotel in Penang. Reflecting the classic elegance of a bygone era, this historic icon continues to inspire the brand and positioning of the E&O Group, as showcased by its Hospitality & Lifestyle division.

The Hospitality & Lifestyle had an exciting year marked by progressive developments on all fronts of this business arm, marked by expansions, new beginnings and refreshing refurbishments.

Bombay Shop, E&O Hotel

***1885* fine dining restaurant, E&O Hotel**

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 126-year old E&O Hotel is Malaysia's oldest luxury heritage hotel.

- Patronage at the hotel in suite stay revenue and F&B/ banqueting billings remains healthy, buoyed amongst others by George Town's inscription by UNESCO as a World Heritage Site. As at end March 2011, the hotel maintained an occupancy rate of close to 70% with 2010/11 peak months average occupancy levels breaching the 75% mark.

- E&O Hotel's continued emphasis on personalised attention and meticulous service is evident from its staff-to-room ratio of 2.5, well above the hospitality industry average of 1.6.

- Bombay Shop, the hotel's boutique retail outlet, was expanded and refurbished while its range of product offerings was enhanced to effectively showcase the local Penang and Malaysian-themed merchandise. The displays range from Straits ceramics to Royal Selangor pewter, authentic E&O Hotel crockery from decades ago to books on Nyonya culture, jewellery made by Penang artisans to a collection of Chinoiserie ornaments.

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

“TOP 10 BOUTIQUE HOTELS IN THE WORLD UNDER USD 200”

TripAdvisor, 2011

batubar

Gerai

Lone Pine Hotel

www.lonepinehotel.com

The Bungalow

- The Lone Pine Hotel was given a new lease of life after undergoing extensive refurbishment and expansion. Opened again to the public in November 2010, the oldest boutique hotel along the Batu Ferringhi stretch offered guests 40 additional sea-facing guestrooms, bringing the total number of keys to 90.
- In addition to an upgraded swimming pool, wellness spa, shop and gym, business centre and meeting rooms, the 'new' Lone Pine features a selection of F&B outlets to cater to the diverse tastes of guests such as the original but rejuvenated Bungalow coffee house—well-loved for its Hainanese specialties as well as the chic new *batubar* lounge and Batu Ferringhi's only Japanese restaurant, Matsu.
- Guests, especially loyal longtime followers of Lone Pine, were relieved to see that the quintessential charm and character of the hotel, including its signature casuarinas trees and lawn, remained intact.
- As at end March 2011, Lone Pine had a staff-to-room ratio of 1.8 with average occupancy levels for the five months since its recent reopening touching 50%. Peak weekends/public holidays have seen the hotel garnering 100% occupancy.

The Delicious Group

www.thedeliciousgroup.com

Delicious Catering

DISH

- The Delicious Group upon becoming a wholly-owned subsidiary of E&O in November 2011, embarked on a plan to expand and extend the brand. This began with efforts to introduce Delicious to Penang's Straits Quay—at a picturesque seafronting corner lot—which is expected to open in May 2011 and increase the tally of outlets to six. This will be followed by the opening of several more new outlets in prime locations such as at Sunway Pyramid and also in Singapore in 2011 and 2012.

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

Delicious at Straits Quay, Penang

- Complementing the Delicious outlets are the Delicious Group's gourmet food store, Delicious Ingredients, and the no-frills fine dining steakhouse, DISH, both located at Dua Annexe. The Group also runs Reunion, a Chinese restaurant named after the cornerstone family tradition of gathering at Chinese New Year Eve for a reunion dinner. 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 Ingredients

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

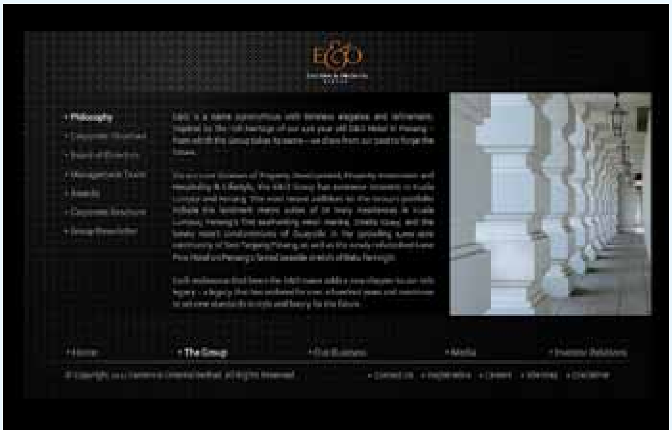
Reunion Restaurant

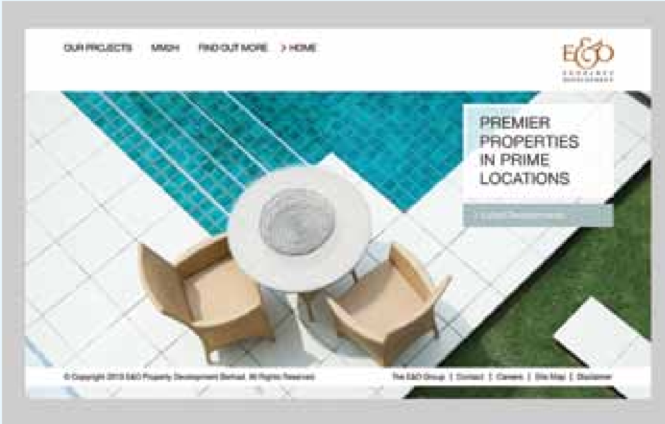
Rooftop, Suites at Straits Quay

E&O CONCIERGE

enoconcierge@e-o-hotel.com

- E&O's hospitality management services, branded as E&O Concierge, has been extended to the 217 units of stylishly designed 1-and 2-bedroom serviced suites at Straits Quay. The E&O Concierge counter at Straits Quay is the one-stop centre for residents to procure a range of customised, pay-on-demand services such as housekeeping, laundry services, car rental and F&B delivery.


E&O Berhad



E&O Property Development

Seri Tanjung Pinang


Lone Pine Hotel

WEBSITE AND SOCIAL MEDIA DEVELOPMENTS

In 2010/11, four of the Group's existing websites were redesigned to enhance the overall user experience and reflect a more contemporary look. The websites:

- Eastern & Oriental Berhad **(www.easternandoriental.com)**;
- Eastern & Oriental Property Development **(www.eoprop.com)**;
- Seri Tanjung Pinang **(www.seritanjungpinang.com)**; and
- Lone Pine Hotel **(www.lonepinehotel.com)**

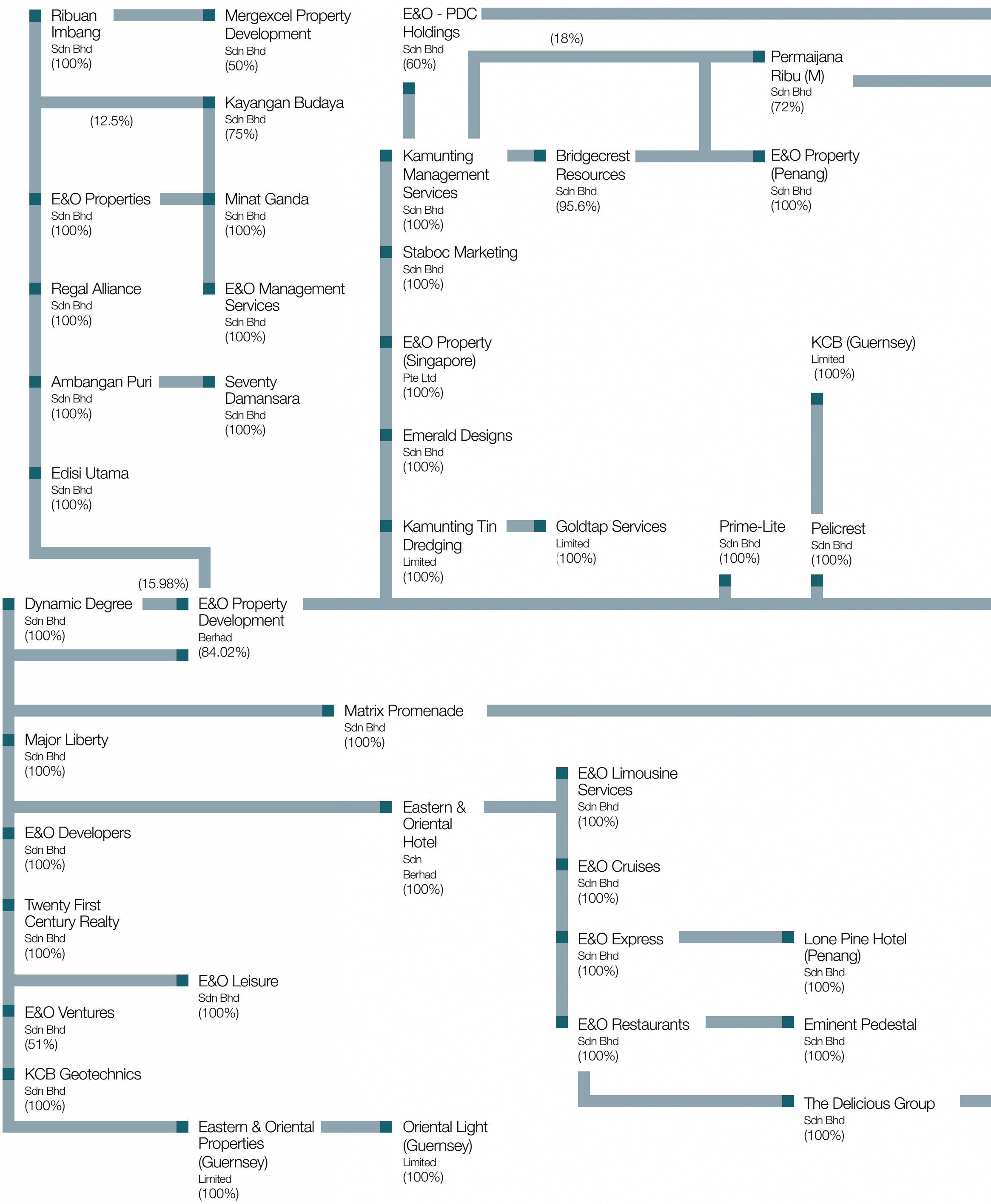
With their cleaner, sleeker and streamlined designs were complemented with improved navigational features, user-friendliness and fresh new images from the Group's latest image bank. A new website was also created for the Straits Quay festive retail marina in time for its soft opening in November 2010 **(www.straitsquay.com)**. Work to redesign the E&O Hotel website has also commenced and is targeted for completion in the second half of 2011.

The Group also taps on the vast reach of social media to connect at a more personal level with its diverse pool of stakeholders. Facebook is currently used for Seri Tanjung Pinang, St Mary Residences, E&O Hotel, Lone Pine Hotel, The Delicious Group and Straits Quay, all of which have regular updates and information for the creation of continuous awareness and interest in its services, products and activities.

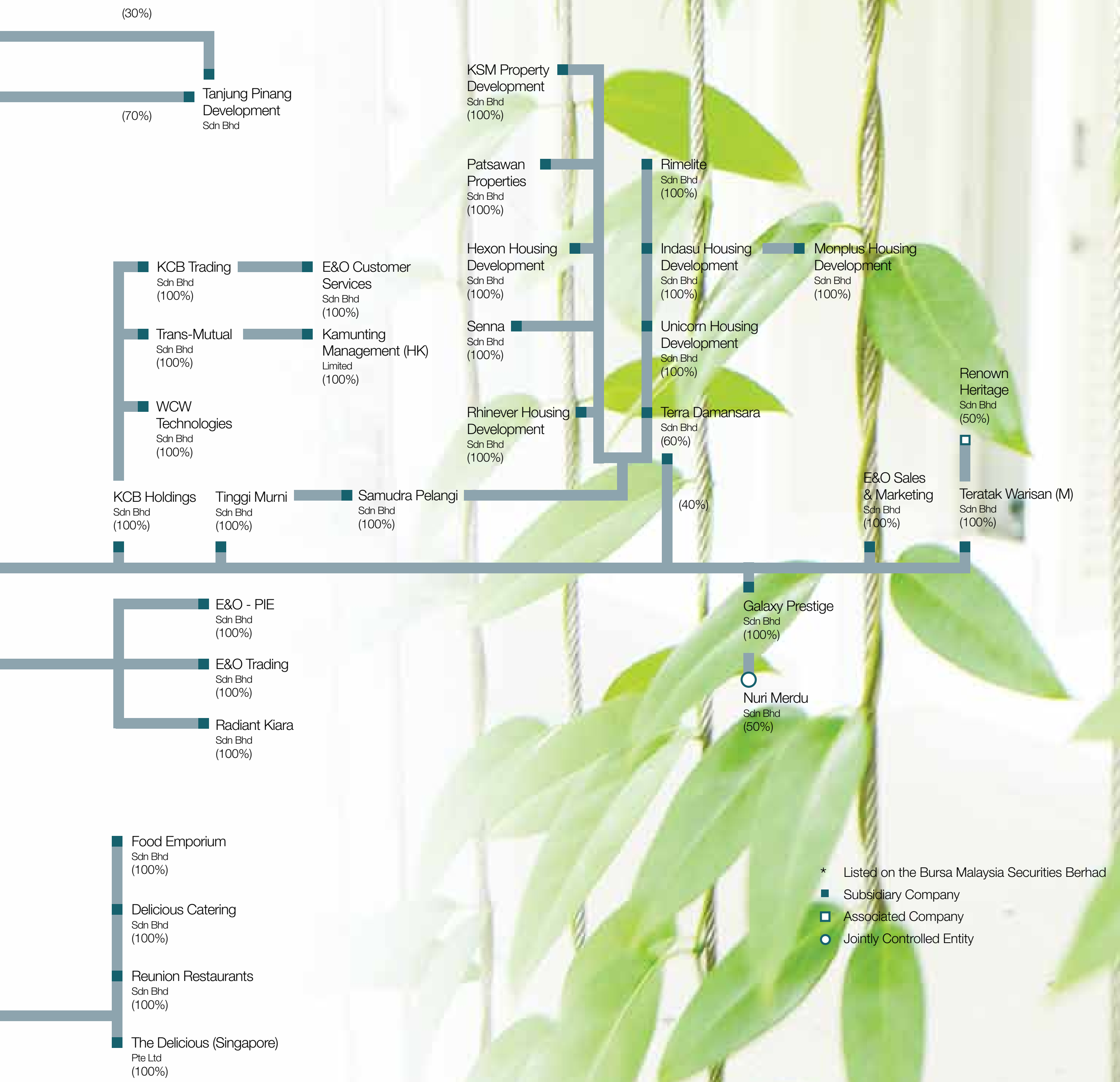
Straits Quay

group corporate structure

AS AT 29 JULY 2011



EASTERN & ORIENTAL BERHAD


(30%)
(70%)
Tanjung Pinang Development Sdn Bhd
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%)
(40%)
Renown Heritage Sdn Bhd (50%)
Teratak Warisan (M) Sdn Bhd (100%)
E&O Sales & Marketing Sdn Bhd (100%)
KCB Trading Sdn Bhd (100%)
E&O Customer Services Sdn Bhd (100%)
Trans-Mutual Sdn Bhd (100%)
Kamunting Management (HK) Limited (100%)
WCW Technologies Sdn Bhd (100%)
KCB Holdings Sdn Bhd (100%)
Tinggi Murni Sdn Bhd (100%)
Samudra Pelangi Sdn Bhd (100%)
Galaxy Prestige Sdn Bhd (100%)
Nuri Merdu Sdn Bhd (50%)
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%)
The Delicious (Singapore) Pte Ltd (100%)
* Listed on the Bursa Malaysia Securities Berhad
Subsidiary Company
Associated Company
Jointly Controlled Entity

corporate information

DIRECTORS

Datuk Azizan bin Abd Rahman *Chairman*
Dato' Tham Ka Hon *Managing Director*
Mr Chan Kok Leong *Deputy Managing Director*
Mdm Kok Meng Chow *Finance Director*
Datuk Henry Chin Poy Wu
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
Public Bank Berhad

AUDITORS

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

REGISTRAR

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

REGISTERED OFFICE

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

WEBSITE

www.easternandoriental.com

directors' profile

1. DATUK AZIZAN BIN ABD RAHMAN

Independent Non-Executive Director / Chairman

YBhg Datuk Azizan bin Abd Rahman, a Malaysian, aged 61 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 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 stockholder 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

Managing Director

Dato' Tham Ka Hon, a Malaysian, aged 58 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. He is also a Director of Performing Arts Centre of Penang.

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

Dato' Tham and his wife are both substantial stockholders of the Company. Other than as disclosed above, Dato' Tham is not related to any Director and/or other major stockholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.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3. MR CHAN KOK LEONG
Deputy Managing Director

Mr Chan Kok Leong, a Malaysian, aged 41 is currently the Deputy Managing Director of Eastern & Oriental Berhad. He is a member of the Remuneration Committee and Option Committee. He is also the Executive Director of E&O Property Development Berhad and a Director of Performing Arts Centre of Penang.

Mr Chan has more than 20 years experience in corporate finance and financial investment, which also encompassed areas relating to property development and marketing. He holds a Master in Business Administration from Institut Superieor de Gestion, Paris and is a member of the Malaysian Association of Certified Public Accountants. In May 2003, Mr Chan joined E&O Property Development Berhad as Director of Corporate & Investment. He was appointed Executive Director of Eastern & Oriental Berhad on 11 May 2006 and was promoted to his current position on 11 May 2011.

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

4. MADAM KOK MENG CHOW
Finance Director

Madam Kok Meng Chow, a Malaysian, aged 51 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 stockholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

5. DATUK HENRY CHIN POY WU
Senior Independent Non-Executive Director

Datuk Henry Chin Poy Wu, a Malaysian, aged 74, 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 stockholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

6. ENCIK KAMIL AHMAD MERICAN
Non-Independent Non-Executive Director

Encik Kamil Ahmad Merican, a Malaysian, aged 61, 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.

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 stockholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

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

Mr Vijeyaratnam a/l V. Thamotharam Pillay, a Malaysian, aged 59, an Independent Non-executive Director was appointed to the Board of Eastern & Oriental Berhad on 28 July 2003. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. Mr Vijeyaratnam is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He has considerable experience covering auditing, financial planning, general management and corporate advisory in various business environments. He is currently the Managing Director of his own corporate advisory and consultancy company.

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

Mr Vijeyaratnam has no family relationship with any Director and/or major stockholder of the Company, 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
Non-Independent Non-Executive Director

Mr Christopher Martin Boyd, a British citizen with permanent residence in Malaysia, aged 64, 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, a firm engaged in property valuation, estate agency, property management and research.

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

9. MR TEO LIANG HUAT THOMAS
Non-Independent Non-Executive Director

Mr Teo Liang Huat Thomas, a Singaporean, aged 47, 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 stockholder of the Company and a Singapore-listed group involved primarily in 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 is a Remuneration Committee Member.

Mr Teo has no family relationship with any Director and/or major stockholder 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

E&O Berhad's CSR initiatives are premised on its rich history and heritage, imbued by its namesake, the E&O Hotel in George Town, Penang. This forms our guiding principle as we strive to conduct our business in a manner that will enable us to contribute towards the preservation of the heritage, culture and arts within the communities we operate in. This is especially meaningful since George Town's inscription as a UNESCO World Heritage Site in 2008 as well as the recognition of the 126-year old E&O Hotel as a Penang heritage landmark.

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

PRESERVING CULTURE, HERITAGE & ARTS IN OUR COMMUNITIES

During the financial year, the E&O Group spent approximately RM700,000 on a range of CSR-related activities. Consistent with the Group's strong presence in Penang, a large portion of our limited available resources were allocated towards heritage and cultural activities supporting George Town's inscription as a UNESCO World Heritage Site.

This included supporting the state's Chinese New Year Cultural and Heritage celebrations that were held state wide with the participation of 80 local associations and schools in the core heritage zone and the month-long **"George Town Festival"**, a celebration of Penang's inscription as a UNESCO World Heritage Site, which was jointly organised by the Penang State Government, Municipal Council of Penang Island, George Town World Heritage Incorporated and Penang Global Tourism.

E&O has also collaborated with The Actors Studio (TAS) to establish the **Performing Arts Centre of Penang (PgPAC)** at Straits Quay. Funded mainly by E&O, PgPAC is a not-for-profit entity which will be managed by TAS, led by Malaysia's foremost performing arts couple Joe Hasham OBE and Dato' Faridah Merican. Targeted to open at end-2011, PgPAC will play a key role in promoting arts and culture in Penang.

Further reinforcing the Group's dedication to heritage, the Group also sponsored **"WITNESS TO HISTORY: How the French lost the Mosquet in the 1914 Battle of Penang by Dr John D Robertson"** tea talk that was organised by the Penang Heritage Trust.

Other ongoing CSR initiatives include contributions to charities and non-governmental organisations as well as landscaping and adopting the Bukit Bendera roundabout in Ayer Itam under the **"Cleaner Greener Penang"** initiative by the state and the creation of the Community Recycling Centre in our Seri Tanjung Pinang masterplanned seafront development as part of the **"Green Our World"** initiative.

TRANSPARENCY IN THE MARKET PLACE

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

directors' responsibility statement

IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

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

In preparing the financial statements, the Directors have:

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

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

corporate governance statement

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.

The Malaysian Code on Corporate Governance (Revised 2007) ("the Code") aims to set out principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework. The Board is pleased to disclose below how the Group has applied the principles and complied with the best practices set out in the Code for the year ended 31 March 2011.

BOARD OF DIRECTORS

1. Board Responsibility

The Group is led and controlled by the Board which 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 comprises nine (9) members, of which three (3) are Executive Directors, three (3) are Independent Non-executive Directors and three (3) are Non-independent Non-executive Directors. The Company complied with the requirement for one third (1/3) of the Board to be independent as stated in Paragraph 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). A brief profile of each Director is presented on pages 38 to 41 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.

The role and responsibilities of the Chairman and the Group Managing Director are clear and distinct. The Chairman is responsible for ensuring Board effectiveness and standard of conduct while the Group Managing Director is responsible for overall management of the Group including running of the businesses and implementation of strategies and policies.

3. Board Meetings

The Board meets at least five (5) times a year, with additional meetings held as and when required. Where appropriate, decisions have been taken by way of circular resolutions in between scheduled meetings during the financial year.

A total of five (5) meetings were held during the financial year ended 31 March 2011 and the attendance of each Director at the meetings is as illustrated below:

NAME OF DIRECTORS	TOTAL MEETINGS ATTENDED	%
Datuk Azizan bin Abd Rahman	5/5	100
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	4/5	80
Mdm Kok Meng Chow	5/5	100
Mr Christopher Martin Boyd	5/5	100
Mr Teo Liang Huat Thomas	5/5	100

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

4. Supply of Information

The Board has full and unrestricted access to all information necessary to enable it to discharge its duties effectively. All Directors have access to the advice and services of the Company Secretary and, whether as a full board or in their individual capacities, Directors are also at liberty to take independent professional advice on any matter connected with the discharge of their responsibilities, where necessary, at the Company's expense.

All Directors are provided with the agenda and Board papers ahead of the scheduled meetings to enable sufficient time for the Directors to consider and deliberate on matters arising and where necessary, obtain further explanations.

5. Appointment and Re-election of Directors

The Nomination Committee comprises entirely of Non-Executive Directors, a majority of whom are independent. The Nomination Committee recommends new appointment of Directors to the Board and assesses the effectiveness of the Board as a whole and contribution of each Director on an ongoing basis. The Nomination Committee will assess the suitability of an individual to be appointed to the Board by taking into account the skills, knowledge, expertise, experience, professionalism and integrity.

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

6. Directors' Training and Development

During the financial year ended 31 March 2011, the Directors had participated in the following programmes:

NAME OF DIRECTOR	SEMINARS / WORKSHOPS / COURSES
Datuk Azizan bin Abd Rahman	- Tabung Haji Group of Plantation Manager's Seminar 2010 - World Capital Markets Symposium - Global Islamic Finance Forum - Chairman's Forum : Leading Championship Strategies - Global Business Leaders Forum - Sustainability Programme for Corporate Malaysia
Dato' Tham Ka Hon	- Learning from the Toyota Case Study & Board Input to Annual Reports
Datuk Henry Chin Poy Wu	- Independent Directors – Actual verses Perceived Independence - Views from the Boardroom – Challenges Directors Face - Learning from the Toyota Case Study & Board Input to Annual Reports - Sustainability Programme for Corporate Malaysia - Assessing The Risk and Control Environment - Corporate Integrity and Anti-Corruption Principles for Corporations in Malaysia
Mr Chan Kok Leong	- Learning from the Toyota Case Study & Board Input to Annual Reports
Encik Kamil Ahmad Merican	- Learning from the Toyota Case Study & Board Input to Annual Reports
Mr Vijeyaratnam a/l V. Thamotharam Pillay	- Forensic Accounting and Fraud
Mdm Kok Meng Chow	- Learning from the Toyota Case Study & Board Input to Annual Reports - Tax Planning for Companies (with Budget 2011 updates) - IASB-MASB Discussion Forum
Mr Christopher Martin Boyd	- Board Effectiveness : Understanding the Roles & Functions of the Nominating & Remuneration Committees
Mr Teo Liang Huat Thomas	- Audit Committee Essentials - Risk Management Essentials

BOARD COMMITTEES

The Board delegates certain responsibilities to Board Committees, each with defined terms of reference and responsibilities. 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 comprises of four (4) Non-Executive Directors. The membership, terms of reference and its activities during the year are detailed in the Audit Committee Report of this Annual Report.

2. Risk Management Committee

The Risk Management Committee comprises two (2) Non-executive Directors and one (1) Executive Director as follow:

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

Madam Kok Meng Chow
(Executive)

Mr Christopher Martin Boyd
(Non-Independent and Non-executive)

The committee is responsible to formulate and implement risk management policies and strategies. It monitors and manages principal risks exposures by ensuring management has taken necessary steps to mitigate such risks and recommend actions, where necessary. The committee also communicates to the Board of any present and potential risks that the Group faces.

3. Nomination Committee

The Nomination Committee comprises four (4) Non-executive Directors, three (3) of whom are independent as follow:

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 committee is responsible for proposing to the Board suitable candidates for appointment as Directors and members of Board Committees and performs other duties as spelled out in the committee's terms of reference.

4. Remuneration Committee

The Remuneration Committee comprises two (2) Non-executive Directors and one (1) Executive Director as follow:

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)

Key responsibilities of the Remuneration Committee include ensuring Executive Directors and Non-executive Directors are fairly rewarded for their individual contribution. The committee also advises 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 2011 is as follows:

	SALARIES /FEES	OTHER EMOLUMENTS (INCLUDING BONUS, ALLOWANCES, BENEFITS-IN-KIND)	TOTAL
	RM	RM	RM
Executive Directors	1,819,250	3,492,163	5,311,413
Non-Executive Directors	492,000	0	492,000
Total	2,311,250	3,492,163	5,803,413

The range of remuneration for the Directors is disclosed in Note 10 of the Financial Statements in this Annual Report.

5. Option Committee

The Option Committee comprises one (1) Non-executive Director and two (2) Executive Directors as follow:

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

Mr Chan Kok Leong
(Executive)

Mdm Kok Meng Chow
(Executive)

The committee is responsible 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 maintains regular and proactive communication with its shareholders and investors

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

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

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

All corporate information, financial results, news and events are available on the Group's corporate website, **www.easternandoriental.com.** The shareholders 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 and communication with shareholders. Shareholders are encouraged and given sufficient time and opportunity to participate in the proceedings, ask questions about the resolution being proposed and the operations of the Group. 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. A press conference is held immediately after the AGM where the Chairman and the Executive Directors will clarify and explain issues raised by the media and analysts.

ACCOUNTABILITY AND AUDIT

1. Financial Reporting

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

2. Internal Controls

The Board acknowledges its responsibility for the Group's system of internal controls and risk management and for reviewing the effectiveness of these systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. Any system can only provide a reasonable but not absolute assurance against material misstatement and loss. The Group's Statement on Internal Control is set out on pages 50 to 51.

3. Relationship with the Auditors

The Board has established a transparent and professional relationship with the Group's auditors, both external and internal, through the Audit Committee. The Audit Committee meets regularly with the external and internal auditors to discuss and review the audit plan, quarterly financial results, annual financial statements and the audit findings, and makes recommendations for the Board's approval.

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 52 to 54.

statement on internal control

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

INTRODUCTION

This Statement on Internal Control is prepared pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad 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 their responsibility 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 to seek reasonable assurance on the adequacy, effectiveness and integrity of the internal control system through independent reviews carried out by the Group's internal audit function.

However, as there are inherent limitations in any system of internal controls, 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.

KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM

The Group's control environment comprises the following components which have been in place throughout the financial year

1. Control Environment

- **Organization Structure & Authority Limits**
  The Group maintains a formal organisation structure with well-defined delegation of responsibilities and accountability within the Group's senior management. The Group, via its Authority Chart, assigns authority to appropriate levels of staff to exercise control over the Group's commitment on both capital and operational expenditure. The Authority Chart is approved by the Board and are regularly reviewed and updated to reflect changing conditions.

- **Policies & Procedures**
  Clearly defined policies and procedures including human resource policies are in place and are undergoing constant improvements to ensure that they continue to support the Group's business activities as the Group continues to grow.

- **Annual Budget**
  The Group has a comprehensive budgeting and forecasting system. All business units are required to prepare budget and business plan on an annual basis. The Board reviews and approves the annual budget and business plans. Actual performance is closely monitored against budgets to identify and to address significant variances.

- **Staff Development & Training**
  Staff competency and professionalism are being emphasized through continuous training and development programmes. The Group, through its recently established Learning & Development Unit, will actively encourage its staff to participate in training, education and development programmes organized both internally and externally.

2. Risk Management Framework

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

The key aspects of the risk management process are:

i. The Risk Management Committee coordinates and oversees risk management activities across the Group;

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

iii. The Risk Management Committee will escalate to the Board significant risks that requires the Board's attention;

iv. All business units document the control and action plans to mitigate the risks identified; and

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

3. Internal Audit Function

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

The annual risk based internal audit plan is reviewed and approved by the Audit Committee before the beginning of each financial year. On a quarterly basis, the results of the internal audit reviews and the recommendations for improvement are presented to the Audit Committee. Follow up reviews on the previous audit reports are carried out to ensure appropriate actions have been taken by the management to address the weaknesses highlighted.

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

The costs incurred in maintaining the outsourced internal audit function for the financial year ended 31 March 2011 amounted to RM171,147.

4. Information and Communication

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

5. Review & Monitoring Process

Regular Board, Executive Committee and senior management meetings are held to formulate strategies on an ongoing basis and to address issues arising from changes in both the external business environment and internal operating conditions. In addition to the above, scheduled and ad-hoc meetings are held at operational and management levels to identify, discuss and resolve business and operational issues as and when necessary.

For the financial year ended 31 March 2011 the Group has investments in two jointly controlled entities and two associates. The Group's interest in these entities is served through representation in the joint management committee or representation on the Board. This representation provided the Board with access to review and monitor the performance of these investments. The Board is provided with periodic reports and information on their activities.

Interest in an associate, Fututech Berhad was disposed off on 28 March 2011 as disclosed in Note 20 to the financial statements.

CONCLUSION

For the financial year under review, the Board is satisfied that the review and monitoring of the internal control system gives reasonable assurance that the internal controls in place are adequate.

This statement is made in accordance with the Board's resolution dated 25 July 2011.

audit committee report

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee during the financial year ended 31 March 2011 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 or approved by Bursa Malaysia Securities Berhad ("Bursa Securities"). The Chairman of the Audit Committee shall be an independent director and be elected from amongst their members. All members of the Audit Committee, including the Chairman, will hold office until otherwise determined by the Board. In the event of any vacancy in the Audit Committee resulting in the non-compliance with the Main Market Listing Requirements ("MMLR") of Bursa Securities, the Board shall within three months of that event, appoint such new member(s) as may be required to comply with the MMLR of Bursa Securities.

Objectives

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

Authority

The Audit Committee is authorised by the Board to:

i. investigate any matter within its terms of reference;

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

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

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

v. obtain independent professional or other advice; and

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

Functions

1. To review the followings 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 hold at least four (4) meetings a year and to form a quorum for any meeting, the majority of members present must be independent directors.

The Managing Director, the 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 held five (5) meetings during the financial year ended 31 March 2011 and the details of attendance of the 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	5/5	100
Encik Kamil Ahmad Merican	4/5	80
Mr Vijeyaratnam a/l V. Thamotharam Pillay	4/5	80

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee carried out the following activities during the financial year ended 31 March 2011 in discharging its duties and responsibilities as stipulated in its Terms of Reference:

Financial Statements

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

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

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

Internal Control

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

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

Related Party Transactions

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

Employee Share Option Scheme

i. As per requirement under paragraph 8.17(2) of MMLR of Bursa Securities, the Audit Committee reviewed and verified allocation of share options during the year ended 31 March 2011 under the Group's Employees' Share Option Scheme (ESOS), to ensure compliance with the allocation criteria set out in the guidelines and Bye-Laws of the ESOS.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

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

The internal audit activities carried out for the financial year ended 31 March 2011 include the following:

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. Reviewed the system of internal controls and key operating processes;

iv. Ascertained the extent of compliance with the Group's formalized policies and procedures and other statutory requirements;

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

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

vii. 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 2011 RM'000	UNUTILISED AS AT 31 MARCH 2011 RM'000 *
- working capital; and/or - strategic merger/acquisition/ expansion; and/or - repayment of borrowings	233,121	(98,422)	134,699
To defray expenses to be incurred in relation to the rights issue	2,500	(2,500)	0
Total	**235,621**	**(100,922)**	**134,699**

* The Board has resolved and approved an extension of time of one (1) year until 31 March 2012 for the utilisation of the balance proceeds.

2. SHARE BUY-BACKS

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

Stock Units Bought Back

MONTH	UNITS	LOWEST PRICE (RM)	HIGHEST PRICE (RM)	AVERAGE PRICE (RM)	CONSIDERATION PAID (RM)
April 2010	150,000	0.99	0.99	0.99	148,884
May 2010	10,836,300	0.87	0.98	0.93	10,155,637
June 2010	9,445,400	0.89	0.94	0.92	8,696,878
July 2010	800,000	0.89	0.90	0.90	714,835
December 2010	1,000	1.17	1.17	1.17	1,212
March 2011	492,600	1.07	1.17	1.12	571,829
Total	**21,725,300**				**20,289,275**

As at 31 March 2011, there were 29,389,400 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 2,343,000 ordinary stock units of RM1.00 each for cash pursuant to the Company's ESOS, of which 119,000 ordinary stock units were issued from the exercise of 119,000 ESOS option at an exercise price of RM1.06 per stock unit and 2,224,000 ordinary stock units were issued from the exercise of 2,224,000 ESOS option at an exercise price of RM1.00 per stock unit.

A total of 430,500 ESOS has lapsed during the financial year. The number of ESOS options unexercised as at 31 March 2011 was 6,484,500.

Warrants 2001/2011 ("Warrants")

A total of 6,870,796 Warrants were exercised during the financial year under review. The number of outstanding Warrants as at 31 March 2011 was 30,328,488.

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

A total of 513,848 ICULS were exercised during the financial year under review. The number of outstanding ICULS as at 31 March 2011 was 1,970,564.

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

A total of 71,220,631 ICSLS were exercised during the financial year under review. The number of outstanding ICSLS as at 31 March 2011 was 254,882,636.

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 2011, non-audit fees paid to Messrs Ernst & Young by the Company and its subsidiaries amounted to approximately RM73,000.

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 36 to the financial statements in this Annual Report, there was no material contract (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries involving the interest of the Company's Directors and/or its major stockholders either still subsisting as at 31 March 2011 or entered into since the end of the previous financial year ended 31 March 2010.

10. REVALUATION POLICY

Details on the revaluation of Investment Properties are disclosed under Note 2.9 of the Notes to the Financial Statements.

All other landed properties of the Group are stated at cost less accumulated depreciation and/or accumulated impairment losses, where applicable.

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

On 29 September 2010, 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 2011 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 Planners Sdn Bhd	Kamil Ahmad Merican (1)	158
Receipt of real estate consultancy services.	CB Richard Ellis (Malaysia) Sdn Bhd	Christopher Martin Boyd (2)	101
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)	3,978
Receipt of Interior design services and trading of interior design products.	Interiors International (M) Sdn Bhd	Dato' Tham Ka Hon (4)	1,616
Receipt of food and beverage consultancy services.	Coffeehouse Quartet Sdn Bhd	Dato' Tham Ka Hon (4)	264
Purchase of properties sold by Eastern & Oriental Berhad Group.	Sister of Dato' Tham Ka Hon	Dato' Tham Ka Hon (5)	1,004

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 Planners 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.

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

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

(5) DTKH is a Director and major stockholder of the Company.

financial statements 2011

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 2011.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit net of tax	35,537	6,524
Profit attributable to:		
Owners of the parent	32,211	6,524
Minority interests	3,326	-
	35,537	6,524

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 effect arising from the change in accounting policy on the Group's investment properties from cost model to fair value model resulting in gains on fair value adjustments of RM11,730,000 to the Group as disclosed in Note 6 to the financial statements.

DIVIDENDS

The amount of dividend paid by the Company since 31 March 2010 was as follows:

	RM'000
In respect of the financial year ended 31 March 2010 as reported in the directors' report of that year:	
First and final dividend of 3.8% less 25% taxation, on 779,771,794 ordinary stock units of RM1.00 each paid on 8 November 2010	22,224

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year ended 31 March 2011, of 2.0% less 25% (1.5 sen net per ordinary stock unit), amounting to a net dividend payable of approximately RM12,198,039 (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 2011, excluding treasury stock units held by the Company of 29,389,400 units. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the stockholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2012.

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 10 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 36 to the financial statements.

DIRECTORS' INTERESTS

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

INTEREST IN THE COMPANY

	NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH			
	AT 1.4.2010	ACQUIRED DURING THE FINANCIAL YEAR	SOLD DURING THE FINANCIAL YEAR	AT 31.3.2011
Direct interest:				
Datuk Azizan bin Abd Rahman	3,780,000	270,000	-	4,050,000
Dato' Tham Ka Hon	30,895,086	38,370,926	(15,425,000)	53,841,012
Kamil Ahmad Merican	1,250,000	-	-	1,250,000
Chan Kok Leong	4,500,000	1,200,000	-	5,700,000
Kok Meng Chow	914,500	390,000	(450,000)	854,500
Teo Liang Huat Thomas	29,300	-	-	29,300
Indirect interest:				
Dato' Tham Ka Hon	147,265,254	19,355,000	(90,457,333)	76,162,921
Christopher Martin Boyd	-	220,000	-	220,000

	NUMBER OF ICSLS AT NOMINAL VALUE OF RM0.65 EACH			
	AT 1.4.2010	ACQUIRED DURING THE FINANCIAL YEAR	SOLD / CONVERTED DURING THE FINANCIAL YEAR	AT 31.3.2011
Direct interest:				
Datuk Azizan bin Abd Rahman	1,800,000	-	-	1,800,000
Dato' Tham Ka Hon	41,338,053	-	(2,600,000)	38,738,053
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	2,600,000	-	26,315,175
Christopher Martin Boyd	-	60,000	-	60,000

	NUMBER OF WARRANTS 2001/2011			
	AT 1.4.2010	ACQUIRED DURING THE FINANCIAL YEAR	SOLD/ EXERCISED DURING THE FINANCIAL YEAR	AT 31.3.2011
Direct interest:				
Dato' Tham Ka Hon	6,797,896	-	(6,797,896)	-
Indirect interest:				
Dato' Tham Ka Hon	7,871,820	-	-	7,871,820

DIRECTORS' INTERESTS (CONTD.)

INTEREST IN THE COMPANY (CONTD.)

	NUMBER OF OPTIONS OVER ORDINARY STOCK UNITS OF RM1.00 EACH			
	AT 1.4.2010	GRANTED	EXERCISED/ LAPSED	AT 31.3.2011
		DURING THE FINANCIAL YEAR		
Dato' Tham Ka Hon	-	1,200,000	-	1,200,000
Chan Kok Leong	-	1,200,000	(1,200,000)	-
Kok Meng Chow	350,000	600,000	-	950,000

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, ICSLS, warrants and options over stock units in the Company or its related corporations during the financial year.

ISSUE OF STOCK UNITS AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary stock units from RM761,643,737 to RM842,592,012 by way of:

i. the issuance of 2,343,000 ordinary stock units of RM1.00 each for cash pursuant to the Company's ESOS, of which 2,224,000 ordinary stock units were issued on 2,224,000 ESOS at an exercise price of RM1.00 per ordinary stock unit and 119,000 ordinary stock units were issued on 119,000 ESOS at an exercise price of RM1.06 per ordinary stock unit;

ii. the issuance of 6,870,796 ordinary stock units of RM1.00 each arising from the exercise of 6,870,796 Warrants 2001/2011;

iii. the issuance of 513,848 ordinary stock units of RM1.00 each arising from the conversion of 513,848 Irredeemable Convertible Unsecured Loan Stocks ("ICULS") of RM1.00 nominal value each; and

iv. the issuance of 71,220,631 ordinary stock units of RM1.00 each arising from the conversion of 71,220,631 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.

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 1.4.2010	ADJUSTMENT	EXERCISED	BALANCE AT 31.3.2011
Number of unexercised warrants	37,199,284	-	(6,870,796)	30,328,488

TREASURY STOCK UNITS

During the financial year, the Company repurchased 21,725,300 of its issued ordinary stock units from the open market at an average price of RM0.93 per stock unit. The total consideration paid for the repurchase including transaction costs was RM20,289,275. The stock units repurchased are being held as treasury stock units in accordance with Section 67A of the Companies Act, 1965.

As at 31 March 2011, the Company held as treasury stock units a total of 29,389,400 of its 842,592,012 issued ordinary stock units. Such treasury stock units are held at a carrying amount of RM27,645,000 and further relevant details are disclosed in Note 33 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

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

The salient features of the E&O ESOS are disclosed in Note 35 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, other than the directors, who have been granted options to subscribe for less than 300,000 ordinary stock units 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 OVER ORDINARY STOCK UNITS OF RM1.00 EACH			
NAME	AT 1.4.2010	GRANTED	EXERCISED/ LAPSED	AT 31.3.2011
		DURING THE FINANCIAL YEAR		
Lum Kwok Weng @ Lum Kok Weng	-	300,000	-	300,000
Michael Steven Saxon	-	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 statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

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

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

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

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

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

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

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

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

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

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

f. In the opinion of the directors:

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 42 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

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

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 July 2011.

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 70 to 148 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2011 and of their financial performance and cash flows for the year then ended.

Further to the Statement by directors pursuant to Section 169(15) of the Companies Act, 1965, the information set out in Note 44 on page 149 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 July 2011.

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 70 to 149 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 25 July 2011

KOK MENG CHOW

Before me,

R. VASUGI AMMAL
No. W480
Commissioner of Oaths

independent auditors' report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Eastern & Oriental Berhad, which comprise the statements of financial position as at 31 March 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 70 to 148.

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 2011 and of their financial performance and cash flows for the 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 19 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

OTHER MATTERS

The supplementary information set out in Note 44 on page 149 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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
25 July 2011

statements of comprehensive income

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

		GROUP		COMPANY	
	NOTE	**2011 RM'000**	2010 RM'000 (RESTATED)	**2011 RM'000**	2010 RM'000
Revenue	4	**271,271**	352,375	**34,942**	34,031
Cost of sales	5	**(172,268)**	(228,686)	**-**	-
Gross profit		**99,003**	123,689	**34,942**	34,031
Other income	6	**32,495**	53,208	**22,234**	19,804
Administrative expenses		**(45,301)**	(44,671)	**(17,791)**	(18,636)
Selling and marketing expenses		**(9,926)**	(8,444)	**-**	-
Other expenses		**(14,534)**	(15,017)	**(3,570)**	(17,908)
Operating profit		**61,737**	108,765	**35,815**	17,291
Finance costs	7	**(28,050)**	(22,981)	**(29,824)**	(23,200)
Share of results of associates		**(792)**	(2,169)	**-**	-
Share of results of jointly controlled entities		**15,259**	9,661	**-**	-
Profit/(loss) before tax	8	**48,154**	93,276	**5,991**	(5,909)
Taxation	11	**(12,617)**	(18,630)	**533**	(1,275)
Profit/(loss), net of tax		**35,537**	74,646	**6,524**	(7,184)
Other comprehensive income:					
Foreign currency translation		**(23)**	157	**-**	-
Share of other comprehensive income of associates		**14**	-	**-**	-
Other comprehensive income for the year, net of tax		**(9)**	157	**-**	-
Total comprehensive income for the year		**35,528**	74,803	**6,524**	(7,184)
Profit/(loss) attributable to:					
Owners of the parent		**32,211**	70,765	**6,524**	(7,184)
Minority interests		**3,326**	3,881	**-**	-
		35,537	74,646	**6,524**	(7,184)
Total comprehensive income attributable to:					
Owners of the parent		**32,202**	70,922	**6,524**	(7,184)
Minority interests		**3,326**	3,881	**-**	-
		35,528	74,803	**6,524**	(7,184)
Earnings per stock unit attributable to owners of the parent (sen):					
Basic	12a	**3.04**	6.65		
Diluted	12b	**3.02**	6.65		

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

consolidated statement of financial position

AS AT 31 MARCH 2011

	NOTE	2011 RM'000	2010 RM'000 (RESTATED)	1.4.2009 RM'000 (RESTATED)
ASSETS				
Non-current assets				
Property, plant and equipment	14	**260,634**	393,350	340,177
Land held for property development	15a	**669,906**	680,884	676,760
Investment properties	16	**325,837**	20,000	20,000
Land use rights	17	**676**	684	692
Intangible assets	18	**3,227**	3,096	2,169
Investment in associates	20	**16,749**	25,047	27,216
Investment in jointly controlled entities	21	**17,822**	9,793	260
Investment securities	22	**3,050**	3,167	8,937
Deferred tax assets	23	**17,291**	15,421	18,419
		1,315,192	1,151,442	1,094,630
Current assets				
Property development costs	15b	**300,598**	310,916	420,442
Inventories	24	**38,362**	55,286	96,191
Trade and other receivables	25	**123,501**	57,423	92,621
Prepayments		**6,266**	5,995	1,037
Tax recoverable		**23,584**	15,724	12,255
Accrued billings in respect of property development costs		**-**	24,685	5,799
Cash and bank balances	26	**309,374**	559,253	245,316
		801,685	1,029,282	873,661
Non-current asset classified as held for sale		**-**	-	6,851
		801,685	1,029,282	880,512
Total assets		**2,116,877**	2,180,724	1,975,142

	NOTE	2011 RM'000	2010 RM'000 (RESTATED)	1.4.2009 RM'000 (RESTATED)
EQUITY AND LIABILITIES				
Current liabilities				
Irredeemable convertible unsecured loan stocks	31	**153**	-	-
Loans and borrowings	27	**378,934**	381,892	397,469
Provisions	28	**162**	162	179
Trade and other payables	29	**130,467**	111,989	167,747
Progress billings in respect of property development costs		**22,940**	-	-
Income tax payable		**7,356**	5,019	2,573
		540,012	499,062	567,968
Net current assets		**261,673**	530,220	312,544
Non-current liabilities				
Irredeemable convertible unsecured loan stocks	31	**-**	372	26,653
Irredeemable convertible secured loan stocks	32	**81,836**	114,825	-
Loans and borrowings	27	**364,204**	449,172	494,289
Provisions	28	**328**	328	290
Deferred tax liabilities	23	**48,592**	47,492	47,581
		494,960	612,189	568,813
Total liabilities		**1,034,972**	1,111,251	1,136,781
Net assets		**1,081,905**	1,069,473	838,361
Equity attributable to owners of the parent				
Share capital	30	**842,592**	761,644	591,995
Irredeemable convertible unsecured loan stocks	31	**1,345**	1,695	83,991
Irredeemable convertible secured loan stocks	32	**71,133**	96,669	-
Treasury stock units	33	**(27,645)**	(7,356)	(9,954)
Reserves	34	**170,143**	190,607	150,792
		1,057,568	1,043,259	816,824
Minority interests		**24,337**	26,214	21,537
Total equity		**1,081,905**	1,069,473	838,361
Total equity and liabilities		**2,116,877**	2,180,724	1,975,142

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

company statement of financial position

AS AT 31 MARCH 2011

	NOTE	2011 RM'000	2010 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**1,829**	670
Intangible assets	18	**23**	13
Investment in subsidiaries	19	**1,128,627**	1,130,909
Investment securities	22	**-**	-
Trade and other receivables	25	**-**	50,695
		1,130,479	1,182,287
Current assets			
Trade and other receivables	25	**737,243**	693,117
Prepayment		**369**	441
Tax recoverable		**19,752**	13,930
Cash and bank balances	26	**1,968**	4,358
		759,332	711,846
Total assets		**1,889,811**	1,894,133
EQUITY AND LIABILITIES			
Current liabilities			
Irredeemable convertible unsecured loan stocks	31	**153**	-
Loans and borrowings	27	**103,064**	104,008
Trade and other payables	29	**447,765**	364,002
		550,982	468,010
Net current assets		**208,350**	243,836
Non-current liabilities			
Irredeemable convertible unsecured loan stocks	31	**-**	372
Irredeemable convertible secured loan stocks	32	**81,836**	114,825
Loans and borrowings	27	**51,108**	100,615
		132,944	215,812
Total liabilities		**683,926**	683,822
Net assets		**1,205,885**	1,210,311
Equity attributable to owners of the parent			
Share capital	30	**842,592**	761,644
Irredeemable convertible unsecured loan stocks	31	**1,345**	1,695
Irredeemable convertible secured loan stocks	32	**71,133**	96,669
Treasury stock units	33	**(27,645)**	(7,356)
Other reserves	34	**318,460**	357,659
Total equity		**1,205,885**	1,210,311
Total equity and liabilities		**1,889,811**	1,894,133

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

consolidated statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	NOTE	SHARE CAPITAL RM'000	ICULS RM'000	ICSLS RM'000	SHARE PREMIUM RM'000
Opening balance at 1 April 2010		761,644	1,695	96,669	266,175
Effects of adopting the amendments to FRS 140		-	-	-	-
Opening balance at 1 April 2010 (restated)		761,644	1,695	96,669	266,175
Effects of adopting FRS 139		-	-	-	-
		761,644	1,695	96,669	266,175
Total comprehensive income for the financial year		-	-	-	-
Transactions with owners					
Issue of ordinary stock units:					
- Pursuant to ESOS		2,343	-	-	7
- Warrants exercised		6,871	-	-	-
- Conversion of ICULS*		513	(350)	-	(99)
- Conversion of ICSLS*		71,221	-	(21,443)	(24,951)
Acquisition of additional equity interest in a subsidiary		-	-	-	-
Acquisition of remaining equity interest in a subsidiary		-	-	-	-
Purchase of treasury stock units		-	-	-	-
Repurchase of ICSLS		-	-	(4,093)	-
Share options granted under ESOS		-	-	-	-
Share options lapsed under ESOS		-	-	-	-
Share options granted under ESOS exercised		-	-	-	567
Dividend on ordinary stock units	13	-	-	-	-
Total transactions with owners		80,948	(350)	(25,536)	(24,476)
Closing balance at 31 March 2011		**842,592**	**1,345**	**71,133**	**241,699**
Opening balance at 1 April 2009		591,995	83,991	-	294,657
Effects of adopting the amendments to FRS 140		-	-	-	-
Opening balance at 1 April 2009 (restated)		591,995	83,991	-	294,657
Total comprehensive income for the financial year		-	-	-	-
Transactions with owners					
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 lapsed under ESOS		-	-	-	-
Share options granted under ESOS exercised		-	-	-	2,972
Total transactions with owners		169,649	(82,296)	96,669	(28,482)
Closing balance 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 31 and 32 respectively.

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

ATTRIBUTABLE TO OWNERS OF PARENT						
NON-DISTRIBUTABLE			DISTRIBUTABLE			
TREASURY STOCK UNITS RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	SHARE OPTION RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
(7,356)	658	734	(79,664)	1,040,555	26,214	1,066,769
-	-	-	2,704	2,704	-	2,704
(7,356)	658	734	(76,960)	1,043,259	26,214	1,069,473
-	-	-	1,570	1,570	69	1,639
(7,356)	658	734	(75,390)	1,044,829	26,283	1,071,112
-	(9)	-	32,211	32,202	3,326	35,528
-	-	-	-	2,350	-	2,350
-	-	-	-	6,871	-	6,871
-	-	-	-	64	-	64
-	-	-	-	24,827	-	24,827
-	-	-	(2,537)	(2,537)	(2,463)	(5,000)
-	-	-	(5,991)	(5,991)	(2,809)	(8,800)
(20,289)	-	-	-	(20,289)	-	(20,289)
-	-	-	-	(4,093)	-	(4,093)
-	-	1,661	-	1,661	-	1,661
-	-	(102)	-	(102)	-	(102)
-	-	(567)	-	-	-	-
-	-	-	(22,224)	(22,224)	-	(22,224)
(20,289)	-	992	(30,752)	(19,463)	(5,272)	(24,735)
(27,645)	**649**	**1,726**	**(73,931)**	**1,057,568**	**24,337**	**1,081,905**
(9,954)	501	1,292	(148,111)	814,371	21,537	835,908
-	-	-	2,453	2,453	-	2,453
(9,954)	501	1,292	(145,658)	816,824	21,537	838,361
-	157	-	70,765	70,922	3,881	74,803
-	-	-	-	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)	-	-	-	-
2,598	-	(558)	(2,067)	155,513	796	156,309
(7,356)	658	734	(76,960)	1,043,259	26,214	1,069,473

statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	NOTE	SHARE CAPITAL RM'000	ICULS RM'000	ICSLS RM'000	SHARE PREMIUM RM'000	TREASURY STOCK UNITS RM'000	SHARE OPTION RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL EQUITY RM'000
			NON-DISTRIBUTABLE					DISTRIBUTABLE	
Opening balance at 1 April 2010		761,644	1,695	96,669	266,175	(7,356)	734	90,750	1,210,311
Effects of adopting FRS 139		-	-	-	-	-	-	(15)	(15)
		761,644	1,695	96,669	266,175	(7,356)	734	90,735	1,210,296
Total comprehensive income for the financial year		-	-	-	-	-	-	6,524	6,524
Transactions with owners									
Issue of ordinary stock units:									
- Pursuant to ESOS		2,343	-	-	7	-	-	-	2,350
- Warrants exercised		6,871	-	-	-	-	-	-	6,871
- Conversion of ICULS*		513	(350)	-	(99)	-	-	-	64
- Conversion of ICSLS*		71,221	-	(21,443)	(24,951)	-	-	-	24,827
Purchase of treasury stock units		-	-	-	-	(20,289)	-	-	(20,289)
Repurchase of ICSLS		-	-	(4,093)	-	-	-	-	(4,093)
Share options granted under ESOS		-	-	-	-	-	1,661	-	1,661
Share options lapsed under ESOS		-	-	-	-	-	(102)	-	(102)
Share options granted under ESOS exercised		-	-	-	567	-	(567)	-	-
Dividend on ordinary stock units	13	-	-	-	-	-	-	(22,224)	(22,224)
Total transactions with owners		80,948	(350)	(25,536)	(24,476)	(20,289)	992	(22,224)	(10,935)
Closing balance at 31 March 2011		**842,592**	**1,345**	**71,133**	**241,699**	**(27,645)**	**1,726**	**75,035**	**1,205,885**
Opening balance at 1 April 2009		591,995	83,991	-	294,657	(9,954)	1,292	100,001	1,061,982
Total comprehensive income for the financial year		-	-	-	-	-	-	(7,184)	(7,184)
Transactions with owners									
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 lapsed under ESOS		-	-	-	-	-	(66)	-	(66)
Share options granted under ESOS exercised		-	-	-	2,972	-	(2,972)	-	-
Total transactions with owners		169,649	(82,296)	96,669	(28,482)	2,598	(558)	(2,067)	155,513
Closing balance 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 31 and 32 respectively.

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

consolidated statement of cash flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	NOTE	2011 RM'000	2010 RM'000 (RESTATED)
OPERATING ACTIVITIES			
Profit before tax		**48,154**	93,276
Adjustments for:			
Impairment loss on financial assets:			
- trade receivables		**301**	88
- other receivables		**142**	269
Amortisation of:			
- land use rights		**8**	8
- intangible assets		**172**	149
Depreciation of property, plant and equipment		**10,688**	10,134
Bad debts written off		**22**	1,643
(Gains)/loss from fair value adjustment of investment properties		**(11,730)**	115
Net fair value adjustment		**(286)**	-
Fair value gain on investment securities		**(623)**	-
Reversal of impairment loss on other investments		**-**	(878)
Interest expense		**27,897**	22,981
Inventories written off		**1**	3
Development expenditure written off		**68**	22
Property, plant and equipment written off		**231**	149
Reversal of expected loss		**-**	(139)
Reversal of allowances for impairment:			
- trade receivables		**-**	(3)
- others receivables		**(23)**	-
Net (gain)/loss on disposal of:			
- an associate		**(588)**	-
- property, plant and equipment		**(102)**	(35,110)
- quoted investments		**87**	(1,957)
(Gain)/loss on foreign exchange		**(185)**	365
Interest income		**(11,028)**	(7,624)
Dividend income		**(260)**	(1,247)
Share of results of associates		**792**	2,169
Share of results of jointly controlled entities		**(6,958)**	(9,661)
Share options granted under ESOS		**1,661**	2,480
Share options lapsed under ESOS		**(102)**	(66)
Operating profit before changes in working capital		**58,339**	77,166
Changes in working capital			
Non-current asset classified as held for sale		**-**	6,851
Land held for property development		**32,506**	(5,281)
Property development cost		**(62,824)**	32,244
Inventories		**20,979**	51,170
Receivables		**(14,158)**	13,736
Payables		**20,131**	(50,309)
Cash flows generated from operations		**54,973**	125,577
Interest received		**10,997**	6,309
Interest paid		**(55,497)**	(54,820)
Income taxes refunded		**3,270**	384
Income taxes paid		**(23,457)**	(16,997)
Net cash flows (used in)/generated from operating activities		**(9,714)**	60,453

	NOTE	2011 RM'000	2010 RM'000 (RESTATED)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(51,158)	(44,814)
Purchase of intangible assets		(303)	(16)
Purchase of investment properties:			
- additions		(9,714)	-
- subsequent expenditure		(46,514)	-
Proceeds from disposal of property, plant and equipment		518	103,009
Proceeds from disposal of an associate		8,108	-
Proceeds from disposal of investment securities		653	8,605
Acquisitions of additional equity interest in subsidiaries from minority shareholders		(13,800)	-
Net cash flow on balance acquisition of a subsidiary		-	(1,060)
Dividends received		255	1,116
Net cash flows (used in)/generated from investing activities		(111,955)	66,840
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		2,350	9,581
Proceeds from exercise of warrants		6,871	3,327
Purchase of treasury stock units		(20,289)	(7,356)
Proceeds from disposal of treasury stock units		-	11,072
Drawdown of borrowings		142,880	144,085
Repayment of borrowings		(243,126)	(204,481)
Repayment of hire purchase liabilities		(965)	(1,051)
Repurchase of ICSLS		(5,562)	(3,422)
ICSLS issue costs		-	(2,067)
Dividends paid		(22,224)	-
Net cash flows (used in)/generated from financing activities		(140,065)	186,105
Net (decrease)/increase in cash and cash equivalents		(261,734)	313,398
Effect of exchange rate changes on cash and cash equivalents		(9)	157
Cash and cash equivalents at the beginning of year		548,145	234,590
Cash and cash equivalents at the end of year	26	286,402	548,145

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

company statement of cash flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	NOTE	2011 RM'000	2010 RM'000
OPERATING ACTIVITIES			
Profit/(loss) before tax		**5,991**	(5,909)
Adjustments for:			
Fair value adjustment		**(15)**	-
Impairment loss on other receivables		**1,265**	17,891
Amortisation of intangible assets		**4**	2
Depreciation of property, plant and equipment		**231**	64
Impairment loss of subsidiaries		**2,282**	-
Gain on disposal of property, plant and equipment		**(48)**	-
Bad debts written off		**22**	-
Interest expense		**29,824**	23,200
Dividend income		**(33,155)**	(32,265)
Reversal of allowances for impairment of other receivables		**(9,841)**	(7,325)
Interest income		**(12,330)**	(10,926)
Reversal of impairment loss in a subsidiary		**-**	(1,469)
Grant of employee share options		**1,661**	2,480
Expiry of employee share options		**(102)**	(66)
Operating loss before changes in working capital		**(14,211)**	(14,323)
Changes in working capital			
Receivables		**(423)**	1,897
Payables		**(583)**	2,297
Cash used in operations		**(15,217)**	(10,129)
Interest paid		**(21,426)**	(18,459)
Income taxes refunded		**3,000**	-
Net cash flows used in operating activities		**(33,643)**	(28,588)
INVESTING ACTIVITIES			
Acquisition of subsidiaries		**-**	(485)
Additional investment in subsidiaries		**-**	(130,000)
Purchase of intangible assets		**(14)**	(15)
Purchase of property, plant and equipment		**(639)**	(328)
Proceed from disposal of property, plant and equipment		**51**	-
Dividend received		**27,536**	20,026
Interest received		**183**	169
Net cash flows generated from/(used in) investing activities		**27,117**	(110,633)
FINANCING ACTIVITIES			
Proceeds from issuance of Irredeemable Convertible Secured Loan Stocks ("ICSLS")		**-**	235,621
Proceeds from exercise of ESOS		**2,350**	9,581
Proceeds from exercise of warrants		**6,871**	3,327
Purchase of treasury stock units		**(20,289)**	(7,356)
Proceeds from disposal of treasury stock units		**-**	11,072
Repayment of borrowings		**(63,243)**	(45,757)
Repayment of hire purchase liabilities		**(118)**	(32)
Repurchase of ICSLS		**(5,562)**	(3,422)
Advances from/(to) subsidiaries		**94,195**	(64,396)
ICSLS issue costs		**-**	(2,067)
Dividends paid		**(22,224)**	-
Net cash flows (used in)/generated from financing activities		**(8,020)**	136,571
Net decrease in cash and cash equivalents		**(14,546)**	(2,650)
Cash and cash equivalents at the beginning of year		**(6,311)**	(3,661)
Cash and cash equivalents at the end of year	26	**(20,857)**	(6,311)

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

notes to the financial statements

31 MARCH 2011

1. CORPORATE INFORMATION

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

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

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

2.2 Changes in accounting policies

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

On 1 April 2010, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7: Financial Instruments: Disclosures
- FRS 8: Operating Segments
- FRS 101: Presentation of Financial Statements (Revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- 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
- Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

FRS 4: Insurance Contracts and TR i-3: Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRSs are, however, not applicable to the Group or the Company.

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

a. FRS 7: Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132: Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 March 2011.

b. **FRS 8: Operating Segments**

FRS 8, which replaces FRS 114: Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 41.

c. **FRS 101: Presentation of Financial Statements (Revised)**

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

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 classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 40).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

d. **FRS 139: Financial Instruments: Recognition and Measurement**

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 April 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained profits as at 1 April 2010. Comparatives are not restated for the adoption of FRS 139. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

i. Impairment of receivables

Prior to 1 April 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the Group's effective interest rate. As at 1 April 2010, the Group and the Company have remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained profits as at that date.

ii. Payables

Prior to the adoption of FRS 139, payables were recognised based on nominal value. With the adoption of FRS 139, financial liabilities are measured at their fair value which is computed based on estimated future cash flows discounted at the Group's effective interest rate. Payables which are classified as other financial liabilities are to be carried at amortised cost. The difference between the nominal value and the net present value of the payables is recognised as adjustments to the opening balance of retained profits as at that date.

iii. Other investments

Prior to 1 April 2010, the Group classified its investment in marketable securities as other investments. Such investments were carried at the lower of cost and market value, determined on an aggregate basis. Upon adoption of FRS 139, these investments are designated at 1 April 2010 as financial assets at fair value through profit or loss and accordingly are stated at their fair values as at that date. There are no adjustments required to the opening balance of retained profits as the carrying value is already reflective of the market value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in accounting policies (Contd.)

d. FRS 139: Financial Instruments: Recognition and Measurement (Contd.)

The following are the effects arising from the above changes in accounting policies:

	INCREASE/(DECREASE) AS AT 31 MARCH 2011 RM'000	INCREASE/(DECREASE) AS AT 1 APRIL 2010 RM'000
Consolidated statement of financial position		
Non-current Assets		
Investments in jointly controlled entities	698	235
Current Assets		
Trade and other receivables	(197)	(124)
Investment securities	623	-
Current Liabilities		
Trade and other payables	(1,887)	(1,528)
Equity		
Accumulated losses	(2,940)	(1,570)
Minority interests	71	69
Company statement of financial position		
Current Assets		
Other receivables	-	(15)
Equity		
Retained profits	-	(15)

	INCREASE GROUP 2011 RM'000	INCREASE COMPANY 2011 RM'000
Statement of comprehensive income		
Other income	439	15
Fair value gain on investment securities	623	-
Share of results of jointly controlled entities	463	-
Finance costs	153	-
Profit for the financial year	1,372	15
Minority interests	2	-
Profit attributable to owners of parent	1,370	15

	INCREASE GROUP 2011 SEN PER STOCK UNIT
Statement of comprehensive income	
Earnings per stock unit	
Basic	0.13
Diluted	0.13

e. Improvements to FRS issued in 2009 - Amendments to FRS 117: Leases

Prior to 1 April 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land and building held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the 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 represented land use rights and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117: Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the consolidated statement of financial position as at 31 March 2011 arising from the above changes in accounting policy:

	GROUP 31 MARCH 2011 RM'000
Increase/(decrease) in:	
Property, plant and equipment	237
Land use rights	(237)

The effects on the restatement of comparatives arising from the adoption of Amendments to FRS 117 are disclosed in Note 2.2 (g).

f. Improvements to FRS issued in 2009 - Amendments to FRS 116: Property, Plant and Equipment and FRS 140: Investment Property

Prior to 1 April 2010, property being constructed or developed for future use as investment property is classified as property, plant and equipment until the construction or development is completed. Properties held for rental or capital appreciation or both are classified as investment properties and are measured using the cost model.

On 1 April 2010, upon the adoption of the Amendments to FRS 116 and FRS 140, the Group has reclassified the property work-in-progress with the intention for investment purposes of RM173,959,000 from property, plant and equipment to investment properties under construction.

During the financial year, investment properties previously measured at cost model are now measured at fair value by reference to open market value. In accordance with the transitional provision of FRS 140, this change in accounting policy is applied retrospectively and the difference between the carrying amounts of the properties and their fair values less applicable deferred tax liabilities are recognised as an adjustment to the opening retained profits or accumulated losses. The following are effects to the statements of financial position as at 31 March 2011 arising from the above change in accounting policy:

	GROUP 31 MARCH 2011 RM'000
Increase/(decrease) in:	
Opening retained earnings	2,704
Property, plant and equipment	(175,550)
Investment properties	187,280
Deferred tax liabilities	3,751

The effects on the restatement of comparatives arising from the adoption of the above amendments are disclosed in Note 2.2 (g).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in accounting policies (Contd.)

g. Restatement of comparatives

	AS PREVIOUSLY STATED RM'000	AMENDMENTS TO FRS 117 RM'000	FRS 140 RM'000	AS RESTATED RM'000
Consolidated statement of financial position				
31 March 2010:				
Accumulated losses	(79,664)	-	2,704	(76,960)
Property, plant and equipment	394,692	249	(1,591)	393,350
Investment properties	14,887	-	5,113	20,000
Land use rights	933	(249)	-	684
Deferred tax liabilities	(46,674)	-	(818)	(47,492)
1 April 2009:				
Accumulated losses	(148,111)	-	2,453	(145,658)
Property, plant and equipment	341,590	268	(1,681)	340,177
Investment properties	15,048	-	4,952	20,000
Land use rights	960	(268)	-	692
Deferred tax liabilities	(46,763)	-	(818)	(47,581)

2.3 Standards issued but not yet effective

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

DESCRIPTION	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3: Business Combinations (Revised)	1 July 2010
Amendments to FRS 2: Share-based Payment	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127: Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138: Intangible Assets	1 July 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
FRS 1: First-time Adoption of Financial Reporting Standards [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 2 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 3 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 7 Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 7 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 101 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 121 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 128 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 131 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 132 [Improvements to FRSs (2010)]	1 January 2011

DESCRIPTION	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
Amendments to FRS 134 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 139 [Improvements to FRSs (2010)]	1 January 2011
Amendments to IC Interpretation 13 [Improvements to FRSs (2010)]	1 January 2011
IC Interpretation 4: Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to FRS 124: Related Party Disclosure	1 January 2012
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012

Except for the changes in accounting policies arising from the adoption of the revised FRS 3, the amendments to FRS 127 and IC Interpretation 15, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3, the amendments to FRS 127 and IC Interpretation 15 are described below:

i. ***Revised FRS 3: Business Combinations and Amendments to FRS 127: Consolidated and Separate Financial Statements***

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occuring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107: Statement of Cash Flows, FRS 112: Income Taxes, FRS 121: The Effects of Changes in Foreign Exchange Rates, FRS 128: Investments in Associates and FRS 131: Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

ii. ***IC Interpretation 15: Agreements for the Construction of Real Estate***

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111: Construction Contracts or FRS 118: Revenue.

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognise such revenues at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

2.4 Subsidiaries and basis of consolidation

a. Subsidiaries

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

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

b. Basis of consolidation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Subsidiaries and basis of consolidation (Contd.)

b. Basis of consolidation (Contd.)

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination 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 business combination. Any excess of the cost of the business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.11. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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.

c. Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interest, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2.5 Associates

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

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

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

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

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

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 profit or loss.

2.6 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly controlled entity.

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

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

2.7 Property, plant and equipment and depreciation

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

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

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

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

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

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

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

2.8 Land held for property development and property development costs

a. Land reclamation cost

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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

b. Land held for property development

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

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

c. Property development costs

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

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

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

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

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

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

2.9 Investment properties

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

The Group has adopted the Improvements to FRS issued in 2009 in relation to FRS 140: Investment Property such that investments properties under construction are classified as investment properties and are measured at costs. When the properties under construction are completed, they will become completed investment properties and are measured at fair value as described in Note 2.2.

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

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

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

2.10 Construction contracts

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

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

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

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

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

2.11 Intangible assets

a. Goodwill

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

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

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

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

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

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

b. Computer software

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.12 Land use rights

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

2.13 Inventories

a. Inventories of completed properties

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

b. Trading inventories

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

2.14 Impairment of non-financial assets

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

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

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

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

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

2.15 Financial assets

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

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

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

a. Financial assets at fair value through profit or loss

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

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

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

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

b. Loans and receivables

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

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

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

c. Held-to-maturity investments

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

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

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

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

d. Available-for-sale financial assets

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.16 Impairment on financial assets

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

a. Trade and other receivables and other financial assets carried at amortised costs

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

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

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

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

b. Unquoted equity securities carried at cost

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

2.17 Cash and cash equivalents

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

2.18 Financial liabilities

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

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

a. Financial liabilities at fair value through profit or loss

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

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

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

b. Other financial liabilities

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

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

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

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

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

2.19 Financial guarantee contracts

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

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

2.20 Borrowing costs

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

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

2.21 Provisions

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

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

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

2.22 Irredeemable convertible unsecured loan stocks ("ICULS")

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.23 Irredeemable convertible secured loan stocks ("ICSLS")

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

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

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

2.24 Share capital and share issuance expenses

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

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

2.25 Treasury stock units

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

2.26 Leases

a. As lessee

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

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

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

b. As lessor

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

2.27 Revenue recognition

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

a. Dividend income

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

b. Interest income

Interest income is recognised using the effective interest method.

c. Sale of properties

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

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

d. Construction contracts

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

e. Revenue from hotel and restaurant operations

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

f. Rental income

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

g. Trading inventories

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

h. Management fees

Management fees are recognised when services are rendered.

2.28 Income taxes

a. Current tax

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

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

b. Deferred tax

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.28 Income taxes (Contd.)

b. Deferred tax (Contd.)

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

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

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

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

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

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

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

c. Sales tax

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

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

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

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

2.29 Foreign currency

a. Functional and presentation currency

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

b. Foreign currency transactions

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

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

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

c. Foreign operations

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

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

2.30 Employee benefits

a. Short term benefits

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

b. Defined contribution plans

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

c. Defined benefit plans

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

d. Share-based compensation

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

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

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

2.31 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.32 Contingencies

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

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

a. Classification between investment properties and property, plant and equipment

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

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

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

3.2 Key sources of estimation uncertainties

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

a. Impairment of loans and receivables

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

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

b. Property development

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

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

c. Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital and reinvestment allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital and reinvestment allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The unrecognised tax losses, capital and reinvestment allowances and other deductible temporary differences of the Group and of the Company amounted to RM153,369,000 (2010: RM144,671,000) and RM1,222,000 (2010: RM2,394,000) respectively, at the financial year end.

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

4. REVENUE

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Revenue from				
Property development activities	**125,302**	203,065	**-**	-
Sale of land held for property development	**43,769**	-	**-**	-
Sale of completed properties	**27,411**	63,927	**-**	-
Sale of non-current assets classified as held for sale	**-**	15,000	**-**	-
Rental income	**1,734**	481	**-**	-
Hotel and restaurant operations	**68,847**	59,569	**-**	-
Investments and others	**4,208**	10,333	**34,942**	34,031
	271,271	352,375	**34,942**	34,031

5. COST OF SALES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Property development costs	**64,106**	128,134	**-**	-
Cost of land held for property development	**36,914**	-	**-**	-
Cost of completed properties	**21,435**	51,428	**-**	-
Cost of non-current assets classified as held for sale	**-**	6,851	**-**	-
Cost of rental related	**3,654**	330	**-**	-
Cost of hotel and restaurant operations	**44,964**	36,209	**-**	-
Cost of sales with respect to management services rendered	**2,393**	886	**-**	-
Write back of cost of completed projects	**(4,988)**	-	**-**	-
Others	**3,790**	4,848	**-**	-
	172,268	228,686	**-**	-

6. OTHER INCOME

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest income:				
- subsidiaries	-	-	12,155	10,748
- others	11,028	7,624	175	178
Reversal of allowances for impairment				
- trade receivables	-	3	-	-
- others receivables	23	-	9,841	7,325
Gain on disposal of:				
- an associate	588	-	-	-
- property, plant and equipment:				
- capital work-in-progress	-	35,105	-	-
- others	145	7	48	-
- quoted investments	-	2,036	-	-
Reversal of impairment loss on:				
- other investments	-	878	-	-
- investment in subsidiaries	-	-	-	1,469
Hotel and restaurant related services	3,577	3,368	-	-
Rental income	1,369	2,190	-	-
Fair value adjustment	439	-	15	-
Fair value gain on investment securities	623	-	-	-
Gain from fair value adjustment of investment properties	11,730	-	-	-
Miscellaneous	2,973	1,997	-	84
	32,495	53,208	22,234	19,804

7. FINANCE COSTS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest expense on:				
Bank overdrafts	701	765	594	537
Term loans	18,559	19,187	4,222	6,387
Revolving credits	6,384	6,293	1,738	1,746
Bank guarantee	4,512	3,198	-	-
Irredeemable convertible unsecured loan stocks	17	958	17	958
Irredeemable convertible secured loan stocks	7,808	3,080	7,808	3,080
Commercial papers	2,186	320	-	-
Medium term notes	8,795	11,357	-	-
Obligations under finance leases	92	117	58	61
Advances from subsidiaries	-	-	15,387	10,431
Fair value adjustment	153	-	-	-
	49,207	45,275	29,824	23,200
Less: Interest expense capitalised in:				
Property, plant and equipment (Note 14c)	(791)	(5,228)	-	-
Land held for property development (Note 15a(iii))	(5,371)	(2,487)	-	-
Investment properties (Note 16)	(3,099)	-	-	-
Property development costs (Note 15b)	(11,896)	(14,579)	-	-
	28,050	22,981	29,824	23,200

8. PROFIT/(LOSS) BEFORE TAX

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000 (RESTATED)	**2011 RM'000**	2010 RM'000
Auditors' remuneration:				
- statutory audits	**488**	501	**55**	44
- underprovision in prior year	**23**	17	**11**	4
- other services	**73**	46	**59**	22
Amortisation of:				
- land use rights	**8**	8	**-**	-
- intangible assets	**172**	149	**4**	2
Impairment loss on financial assets				
- trade receivables	**301**	88	**-**	-
- other receivables	**142**	269	**1,265**	17,891
Bad debts written off	**22**	1,643	**22**	-
Depreciation of property, plant and equipment	**10,688**	10,134	**231**	64
Development expenditure written off	**68**	22	**-**	-
Employee benefits expense (Note 9)	**39,323**	37,710	**11,918**	13,286
Loss from fair value adjustment of investment properties	**-**	115	**-**	-
Non-executive directors' remuneration (Note 10)	**743**	794	**492**	492
Impairment loss on investment in subsidiaries	**-**	-	**2,282**	-
Inventories written off	**1**	3	**-**	-
Loss on disposal of:				
- property, plant and equipment	**43**	2	**-**	-
- quoted investments	**87**	79	**-**	-
Property, plant and equipment written off	**231**	149	**-**	-
Reversal of expected loss	**-**	(139)	**-**	-
Rental of land and buildings	**5,092**	4,598	**770**	771
Rental of plant and machinery	**293**	174	**23**	8
Unrealised loss on foreign exchange	**5**	365	**-**	-

9. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Wages and salaries	**30,822**	29,266	**8,606**	9,183
Social security contributions	**369**	279	**31**	26
Short term accumulating compensated absences	**(30)**	97	**-**	-
Contributions to defined contribution plan	**3,285**	3,032	**1,045**	1,092
Share options granted under ESOS	**1,559**	2,414	**1,559**	2,414
Other benefits	**3,318**	2,622	**677**	571
	39,323	37,710	**11,918**	13,286

a. Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM4,534,000 (2010: RM5,086,000) and RM4,405,000 (2010: RM3,749,000) respectively, as further disclosed in Note 10.

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

10. DIRECTORS' REMUNERATION

	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
Executive directors' remuneration:				
- other emoluments (Note 9)	**4,534**	5,086	**4,405**	3,749
Non-executive directors' remuneration:				
- fees (Note 8)	**743**	794	**492**	492
Total directors' remuneration	**5,277**	5,880	**4,897**	4,241
Estimated money value of benefits-in-kind:				
- share options granted under ESOS	**810**	1,170	**810**	1,170
- others	**267**	138	**267**	138
Total directors' remuneration including benefits-in-kind	**6,354**	7,188	**5,974**	5,549

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

	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
EXECUTIVE				
Salaries and other emoluments	**3,779**	3,899	**3,932**	3,297
Defined contribution plan	**455**	524	**473**	452
Estimated money value of benefits-in-kind:				
- share options granted under ESOS	**810**	1,170	**810**	1,170
- others	**267**	133	**267**	133
	5,311	5,726	**5,482**	5,052
NON-EXECUTIVE				
Fees	**492**	494	**492**	492
Others	**-**	5	**-**	5
	492	499	**492**	497
Total directors' remuneration including benefits-in-kind	**5,803**	6,225	**5,974**	5,549

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 2011	NUMBER OF DIRECTORS 2010
Executive directors:		
RM550,001 - RM600,000	**-**	1
RM750,001 - RM800,000	**1**	-
RM1,700,001 - RM1,750,000	**1**	-
RM1,750,001 - RM1,800,000	**-**	1
RM2,000,001 - RM2,050,000	**1**	-
RM2,200,001 - RM2,250,000	**-**	1
Non-executive directors:		
RM50,001 - RM100,000	**6**	6

11. TAXATION

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2011 and 2010 are:

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	**20,135**	18,183	**4,701**	5,567
Overprovision in prior years	**(6,748)**	(2,462)	**(5,234)**	(4,292)
	13,387	15,721	**(533)**	1,275
Deferred income tax (Note 23):				
Relating to origination and reversal of temporary differences	**(974)**	2,881	**-**	-
Underprovision in prior years	**204**	28	**-**	-
	(770)	2,909	**-**	-
Income tax expense recognised in profit or loss	**12,617**	18,630	**(533)**	1,275

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2011 and 2010 are as follows:

	2011 RM'000	2010 RM'000 (RESTATED)
GROUP		
Profit before tax	**48,154**	93,276
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	**12,039**	23,319
Effect of expenses not deductible for tax purposes	**8,881**	10,174
Effect of income not subject to tax	**(294)**	(12,172)
Effect of utilisation of previously unrecognised deferred tax assets	**(1,594)**	(350)
Effect of share of loss of associates	**198**	542
Effect of share of results of jointly controlled entities	**(3,815)**	(2,415)
Deferred tax assets not recognised during the financial year	**3,769**	1,868
Overprovision of income tax in prior years	**(6,748)**	(2,462)
Underprovision of deferred tax in prior years	**204**	28
Other tax items	**(23)**	98
	12,617	18,630
COMPANY		
Profit/(loss) before tax	**5,991**	(5,909)
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	**1,498**	(1,477)
Effect of income not subject to tax	**(2,465)**	(2,220)
Effect of expenses not deductible for tax purposes	**5,961**	8,681
Effect of utilisation of previously unrecognised deferred tax assets	**(293)**	-
Deferred tax assets not recognised during the financial year	**-**	583
Overprovision of income tax in prior years	**(5,234)**	(4,292)
	(533)	1,275

12. EARNINGS PER ORDINARY STOCK UNIT

a. Basic

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

	2011 RM'000	2010 RM'000 (RESTATED)
GROUP		
Profit net of tax attributable to owners of the parent	32,211	70,765

	NUMBER OF ORDINARY STOCK UNITS	
	2011 '000	2010 '000
Weighted average number of ordinary stock units in issue	779,848	673,554
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS	2,062	53,580
Weighted average number of ordinary stock units which will be issued upon conversion of ICSLS	278,025	336,833
Adjusted weighted average number of ordinary stock units	1,059,935	1,063,967

	2011 SEN	2010 SEN
Basic earnings per stock unit	3.04	6.65

b. Diluted

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

	2011 RM'000	2010 RM'000 (RESTATED)
GROUP		
Profit net of tax attributable to owners of the parent	32,211	70,765

	NUMBER OF ORDINARY STOCK UNITS	
	2011 '000	2010 '000
Weighted average number of ordinary stock units in issue	779,848	673,554
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS	2,062	53,580
Weighted average number of ordinary stock units which will be issued upon conversion of ICSLS	278,025	336,833
Effect of exercise of warrants	4,345	-
Effect of dilution of ESOS	856	-
Adjusted weighted average number of ordinary stock units in issue and issuable	1,065,136	1,063,967

	2011 SEN	2010 SEN
Diluted earnings per stock unit	3.02	6.65

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

13. DIVIDENDS

	GROUP AND COMPANY 2011 RM'000	2010 RM'000 (RESTATED)
Recognised during the financial year		
First and final dividend for 2010:		
3.8% less 25% taxation, on 779,771,794 ordinary stock units (2.85 sen net per ordinary stock unit)	**22,224**	-

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year ended 31 March 2011, of 2.0% less 25% (1.5 sen net per ordinary stock unit), amounting to a net dividend payable of approximately RM12,198,039 (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 2011, excluding treasury stock units held by the Company of 29,389,400 units. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the stockholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2012.

14. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS* RM'000	PLANT, MACHINERY AND EQUIPMENT RM'000	OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000	VESSEL RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK-IN-PROGRESS RM'000	TOTAL RM'000
GROUP							
Cost							
At 1 April 2009 (previously stated)	199,676	5,693	23,806	4,560	7,712	149,638	391,085
Effects of adopting the Amendments to FRS 117	749	-	-	-	-	-	749
Transfer to investment properties (Note 16)	-	-	(1,772)	-	-	-	(1,772)
At 1 April 2009 (restated)	200,425	5,693	22,034	4,560	7,712	149,638	390,062
Additions	-	213	1,161	-	611	43,200	45,185
Transfer to investment properties (Note 16)	-	-	(115)	-	-	-	(115)
Transfer from property development costs (Note 15b)	-	-	-	-	-	85,355	85,355
Disposals	-	(2)	(5)	-	-	(66,930)	(66,937)
Written off	-	(34)	(401)	-	-	-	(435)
At 31 March 2010	200,425	5,870	22,674	4,560	8,323	211,263	453,115
At 1 April 2010 (previously stated)	**199,676**	**5,870**	**24,561**	**4,560**	**8,323**	**211,263**	**454,253**
Effects of adopting the Amendments to FRS 117	**749**	**-**	**-**	**-**	**-**	**-**	**749**
Transfer to investment properties	**-**	**-**	**(1,887)**	**-**	**-**	**-**	**(1,887)**
At 1 April 2010 (restated)	**200,425**	**5,870**	**22,674**	**4,560**	**8,323**	**211,263**	**453,115**
Additions	**-**	**2,240**	**4,050**	**-**	**1,780**	**44,509**	**52,579**
Reclassification	**40,978**	**-**	**-**	**-**	**-**	**(40,978)**	**-**
Transfer to investment properties (Note 16)	**-**	**-**	**-**	**-**	**-**	**(173,959)**	**(173,959)**
Disposals	**-**	**(183)**	**(318)**	**-**	**(804)**	**-**	**(1,305)**
Written off	**-**	**(192)**	**(352)**	**-**	**-**	**-**	**(544)**
At 31 March 2011	**241,403**	**7,735**	**26,054**	**4,560**	**9,299**	**40,835**	**329,886**

14. 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
GROUP (Contd.)							
Accumulated depreciation and impairment losses							
At 1 April 2009 (previously stated)	27,324	2,206	13,025	3,078	3,862	-	49,495
Effects of adopting the Amendments to FRS 117	481	-	-	-	-	-	481
Transfer to investment properties (Note 16)	-	-	(91)	-	-	-	(91)
At 1 April 2009 (restated)	27,805	2,206	12,934	3,078	3,862	-	49,885
Depreciation charge for the financial year	4,840	950	3,277	456	611	-	10,134
Disposals	-	(1)	(2)	-	-	-	(3)
Written off	-	(6)	(280)	-	-	-	(286)
Exchange differences	-	-	35	-	-	-	35
At 31 March 2010	32,645	3,149	15,964	3,534	4,473	-	59,765
At 1 April 2010 (previously stated)	**32,145**	**3,149**	**16,260**	**3,534**	**4,473**	**-**	**59,561**
Effects of adopting the Amendments to FRS 117	**500**	**-**	**-**	**-**	**-**	**-**	**500**
Transfer to investment properties (Note 16)	**-**	**-**	**(296)**	**-**	**-**	**-**	**(296)**
At 1 April 2010 (restated)	**32,645**	**3,149**	**15,964**	**3,534**	**4,473**	**-**	**59,765**
Depreciation charge for the financial year	**5,468**	**1,021**	**3,034**	**456**	**709**	**-**	**10,688**
Disposals	**-**	**(122)**	**(258)**	**-**	**(509)**	**-**	**(889)**
Written off	**-**	**(126)**	**(187)**	**-**	**-**	**-**	**(313)**
Exchange differences	**-**	**-**	**1**	**-**	**-**	**-**	**1**
At 31 March 2011	**38,113**	**3,922**	**18,554**	**3,990**	**4,673**	**-**	**69,252**
Net carrying amount							
At 1 April 2009	**172,620**	**3,487**	**9,100**	**1,482**	**3,850**	**149,638**	**340,177**
At 31 March 2010	**167,780**	**2,271**	**6,710**	**1,026**	**3,850**	**211,263**	**393,350**
At 31 March 2011	**203,290**	**3,813**	**7,500**	**570**	**4,626**	**40,835**	**260,634**

*** Land and buildings of the Group**

	FREEHOLD LAND RM'000	FREEHOLD BUILDING RM'000	FREEHOLD LAND AND BUILDING RM'000	SHORT TERM LEASEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND RM'000	TOTAL RM'000
Cost						
At 1 April 2009 (previously stated)	26,480	71,349	101,847	-	-	199,676
Effects of adopting the Amendments to FRS 117	-	-	-	386	363	749
At 1 April 2009 (restated)	26,480	71,349	101,847	386	363	200,425
Reclassification	14,497	(14,497)	-	-	-	-
At 31 March 2010	40,977	56,852	101,847	386	363	200,425
At 1 April 2010 (previously stated)	**40,977**	**56,852**	**101,847**	**-**	**-**	**199,676**
Effects of adopting the Amendments to FRS 117	**-**	**-**	**-**	**386**	**363**	**749**
At 1 April 2010 (restated)	**40,977**	**56,852**	**101,847**	**386**	**363**	**200,425**
Reclassification	**-**	**39,230**	**1,748**	**-**	**-**	**40,978**
At 31 March 2011	**40,977**	**96,082**	**103,595**	**386**	**363**	**241,403**

	FREEHOLD LAND RM'000	FREEHOLD BUILDING RM'000	FREEHOLD LAND AND BUILDING RM'000	SHORT TERM LEASEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND RM'000	TOTAL RM'000
Accumulated depreciation						
At 1 April 2009 (previously stated)	-	5,831	21,493	-	-	27,324
Effects of adopting the Amendments to FRS 117	-	-	-	344	137	481
At 1 April 2009 (restated)	-	5,831	21,493	344	137	27,805
Depreciation charge for the financial year	-	1,538	3,283	12	7	4,840
At 31 March 2010	-	7,369	24,776	356	144	32,645
At 1 April 2010 (previously stated)	**-**	**7,369**	**24,776**	**-**	**-**	**32,145**
Effects of adopting the Amendments to FRS 117	**-**	**-**	**-**	**356**	**144**	**500**
At 1 April 2010 (restated)	**-**	**7,369**	**24,776**	**356**	**144**	**32,645**
Depreciation charge for the financial year	**-**	**2,187**	**3,269**	**9**	**3**	**5,468**
At 31 March 2011	**-**	**9,556**	**28,045**	**365**	**147**	**38,113**
Net carrying amount						
At 1 April 2009	26,480	65,518	80,354	42	226	172,620
At 31 March 2010	40,977	49,483	77,071	30	219	167,780
At 31 March 2011	**40,977**	**86,526**	**75,550**	**21**	**216**	**203,290**

	FURNITURE, FITTINGS AND EQUIPMENT RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
COMPANY			
At 31 March 2011			
Cost			
At 1 April 2010	**142**	**607**	**749**
Additions	**369**	**1,024**	**1,393**
Disposals	**(10)**	**-**	**(10)**
At 31 March 2011	**501**	**1,631**	**2,132**
Accumulated depreciation			
At 1 April 2010	**28**	**51**	**79**
Depreciation charge for the financial year	**64**	**167**	**231**
Disposals	**(7)**	**-**	**(7)**
At 31 March 2011	**85**	**218**	**303**
Net carrying amount	**416**	**1,413**	**1,829**
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

14. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

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

	GROUP	
	2011 RM'000	2010 RM'000
Freehold land and buildings	**201,773**	148,174
Short term leasehold land	**21**	30
Long term leasehold land	**216**	219
	202,010	148,423

b. Capital work-in-progress of the Group with carrying amount of RM40,835,000 (2010: RM190,342,000) has been pledged as security for the credit facilities granted to certain subsidiaries of the Group.

c. Included in capital work-in-progress incurred during the financial year is interest expense of RM791,000 (2010: RM5,228,000).

d. During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM52,579,000 (2010: RM45,185,000) and RM1,393,000 (2010: RM700,000) respectively, of which RM1,780,000 (2010: RM607,000) and RM1,024,000 (2010: RM607,000) respectively were acquired by means of hire purchase agreement.

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Equipment	**179**	363	**-**	-
Motor vehicles	**3,572**	2,983	**1,413**	556
	3,751	3,346	**1,413**	556

e. Included in the property, plant and equipment is provision for restoration costs of RM328,000 (2010: RM328,000).

15. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

a. Land held for property development

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
GROUP				
At 31 March 2011				
At 1 April 2010	**362,162**	**261,728**	**56,994**	**680,884**
Additions	**1,239**	**543**	**7,997**	**9,779**
Re-allocation of costs	**3,708**	**(3,707)**	**(1)**	**-**
Disposals	**(36,804)**	**-**	**(110)**	**(36,914)**
Transfer from property development cost (Note 15b)	**4,551**	**11,606**	**-**	**16,157**
At 31 March 2011	**334,856**	**270,170**	**64,880**	**669,906**
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 costs (Note 15b)	1,833	(2,900)	(2,577)	(3,644)
At 31 March 2010	362,162	261,728	56,994	680,884

NOTES:

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

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

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

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

ii. Land held for property development of the Group with carrying amount of RM336,535,000 (2010: RM350,183,000) and RM96,165,000 (2010: RM73,569,000) are pledged as security for credit facilities granted to the Group and for a syndicated bank guarantee facility in connection with the issuance of Bank Guaranteed Commercial Papers and/or Medium Term Notes ("BG CP/MTNs") respectively, as disclosed in Note 27.

iii. Included in development expenditure incurred during the financial year is interest expense of RM5,371,000 (2010: RM2,487,000).

b. Property development costs

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
GROUP				
At 31 March 2011				
Cumulative property development costs				
At 1 April 2010	219,179	12,610	365,794	597,583
Costs incurred during the financial year	5,843	-	133,207	139,050
Re-allocation of costs	(2,921)	2,920	1	-
Transfer to investment properties (Note 16)	(2,984)	-	(61,772)	(64,756)
Transfer to land held for property development (Note 15a)	(4,551)	(11,606)	-	(16,157)
Reversal of completed projects	(293)	-	-	(293)
Unsold units transferred to inventories	(518)	-	(3,538)	(4,056)
At 31 March 2011	213,755	3,924	433,692	651,371
Cumulative costs recognised in profit or loss				
At 1 April 2010	(47,495)	(3,924)	(235,248)	(286,667)
Recognised during the financial year	(3,487)	-	(60,619)	(64,106)
At 31 March 2011	(50,982)	(3,924)	(295,867)	(350,773)
Property development cost at 31 March 2011	162,773	-	137,825	300,598

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

b. Property development costs (Contd.)

	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 14)	(8,049)	-	(77,306)	-	(85,355)
Transfer (to)/from land held for property development (Note 15a)	(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 profit or loss					
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)
Property development cost at 31 March 2010	171,684	8,686	130,546	-	310,916

Development properties of the Group with carrying amount of RM299,324,000 (2010: RM296,244,000) are pledged to the financial institutions as securities for credit facilities granted to certain subsidiaries and for a syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 27.

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

Included in property development costs incurred during the financial year is interest expense of RM11,896,000 (2010: RM14,579,000).

16. INVESTMENT PROPERTIES

			GROUP
	2011 RM'000	2010 RM'000 (RESTATED)	2009 RM'000 (RESTATED)
Cost/fair value			
At the beginning of year (previously stated)	**20,000**	15,208	12,098
Transfer from property, plant and equipment (Note 14)	**-**	1,772	1,772
Effects of adopting the amendments to FRS 140	**-**	3,020	3,271
At the beginning of year (restated)	**20,000**	20,000	17,141
Additions	**8,878**	-	2,907
Transfer from property development costs (Note 15b)	**64,756**	-	203
Transfer from property, plant and equipment (Note 14)	**173,959**	115	-
Subsequent expenditure	**46,514**	-	-
Fair value adjustment recognised in profit or loss (Note 6, 8)	**11,730**	(115)	-
Effects of adopting the amendments to FRS 140	**-**	-	(251)
At the end of year	**325,837**	20,000	20,000
Accumulated depreciation			
At the beginning of year	**-**	160	-
Transfer from property, plant and equipment (Note 14)	**-**	91	91
Effects of adopting the amendments to FRS 140	**-**	(251)	-
At the beginning of year (restated)	**-**	-	91
Depreciation charge for the financial year	**-**	-	160
Effects of adopting the amendments to FRS 140	**-**	-	(251)
At the end of year	**-**	-	-
Net carrying amount at fair value	**325,837**	20,000	20,000

Following the adoption of the amendments to FRS 140: Investment Properties, the Group has reclassified investment properties under construction from “capital work-in-progress” to “investment properties”. Subsequent expenditure incurred during the construction period is recorded in “investment properties”.

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

Included in subsequent expenditure incurred during the financial year is interest expense of RM3,099,000 (2010: Nil).

Investment properties of the Group amounting to RM316,959,000 (2010: RM20,000,000) have been pledged as security for the credit facilities granted to a subsidiary, as disclosed in Note 27.

17. LAND USE RIGHTS

	SHORT TERM LEASEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND AND BUILDING RM'000	TOTAL RM'000
GROUP				
At 31 March 2011				
Cost				
At 1 April 2010	**386**	**363**	**800**	**1,549**
Effects of adopting the amendments to FRS117	**(386)**	**(363)**	**-**	**(749)**
At 1 April 2010 (restated)/31 March 2011	**-**	**-**	**800**	**800**
Accumulated amortisation				
At 1 April 2010	**344**	**137**	**116**	**597**
Effects of adopting the amendments to FRS117	**(344)**	**(137)**	**-**	**(481)**
At 1 April 2010 (restated)	**-**	**-**	**116**	**116**
Amortisation charge for the financial year	**-**	**-**	**8**	**8**
At 31 March 2011	**-**	**-**	**124**	**124**
Net carrying amount	**-**	**-**	**676**	**676**
At 31 March 2010				
Cost				
At 1 April 2009 (previously stated)	386	363	800	1,549
Effects of adopting the Amendments to FRS117	(386)	(363)	-	(749)
At 1 April 2009 (restated)/31 March 2010	-	-	800	800
Accumulated amortisation				
At 1 April 2009 (previously stated)	344	137	108	589
Effects of adopting the Amendments to FRS117	(344)	(137)	-	(481)
At 1 April 2009 (restated)	-	-	108	108
Amortisation charge for the financial year	-	-	8	8
At 31 March 2010	-	-	116	116
Net carrying amount				
At 31 March 2010	-	-	684	684
At 1 April 2009	-	-	692	692

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

18. INTANGIBLE ASSETS

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

	GOODWILL RM'000	COMPUTER SOFTWARE RM'000	TOTAL RM'000
GROUP			
At 31 March 2011			
Cost			
At 1 April 2010	**2,911**	**746**	**3,657**
Additions	**-**	**303**	**303**
At 31 March 2011	**2,911**	**1,049**	**3,960**
Accumulated amortisation			
At 1 April 2010	**-**	**561**	**561**
Amortisation charge for the financial year	**-**	**172**	**172**
At 31 March 2011	**-**	**733**	**733**
Net carrying amount	**2,911**	**316**	**3,227**
At 31 March 2010			
Cost			
At 1 April 2009	1,851	730	2,581
Additions	-	16	16
Balance purchase consideration of a subsidiary	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

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

18. INTANGIBLE ASSETS (CONTD.)

	COMPUTER SOFTWARE RM'000
COMPANY (CONTD.)	
At 31 March 2010	
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	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 from financial budgets approved by management covering a five-year period with growth rate of 10% (2010: 10%) annually. The cash flow projections are discounted using the current market assessment of the risks specific to the CGU at 6.3% (2010: 7.3%).

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

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

i. ***Budgeted gross margin***

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

ii. ***Growth rate***

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

iii. ***Discount rate***

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

b. **Sensitivity to changes in assumptions**

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

19. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2011 RM'000	2010 RM'000
Unquoted shares at cost	**1,190,494**	1,190,494
Impairment losses	**(61,867)**	(59,585)
	1,128,627	1,130,909

Details of the subsidiaries are as follows :

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2011 %	PROPORTION OF OWNERSHIP INTEREST 2010 %	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	Ownership and management of a hotel, property development and investment holding	**100**	100	29,830,000
E&O Leisure Sdn. Bhd.	Malaysia	Property investment	**100**	100	2
Major Liberty Sdn. Bhd.	Malaysia	Investment holding	**100**	100	300,000
Matrix Promenade Sdn. Bhd.	Malaysia	Investment holding	**100**	100	300,000
KCB Geotechnics Sdn. Bhd.	Malaysia	Inactive	**100**	100	500,000
Twenty First Century Realty Sdn. Bhd.	Malaysia	Managing of proceeds raised from Eastern & Oriental Berhad's Irredeemable Convertible Secured Loan Stocks	**100**	100	2
Eastern & Oriental Properties (Guernsey) Limited **	Guernsey	Investment holding	**100**	-	£1
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 a food and beverage outlet	**100**	100	100,000
The Delicious Group Sdn. Bhd.	Malaysia	Café and restaurant operator	**100**	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	**100**	51	2
Reunion Restaurants Sdn. Bhd.	Malaysia	Restaurant operator	**100**	51	2
Food Emporium Sdn. Bhd.	Malaysia	Business of convenience shops	**100**	51	2
The Delicious (Singapore) Pte. Ltd. **	Singapore	Café and restaurant operator	**100**	-	S$1,000

19. INVESTMENT IN SUBSIDIARIES (CONTD.)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2011 %	2010 %	PAID-UP SHARE CAPITAL RM
III. SUBSIDIARIES OF MATRIX PROMENADE SDN. BHD.					
Radiant Kiara Sdn. Bhd.	Malaysia	Property investment	**100**	100	920,004
E&O-Pie Sdn. Bhd.	Malaysia	Property investment	**100**	100	100,000
E&O Trading Sdn. Bhd.	Malaysia	Property investment	**100**	100	2,500,002
IV. SUBSIDIARY OF EASTERN & ORIENTAL PROPERTIES (GUERNSEY) LIMITED					
Oriental Light (Guernsey) Limited **	Guernsey	Property investment	**100**	-	£1
V. SUBSIDIARIES OF E&OPROP					
Ambangan Puri Sdn. Bhd.	Malaysia	Property development and property investment	**100**	100	1,250,000
Edisi Utama Sdn. Bhd.	Malaysia	Property development	**100**	100	250,000
E&O Properties Sdn. Bhd.	Malaysia	Property development, property investment and project management	**100**	100	16,580,000
E&O Sales and Marketing Sdn. Bhd.	Malaysia	Sales and marketing services for property development projects	**100**	100	6,000,000
E&O Property (Singapore) Pte. Ltd. **	Singapore	Sales and marketing services for property development projects	**100**	100	S$500,000
Emerald Designs Sdn. Bhd.	Malaysia	Property development	**100**	100	300,000
Galaxy Prestige Sdn. Bhd.	Malaysia	Investment holding	**100**	100	250,000
Kamunting Management Services Sdn. Bhd.	Malaysia	Investment holding	**100**	100	100,000
KCB Holdings Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2
Kamunting Tin Dredging Limited **	England	Investment holding	**100**	100	£2,006,250
Pelicrest Sdn. Bhd.	Malaysia	Investment holding	**100**	100	119,005
Prime-Lite Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2
Regal Alliance Sdn. Bhd.	Malaysia	Property development	**100**	100	24,152,582
Ribuan Imbang Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2
Staboc Marketing Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2
Tinggi Murni Sdn. Bhd.	Malaysia	Investment holding	**100**	100	120,488
Teratak Warisan (M) Sdn. Bhd.	Malaysia	Investment holding	**100**	100	100,000
a. Subsidiary of Ambangan Puri Sdn. Bhd.					
Seventy Damansara Sdn. Bhd.	Malaysia	Property investment and property dvelopment	**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

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2011 %	2010 %	PAID-UP SHARE CAPITAL RM
Kayangan Budaya Sdn. Bhd.	Malaysia	Property development	**87.5**	87.5	12,700
Minat Ganda Sdn. Bhd.	Malaysia	Property investment and property dvelopment	**100**	100	500,060
c. Subsidiaries of Kamunting Management Services Sdn. Bhd.					
Bridgecrest Resources Sdn. Bhd.	Malaysia	Investment holding	**95.6**	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	**95.6**	94.0	2,500,010
Permaijana Ribu (M) Sdn. Bhd.	Malaysia	Investment holding	**86.8**	85.7	5,000,000
ii. Subsidiary of Permaijana Ribu (M) Sdn. Bhd.					
Tanjung Pinang Development Sdn. Bhd.	Malaysia	Land reclamation and development	**78.8**	78.0	5,000,000
d. Subsidiaries of KCB Holdings Sdn. Bhd.					
KCB Trading Sdn. Bhd.	Malaysia	Property development and property investment	**100**	100	5,000,000
Trans-Mutual Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2
WCW Technologies Sdn. Bhd.	Malaysia	General contractor	**100**	100	667,000
i. Subsidiary of KCB Trading Sdn. Bhd.					
E&O Customer Services Sdn. Bhd.	Malaysia	Property management and property investment	**100**	100	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
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

19. INVESTMENT IN SUBSIDIARIES (CONTD.)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2011 %	2010 %	PAID-UP SHARE CAPITAL RM
e. Subsidiaries of Tinggi Murni Sdn. Bhd. (Contd.)					
ii. Subsidiary of Indasu Housing Development Sdn. Bhd.					
Monplus Housing Development Sdn. Bhd.	Malaysia	Housing development	**100**	100	250,000
f. Subsidiary of Pelicrest Sdn. Bhd.					
KCB (Guernsey) Limited **	Channel Islands	Investment holding	**100**	100	£1,000
g. Subsidiary of Kamunting Tin Dredging Limited					
Goldtap Services Limited **	England	Food and beverage	**100**	100	£1

* Audited by affiliate of Ernst & Young Global

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

Investment in this subsidiary with carrying amount of RM547,784,000 (2010: RM547,784,000) has been pledged as security for borrowings as disclosed in Note 27.

In the previous 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 27.

a. Acquisition of subsidiaries

2011

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

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

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

2010

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 disclosures of the impact on the financial position and financial results of TFCR and KCBG as the amounts involved are immaterial.

b. Acquisition of minority interests

On 12 November 2010, the Group's subsidiary, Kamunting Management Services Sdn. Bhd. acquired an additional 1.6% equity interest in Bridgecrest Resources Sdn. Bhd. from its minority interests for a cash consideration of RM5,000,000. On the acquisition date, the carrying value of the additional interest acquired was RM2,463,000. The difference between the consideration and the book value of the interest acquired of RM2,537,000 is reflected in accumulated losses in equity as a transaction with minority interests.

On 24 August 2010, the Group's subsidiary, E&O Restaurants Sdn. Bhd. acquired the remaining 49% equity interest in The Delicious Group Sdn. Bhd. from its minority interest for a cash consideration of RM8,800,000. On the acquisition date, the carrying value of the remaining interest acquired was RM2,809,000. The difference between the consideration and the book value of the interest acquired of RM5,991,000 is reflected in accumulated losses in equity as a transaction with minority interests.

20. INVESTMENT IN ASSOCIATES

	GROUP	
	2011 RM'000	2010 RM'000
In Malaysia		
Quoted shares, at cost	**-**	27,344
Unquoted shares, at cost	**16,810**	16,810
	16,810	44,154
Share of post-acquisition reserves	**(61)**	(19,107)
	16,749	25,047
Fair value of investment in an associate for which there is published price quotation	**-**	4,881

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

		PROPORTION OF OWNERSHIP INTEREST		PROPORTION OF VOTING POWER	
NAME OF ASSOCIATES	PRINCIPAL ACTIVITIES	**2011 %**	2010 %	**2011 %**	2010 %
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

During the financial year, E&O Property Development Berhad and Samudra Pelangi Sdn. Bhd., both wholly-owned subsidiaries of the Company had on 24 March 2011 entered into a Share Sale Agreement with Egovision Sdn. Bhd. for the disposal of their entire securities interest in Fututech for a total cash consideration of RM8,780,104 ("Disposal").

The Disposal was completed on 28 March 2011 and Fututech ceased to be an associate of the Group.

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

	2011 RM'000	2010 RM'000
ASSETS AND LIABILITIES		
Current assets	**849**	24,965
Non-current assets	**12,234**	22,903
Total assets	**13,083**	47,868
Current liabilities	**260**	4,488
Non-current liabilities	**-**	734
Total liabilities	**260**	5,222
RESULTS		
Revenue	**28,146**	18,450
Loss for the financial year	**(2,256)**	(7,098)

Investment in associates of the Group in the previous year amounted to RM8,216,000 have been pledged to financial institutions as securities for credit facilities granted to the Group as disclosed in Note 27.

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

21. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	GROUP	
	2011 RM'000	2010 RM'000
Unquoted shares at cost	**125**	125
Share of post-acquisition reserves	**25,996**	9,668
Less: Distribution of profits	**(8,299)**	-
	17,822	9,793

Details of the jointly controlled entities are as follows:

NAME OF JOINTLY CONTROLLED ENTITIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP INTEREST 2011 %	2010 %
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 related to the Group's interests in the jointly controlled entities are as follows:

	2011 RM'000	2010 RM'000
ASSETS AND LIABILITIES		
Current assets	**215,174**	158,810
Non-current assets	**503**	6
Total assets	**215,677**	158,816
Current liabilities	**194,954**	146,580
RESULTS		
Revenue	**72,554**	72,974
Profit for the financial year	**15,259**	9,661

22. INVESTMENT SECURITIES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Quoted investments in Malaysia:				
- shares	**2,987**	3,104	**-**	-
Others	**63**	63	**-**	-
	3,050	3,167	**-**	-
At market value:				
Quoted shares in Malaysia	**2,987**	3,104	**-**	-

The Group and the Company were granted by a financial institution 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 previous 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 RM2,987,000 (2010: RM3,006,000) have been pledged to various financial institutions for credit facilities granted to the Group and the Company as disclosed in Note 27.

23. DEFERRED TAX ASSETS/(LIABILITIES)

			GROUP
	2011 RM'000	2010 RM'000 (RESTATED)	2009 RM'000 (RESTATED)
At the beginning of year	**(32,071)**	(28,344)	(40,938)
Effects of adopting the amendments to FRS 140	**-**	(818)	(818)
At the beginning of year	**(32,071)**	(29,162)	(41,756)
Recognised in profit or loss	**770**	(2,909)	12,594
At the end of year	**(31,301)**	(32,071)	(29,162)
Presented after appropriate offsetting as follows:			
Deferred tax assets	**17,291**	15,421	18,419
Deferred tax liabilities	**(48,592)**	(47,492)	(47,581)
	(31,301)	(32,071)	(29,162)

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
GROUP						
At 1 April 2009	2,928	17,592	925	947	367	22,759
Recognised in profit or loss	(456)	(3,095)	-	275	(168)	(3,444)
At 31 March 2010	2,472	14,497	925	1,222	199	19,315
Reclassification	-	(14,100)	14,100	-	-	-
Recognised in profit or loss	-	-	1,861	-	-	1,861
At 31 March 2011	**2,472**	**397**	**16,886**	**1,222**	**199**	**21,176**

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

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
GROUP							
At 1 April 2009 (previously stated)	(98)	(4,348)	(46,246)	-	(212)	(199)	(51,103)
Effects of adopting the Amendments to FRS 140	-	-	-	(818)	-	-	(818)
At 1 April 2009 (restated)	(98)	(4,348)	(46,246)	(818)	(212)	(199)	(51,921)
Recognised in profit or loss	98	320	831	-	(347)	(367)	535
At 31 March 2010	-	(4,028)	(45,415)	(818)	(559)	(566)	(51,386)
At 1 April 2010 (previously stated)	**-**	**(4,028)**	**(45,415)**	**-**	**(559)**	**(566)**	**(50,568)**
Effects of adopting the Amendments to FRS 140	**-**	**-**	**-**	**(818)**	**-**	**-**	**(818)**
At 1 April 2010 (restated)	**-**	**(4,028)**	**(45,415)**	**(818)**	**(559)**	**(566)**	**(51,386)**
Reclassification	**-**	**-**	**(12)**	**-**	**12**	**-**	**-**
Recognised in profit or loss	**-**	**(162)**	**1,857**	**(2,932)**	**146**	**-**	**(1,091)**
At 31 March 2011	**-**	**(4,190)**	**(43,570)**	**(3,750)**	**(401)**	**(566)**	**(52,477)**

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Unused tax losses	**63,707**	53,207	**-**	-
Unabsorbed capital allowances	**11,488**	12,678	**-**	-
Unabsorbed reinvestment allowances	**47,755**	47,755	**-**	-
Provisions	**5,319**	6,513	**1,222**	2,394
Others	**25,100**	24,518	**-**	-
	153,369	144,671	**1,222**	2,394

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. INVENTORIES

	GROUP	
	2011 RM'000	2010 RM'000
At cost:		
Completed properties	**34,675**	50,745
Trading inventories	**682**	649
Food, beverages and tobacco	**667**	738
General supplies	**822**	724
	36,846	52,856

	GROUP 2011 RM'000	2010 RM'000
Net realisable value:		
Completed properties	**1,516**	2,430
	38,362	55,286

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM41,198,000 (2010: RM68,067,000).

Inventories amounting to RM26,200,000 (2010: RM40,086,000) have been pledged to the financial institution for credit facility granted to a subsidiary as disclosed in Note 27.

25. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
CURRENT					
Trade receivables					
Third parties		**34,933**	17,155	**-**	-
Retention sum receivable		**10,717**	5,594	**-**	-
		45,650	22,749	**-**	-
Less: Allowance for impairment:					
- Third parties		**(6,347)**	(6,046)	**-**	-
Trade receivables, net	(a)	**39,303**	16,703	**-**	-
Other receivables					
Other receivables	(d)	**39,024**	4,846	**16,942**	17,271
Amounts due from subsidiaries	(b)	**-**	-	**744,504**	673,189
Amounts due from jointly controlled entities	(c)	**40,045**	31,914	**-**	-
Performance deposit		**870**	3,250	**870**	3,250
Deposits		**4,776**	1,108	**786**	281
		84,715	41,118	**763,102**	693,991
Less: Allowance for impairment:					
- Other receivables		**(517)**	(398)	**(252)**	(133)
- Amount due from subsidiaries		**-**	-	**(25,607)**	(741)
		(517)	(398)	**(25,859)**	(874)
Other receivables, net		**84,198**	40,720	**737,243**	693,117
		123,501	57,423	**737,243**	693,117
NON-CURRENT					
Other receivables					
Amounts due from subsidiaries	(b)	**-**	-	**-**	84,256
Less: Allowance for impairment:					
- Amount due from subsidiaries		**-**	-	**-**	(33,561)
		-	-	**-**	50,695
Total trade and other receivables (current and non-current)		**123,501**	57,423	**737,243**	743,812
Add: Cash and bank balances (Note 26)		**309,374**	559,253	**1,968**	4,358
Total loan and receivables		**432,875**	616,676	**739,211**	748,170

25. TRADE AND OTHER RECEIVABLES (CONTD.)

a. Trade receivables

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 (2010: 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 (2010: 7 to 170) days.

Retention sum receivables are the monies withheld by lawyer upon delivery of vacant possession to the property buyers. These funds will be released by the lawyer in two stages, the first release will be at the expiry of six months and the second release will be at the expiry of eighteen months from the date of vacant possessions, except for an amount of RM613,000 in the previous year, 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.

i. *Ageing analysis of trade receivables*

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

		GROUP
	2011	2010
	RM'000	RM'000
Neither past due nor impaired	**17,388**	6,960
1 to 30 days past due not impaired	**2,222**	3,402
31 to 60 days past due not impaired	**2,654**	2,205
61 to 90 days past due not impaired	**744**	388
91 to 120 days past due not impaired	**2,304**	182
More than 121 days past due not impaired	**13,991**	3,566
	21,915	9,743
Impaired	**6,347**	6,046
	45,650	22,749

ii. *Receivables that are neither past due nor impaired*

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

iii. *Receivables that are past due but not impaired*

The Group has trade receivables amounting to RM21,915,000 (2010: RM9,743,000) that are past due at the reporting date but not impaired.

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

iv. *Receivables that are impaired*

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

		GROUP
	2011	2010
	RM'000	RM'000
Trade receivables - nominal amount	**6,511**	6,531
Less: Allowance for impairment	**(6,347)**	(6,046)
	164	485

Movement in allowance accounts:

		GROUP
	2011	2010
	RM'000	RM'000
At the beginning of year	**6,046**	4,965
Charge for the year (Note 8)	**301**	88
Reclassified from allowance for impairment in other receivables	**-**	996
Reversal of impairment losses	**-**	(3)
At the end of year	**6,347**	6,046

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

b. Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and are repayable upon demand. The amounts bear interest ranging from 0.5% to 7.80% (2010: 0.5% to 8.25%) per annum.

c. Amounts due from jointly controlled entities

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

d. Other receivables

Included in other receivables is an amount of RM8,780,104 due from a third party in respect of the disposal of an associate by the Group as disclosed in Note 42(d). The amount has been recovered subsequent to the financial year end.

i. Other receivables that are impaired

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Other receivables - nominal amount	**517**	398	**39,233**	45,479
Less: Allowance for impairment	**(517)**	(398)	**(25,859)**	(34,435)
	-	-	**13,374**	11,044

Movement in allowance accounts:

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
At the beginning of year	**398**	1,125	**34,435**	23,869
Charge for the financial year (Note 8)	**142**	269	**1,265**	17,891
Reclassified to allowance for impairment in trade receivables	**-**	(996)	**-**	-
Reversal of impairment losses	**(23)**	-	**(9,841)**	(7,325)
At the end of year	**517**	398	**25,859**	34,435

26. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Cash on hand and at banks	**89,566**	207,507	**268**	127
Deposits with licensed banks	**219,808**	351,746	**1,700**	4,231
Cash and bank balances	**309,374**	559,253	**1,968**	4,358

a. Included in cash on hand and at banks of the Group are amounts of RM53,268,000 (2010: RM87,346,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations. RM47,914,000 (2010: RM73,986,000) of these cash on hand and at banks are assigned and charged as security for a syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 27.

b. Cash and bank balances of the Group amounting to RM6,778,000 (2010: RM68,899,000) are assigned and charged as security for a syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 27.

c. Included in deposit with licensed banks of the Group is an amount of RM292,000 (2010: RM451,000) pledged as security for bank guarantees issued to an utility company and tenors.

26. CASH AND BANK BALANCES (CONTD.)

d. Cash and bank balances of the Group amounting to RM2,800,000 (2010: RM103,356,000) are assigned and charged as security for a syndicated term loan facility as disclosed in Note 27.

e. Included in cash and bank balances of the Group are amounts of RM140,268,000 (2010: 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. The weighted average effective interest rates and average maturity of deposits of the Group and the Company at the reporting date were as follows:

	GROUP		COMPANY	
	2011	2010	**2011**	2010
Weighted average effective interest rates (%)				
- Fixed rates	**2.92%**	2.26%	**2.25%**	1.75%
- Floating rates	**2.57%**	2.27%	**-**	-
Average maturities (days)	**1 - 90**	1 - 90	**1 - 90**	1 - 90

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Cash at banks and on hands	**89,566**	207,507	**268**	127
Deposits with licensed banks	**219,808**	351,746	**1,700**	4,231
Bank overdrafts (Note 27)	**(22,972)**	(11,108)	**(22,825)**	(10,669)
Total cash and cash equivalents	**286,402**	548,145	**(20,857)**	(6,311)

27. LOANS AND BORROWINGS

		GROUP		COMPANY	
	MATURITY	**2011 RM'000**	2010 RM'000	**2011 RM'000**	2010 RM'000
CURRENT					
Secured:					
Bank overdrafts	On demand	**22,972**	11,108	**22,825**	10,669
Term loans	2012	**49,227**	60,119	**30,000**	38,243
Revolving credits	On demand	**140,960**	129,905	**50,000**	55,000
Commercial papers	On demand	**65,000**	80,000	**-**	-
Medium term notes	2012	**100,000**	100,000	**-**	-
Obligations under finance leases (Note 37c)	2012	**775**	760	**239**	96
		378,934	381,892	**103,064**	104,008
NON-CURRENT					
Secured:					
Term loans	2013-2020	**362,755**	348,164	**50,372**	100,372
Medium term notes	2012	**-**	100,000	**-**	-
Obligations under finance leases (Note 37c)	2013-2016	**1,449**	1,008	**736**	243
		364,204	449,172	**51,108**	100,615
Total loans and borrowings		**743,138**	831,064	**154,172**	204,623

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

	GROUP		COMPANY	
	2011	2010	**2011**	2010
Bank overdrafts - Floating rates	**7.55%**	7.03%	**7.55%**	7.01%
Term loans				
- Fixed rates	**4.87%**	4.55%	**4.66%**	4.55%
- Floating rates	**5.05%**	4.42%	**-**	4.25%
Revolving credits - Floating rates	**4.44%**	3.83%	**3.48%**	3.17%
Commercial papers - Fixed rate	**3.80%**	2.72%	**-**	-
Medium term notes - Fixed rate	**4.75%**	4.70%	**-**	-
Obligations under finance leases	**2.86%**	4.54%	**2.80%**	2.95%

The remaining maturities of the loans and borrowings as at 31 March 2011 are as follows:

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
On demand or within one year	**378,934**	381,892	**103,064**	104,008
More than 1 year and less than 2 years	**59,156**	166,318	**40,240**	40,102
More than 2 years and less than 5 years	**235,618**	228,627	**10,868**	60,513
5 years or more	**69,430**	54,227	**-**	-
	743,138	831,064	**154,172**	204,623

a. **Bank overdrafts**

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

b. **Term loans**

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

c. **Revolving credits**

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

d. **Commercial papers and medium term notes**

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

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

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

ii. the master land charged by TPD;

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

iv. the assignment of sales of proceeds;

v. the assignment and charge over designated accounts;

vi. the assignment and charge over housing development accounts;

vii. the assignment of insurances; and

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

27. LOANS AND BORROWINGS (CONTD.)

e. Corporate guarantees

The Company has extended corporate guarantees amounting to RM288,841,000 (2010: RM202,665,000) as at the reporting date to banks and financial institutions for banking facilities granted to certain subsidiaries.

No value has been placed on the corporate guarantee provided by the Company as the directors regard the value of the credit enhancement provided by the said corporate guarantee as minimal. This is because the loans and borrowings granted under the guarantee are secured by legal charges over the Group's property, plant and equipment, investment properties and pledge of cash an bank balances as disclosed in the relevant notes.

28. PROVISIONS

	RESTORATION COSTS OF PROPERTY, PLANT AND EQUIPMENT RM'000 (a)	OTHERS RM'000 (b)	TOTAL RM'000
GROUP			
At 1 April 2009	307	162	469
Additional provision	38	-	38
Utilisation of provision during the financial year	(17)	-	(17)
At 31 March 2010/31 March 2011	**328**	**162**	**490**
At 31 March 2011			
Current	**-**	**162**	**162**
Non-current:			
Later than 1 year but not later than 2 years	**243**	**-**	**243**
Later than 2 years but not later than 5 years	**85**	**-**	**85**
	328	**-**	**328**
	328	**162**	**490**
At 31 March 2010			
Current	-	162	162
Non-current:			
Later than 1 year but not later than 2 years	243	-	243
Later than 2 years but not later than 5 years	85	-	85
	328	-	328
	328	162	490

a. Restoration costs of property, plant and equipment

Provision for restoration costs is the estimated costs of dismantling, removal or restoration of property, plant and equipment arising from the acquisition or use of such assets, which are capitalised and included in the cost of property, plant and equipment as disclosed in Note 14(e).

b. Others

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

29. TRADE AND OTHER PAYABLES

		GROUP		COMPANY	
	NOTE	**2011 RM'000**	2010 RM'000	**2011 RM'000**	2010 RM'000
Trade payables	(a)				
Third parties		**25,928**	25,687	**-**	-
Retention sum payable		**12,317**	17,492	**-**	-
		38,245	43,179	**-**	-
Other payables					
Amounts due to subsidiaries	(b)	**-**	-	**444,330**	359,856
Amount due to an affiliated company	(c)	**-**	12	**-**	-
Amount due to a minority shareholder	(d)	**12,826**	12,826	**-**	-
Other payables		**30,962**	29,956	**172**	98
Other accruals		**45,955**	24,140	**3,263**	4,048
Deposits received		**2,479**	1,876	**-**	-
		92,222	68,810	**447,765**	364,002
Total trade and other payables		**130,467**	111,989	**447,765**	364,002
Add: Borrowings (Note 27)		**743,138**	831,064	**154,172**	204,623
Total financial liabilities carried at amortised cost		**873,605**	943,053	**601,937**	568,625

a. **Trade payables**
Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 14 to 120 (2010: 14 to 120) days.

b. **Amounts due to subsidiaries**
During the financial year, the amounts due to subsidiaries amounting to RM314,809,000 (2010: RM269,471,000) are unsecured and bear interest ranging from 4.08% to 6.3% (2010: 3.79% to 5.5%) per annum. The remaining amounts due to subsidiaries are unsecured, non-interest bearing and are repayable upon demand.

c. **Amount due to an affiliated company**
Affiliated company is described in Note 36. The amount due to an affiliated company is unsecured, non-interest bearing and is repayable upon demand.

d. **Amount due to a minority shareholder**
The amount due to a minority shareholder in respect of advances to a subsidiary is unsecured, non-interest bearing and is repayable upon demand.

e. **Other payables**
These amounts are non-interest bearing. Other payables are normally settled on an average term of six months (2010: average term of six months).

30. SHARE CAPITAL

	GROUP/COMPANY			
	NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH		AMOUNT	
	2011 '000	2010 '000	**2011 '000**	2010 '000
Authorised:				
At the beginning of year	**1,200,000**	1,000,000	**1,200,000**	1,000,000
Created during the financial year	**-**	200,000	**-**	200,000
At the end of year	**1,200,000**	1,200,000	**1,200,000**	1,200,000
Issued and fully paid:				
At the beginning of year	**761,644**	591,995	**761,644**	591,995
Ordinary stock units issued during the financial year:				
- warrants exercised	**6,871**	3,327	**6,871**	3,327
- conversion of ICULS (Note 31)	**513**	120,623	**513**	120,623
- conversion of ICSLS (Note 32)	**71,221**	36,391	**71,221**	36,391
- pursuant to E&O ESOS (Note 35)	**2,343**	9,308	**2,343**	9,308
At the end of year	**842,592**	761,644	**842,592**	761,644

During the financial year, the Company increased its issued and paid-up ordinary stock units from RM761,643,737 to RM842,592,012 by way of:

i. the issuance of 2,343,000 ordinary stock units of RM1.00 each for cash pursuant to the Company's ESOS, of which 2,224,000 ordinary stock units were issued on 2,224,000 ESOS at an exercise price of RM1.00 per ordinary stock unit and 119,000 ordinary stock units were issued on 119,000 ESOS at an exercise price of RM1.06 per ordinary stock unit;

ii. the issuance of 6,870,796 ordinary stock units of RM1.00 each arising from the exercise of 6,870,796 Warrants 2001/2011;

iii. the issuance of 513,848 ordinary stock units of RM1.00 each arising from the conversion of 513,848 ICULS of RM1.00 nominal value each; and

iv. the issuance of 71,220,631 ordinary stock units of RM1.00 each arising from the conversion of 71,220,631 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.

The Company has an employee share option plan under which options to subscribe for the Company's ordinary stock units have been granted to employees of the Company.

The holders of ordinary stock units (except treasury stock units) are entitled to receive dividends as and when declared by the Company. All ordinary stock units carry one vote per stock unit without restrictions and rank equally with regard to the Company residual assets.

Of the total 842,592,012 (2010: 761,643,737) issued and fully paid-up ordinary stock units of RM1.00 each, 29,389,400 (2010: 7,664,100) stock units are held as treasury stock units by the Company. As at 31 March 2011, the number of issued and fully paid-up ordinary stock units (not held as treasury stock units) is 813,202,612 (2010: 753,979,637) ordinary stock units of RM1.00 each.

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

	GROUP/COMPANY		
	EQUITY COMPONENT RM'000	LIABILITY COMPONENT RM'000	TOTAL RM'000
NOMINAL VALUE			
At 1 April 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
Converted to ordinary stock units during the financial year	(350)	(64)	(414)
8% coupon ICULS paid during the financial year	-	(172)	(172)
8% coupon ICULS	-	17	17
At 31 March 2011	**1,345**	**153**	**1,498**

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.

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

	GROUP/COMPANY		
	EQUITY COMPONENT RM'000	LIABILITY COMPONENT RM'000	TOTAL RM'000
NOMINAL VALUE			
At 1 April 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
Converted to ordinary stock units during the financial year	(21,443)	(24,827)	(46,270)
Repurchase of ICSLS	(4,093)	(1,469)	(5,562)
8% coupon ICSLS paid during the financial year	-	(14,501)	(14,501)
8% coupon ICSLS	-	7,808	7,808
At 31 March 2011	**71,133**	**81,836**	**152,969**

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

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

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

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

As at 31 March 2011, the cash proceeds amounting to approximately RM235,621,000 arising from the issuance of ICSLS have been partially utilised as follows:

	GROUP/COMPANY	
	2011	2010
	RM'000	RM'000
Repayment of bank borrowings	**70,668**	15,720
Acquisition of a property	**27,754**	-
ICSLS issue costs	**2,500**	2,067
	100,922	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.

33. TREASURY STOCK UNITS

	GROUP/COMPANY			
	NUMBER OF TREASURY STOCK UNITS		AMOUNT	
	2011 '000	2010 '000	**2011 RM'000**	2010 RM'000
At the beginning of year	**7,664**	7,930	**7,356**	9,954
Disposal	**-**	(7,930)	**-**	(9,954)
Purchase	**21,725**	7,664	**20,289**	7,356
At the end of year	**29,389**	7,664	**27,645**	7,356

Treasury stock units relate to ordinary stock units of the Company that are held by the Company. The amount consists of the acquisition costs of treasury stock units net of the proceeds received on their subsequent sale or issuance.

The stockholders of the Company, by an ordinary resolution passed in a general meeting held on 29 September 2010 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 21,725,300 (2010: 7,664,100) of its issued ordinary stock units from the open market at an average price of RM0.93 (2010: RM0.96) per stock unit. The total consideration paid for the repurchase including transaction costs was RM20,289,275 (2010: RM7,355,771). The stock units repurchased are being held as treasury stock units in accordance with Section 67A of the Companies Act, 1965.

During the previous financial year, the Company had 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 2011, the total stock units repurchased and held as treasury stock units amounted to 29,389,400 (2010: 7,664,100) ordinary stock units of RM1.00 each at a total cost of RM27,645,000 (2010: RM7,356,000).

34. RESERVES

	NOTE	**2011 RM'000**	2010 RM'000 (RESTATED)	1.4.2009 RM'000 (RESTATED)
GROUP				
Distributable:				
Accumulated losses	(a)	**(73,931)**	(76,960)	(145,658)
Non-distributable:				
Share premium	(b)	**241,699**	266,175	294,657
Share option reserve	(c)	**1,726**	734	1,292
Foreign currency translation reserve	(d)	**649**	658	501
		244,074	267,567	296,450
		170,143	190,607	150,792

	NOTE	**2011 RM'000**	2010 RM'000 (RESTATED)
COMPANY			
Distributable:			
Retained profits	(a)	**75,035**	90,750
Non-distributable:			
Share premium	(b)	**241,699**	266,175
Share option reserve	(c)	**1,726**	734
		243,425	266,909
		318,460	357,659

34. RESERVES (CONTD.)

a. Retained profits

In the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 of the Income Tax Act 1967 ("Section 108") balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 March 2011 and 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 March 2011 and 2010, the Company has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained profits.

b. Share premium

During the previous 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 over the vesting period commencing from the grant date of share options, and is reduced by the exercise or lapsed of the share options.

d. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

35. EMPLOYEES' SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

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

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

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

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movement 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
2011						
2003 Options	**57**	**-**	**-**	**-**	**57**	**57**
2009 Options	**2,208**	**-**	**(119)**	**(146)**	**1,943**	**1,943**
2010 Options	**-**	**6,992**	**(2,224)**	**(284)**	**4,484**	**4,484**
	2,265	**6,992**	**(2,343)**	**(430)**	**6,484**	**6,484**
WAEP	**1.06**	**1.00**	**1.20**	**1.06**	**1.02**	**1.02**
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

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

	WAEP RM	EXERCISED PERIOD
2011		
2003 Options	**1.05**	**20.11.2003 - 28.04.2012**
2009 Options	**1.06**	**11.06.2009 - 28.04.2012**
2010 Options	**1.00**	**12.07.2010 - 28.04.2012**
2010		
2003 Options	1.05	20.11.2003 - 28.04.2012
2009 Options	1.06	11.06.2009 - 28.04.2012

ii. Share options exercised during the year

As disclosed in Note 30, options exercised during the financial year resulted in the issuance of 2,343,000 (2010: 9,308,375) ordinary stock units at RM1.00 each. The related weighted average share prices at the date of exercise was RM1.20 (2010: RM1.43).

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:

	2011	2010
Weighted average share price (RM)	**0.93**	1.12
Weighted average exercise price (RM)	**1.00**	1.06
Expected volatility (%)	**64.57**	53.00
Expected life (years)	**1.80**	2.83
Risk free rate (%)	**2.93**	2.92
Expected dividend yield (%)	**3.17**	1.98

The expected volatility reflects the assumption of future trends, which may not necessarily be the actual outcome. The expected life is based on historical data and may also not necessarily be indicative of exercise patterns that may occur. No other features of the option grant were incorporated into the measurement of fair value.

36. RELATED PARTY TRANSACTIONS

a. Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	GROUP 2011 RM'000	GROUP 2010 RM'000
Project management and administrative services fees receivable from a jointly-controlled entity	**(600)**	(2,468)
Rental receivable from:		
- GDP Group of companies ("GDP Group") in which a key management personnel also holds directorship in certain companies in the GDP Group	**(18)**	-
- Interiors International (M) Sdn. Bhd. ("Interiors") in which a director of Interiors is the sister of one of the director of the Company	**(19)**	-
Transactions with companies in which a director of a subsidiary has financial interest:		
- Progress claim from Tidalmarine Engineering Sdn. Bhd.	**1,100**	146
- Progress claim from Dr. Nik & Associates Sdn. Bhd.	**270**	-
Procurement of consultancy services from:		
- CB Richard Ellis group of companies ("CB Richard Group") in which a key management personnel also holds directorship in the CB Richard Group	**98**	1,002
- GDP Group in which a key management personnel also holds directorship in certain companies in the GDP Group	**8,827**	2,170
- ANZ Equities Sendirian Berhad in which a director of the Company has financial interest	**480**	480
Purchase of merchandise goods from Interiors in which a director of Interiors is the sister of one of the director of the Company	**118**	-
Design services rendered by:		
- Adaptus Design System Sdn. Bhd. ("Adaptus") in which a key management personnel also holds directorship in Adaptus	**41**	26
- Interiors in which a director of Interiors is the sister of one of the directors of the Company	**1,030**	-
- Coffeehouse Quartet Sdn. Bhd. ("Coffeehouse") in which a director of Coffeehouse is the sister of one of the director of the Company	**252**	-
Progress billings paid to a jointly controlled entity	**9,714**	-
Sale of properties to certain directors, spouse and sister of certain directors of the Company	**(1,004)**	(10,522)

	COMPANY 2011 RM'000	COMPANY 2010 RM'000
Subsidiaries:		
Dividend income	**(33,155)**	(32,265)
Interest income receivables	**(12,155)**	(10,748)
Management fee receivables	**(1,787)**	(1,766)
Food catering services	**18**	41
Interest expense payables	**15,387**	10,431
Design services rendered by Adaptus Design System Sdn. Bhd. ("Adaptus") in which a key management personnel also holds directorship in Adaptus	**41**	26

Related companies in these financial statements refer to companies within the E&O Group.

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

Information regarding outstanding balances arising from related party transactions as at 31 March 2011 are disclosed in Notes 25 and 29.

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**

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Short term employee benefits	**5,977**	6,369	**5,887**	5,147
Defined contribution plan	**654**	716	**615**	601
Share options granted under ESOS	**1,013**	1,463	**1,013**	1,463
	7,644	8,548	**7,515**	7,211

Included in the total remuneration of key management personnel are:

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Executive directors' remuneration (Note 10)	**4,534**	5,086	**4,405**	3,749

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	
	2011 '000	2010 '000	**2011 '000**	2010 '000
At the beginning of year	**350**	4,500	**350**	4,500
Granted	**3,750**	3,750	**3,750**	3,750
Exercised	**(1,200)**	(7,900)	**(1,200)**	(7,900)
At the end of year	**2,900**	350	**2,900**	350

The share options were granted on the same terms and conditions as those offered to other employees of the Group as disclosed in Note 35.

37. COMMITMENTS

a. **Capital commitments**

Capital expenditure as at 31 March 2011 and 2010 is as follows:

	GROUP	
	2011 RM'000	2010 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	**2,521**	41,907
Investment properties	**5,423**	-

b. **Operating lease commitments**

The Group and the Company have entered into commercial lease on business premises and equipment. These leases have a tenure range from one to eleven years, with options to renew for one to three years. Certain contracts include escalation clauses or contingent rental computed based on revenue achieved. There are no restriction placed upon the Group and the Company by entering into these leases.

37. COMMITMENTS (CONTD.)

b. Operating lease commitments (Contd.)

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Future minimum rentals payable:				
Not later than 1 year	**4,238**	3,036	**209**	823
Later than 1 year and not later than 5 years	**6,479**	1,832	**-**	202
Later than 5 years	**1,033**	1,208	**-**	-

c. Finance lease commitments

The Group and the Company have finance leases for certain plant, machinery and equipment and motor vehicles. These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Future minimum lease payments:				
Not later than 1 year	**867**	839	**284**	113
Later than 1 year and not later than 2 years	**685**	696	**272**	113
Later than 2 years and not later than 5 years	**906**	363	**531**	147
Total future minimum lease payments	**2,458**	1,898	**1,087**	373
Less: Future finance charges	**(234)**	(130)	**(112)**	(34)
Present value of finance lease liabilities	**2,224**	1,768	**975**	339
Less: Amount due within 12 months	**(775)**	(760)	**(239)**	(96)
Amount due after 12 months	**1,449**	1,008	**736**	243

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

a. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

	GROUP		COMPANY	
	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
2011				
Financial liabilities:				
Loans and borrowings (Note 27)				
- Term loans with fixed rate	**77,416**	**65,841**	**50,372**	**46,809**
- Obligations under finance lease	**1,449**	**1,270**	**736**	**642**
2010				
Financial liabilities:				
Loans and borrowings (Note 27)				
- Term loans with fixed rate	80,372	72,908	80,372	72,908
- Medium term notes	100,000	94,563	-	-
- Obligations under finance lease	1,008	932	243	220

b. Determination of fair value

i. Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximate of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	NOTE
Trade and other receivables (current)	25
Loans and borrowings (current)	27
Loans and borrowings (non-current)	
- with floating rate	27
Trade and other payables (current)	29

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

ii. Amounts due from/(to) subsidiaries, jointly controlled entities, affiliated company and minority shareholder, finance lease obligations and fixed rate bank loans

The fair values of these financial instrument are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

iii. Quoted investments in Malaysia

Fair value is determined directly by reference to their published market bid price at the reporting date.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

a. Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

a. Credit risk (Contd.)

i. *Exposure to credit risk*

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 25.

ii. *Credit risk concentration profile*

The Group determines concentrations of credit risk by monitoring the business segments of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

				GROUP
		2011		2010
	RM'000	% OF TOTAL	RM'000	% OF TOTAL
Properties	**37,717**	**96.0%**	14,860	89.0%
Hospitality	**1,304**	**3.3%**	1,295	7.8%
Investments and others	**282**	**0.7%**	548	3.2%
	39,303	**100%**	16,703	100%

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

iii. *Financial assets that are neither past due nor impaired*

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 25. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

iv. *Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Note 22 and 25.

b. Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is that not more than 20% (2010: 20%) of loans and borrowings (excluding bank overdrafts, revolving credits and commercial papers) should mature in the next one year period, and to maintain sufficient liquid financial assets and stand-by credit facilities with four different banks. At the reporting date, approximately 20% (2010: 19%) and 20% (2010: 19%) of the Group's and the Company's loans and borrowings (Note 27) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

				2011 RM'000
	ON DEMAND OR WITHIN ONE YEAR	ONE TO FIVE YEARS	OVER FIVE YEARS	TOTAL
GROUP				
Financial liabilities:				
Trade and other payables	130,467	-	-	130,467
Loans and borrowings	385,992	341,527	94,103	821,622
Total undiscounted financial liabilities	516,459	341,527	94,103	952,089

				2011 RM'000
	ON DEMAND OR WITHIN ONE YEAR	ONE TO FIVE YEARS	OVER FIVE YEARS	TOTAL
COMPANY				
Financial liabilities:				
Trade and other payables	447,765	-	-	447,765
Loans and borrowings	103,913	55,788	-	159,701
Total undiscounted financial liabilities	551,678	55,788	-	607,466

c. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to manage interest cost using a mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM1,171,000 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

d. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia except for foreign currency risk arising from countries in which certain foreign subsidiaries operate. The currencies giving rise to this risk are primarily Singapore Dollar and Great Britain Pound.

The net unhedged financial assets and liabilities of the Group that are not denominated in the functional currency is as follows:

	GROUP	
	2011 RM'000	2010 RM'000
Singapore Dollar ("SGD")	3,000	293
Great Britain Pound ("GBP")	459	543

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the SGD and GBP exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		GROUP 2011 INCREASE/(DECREASE) IN PROFIT, NET OF TAX RM'000
SGD/RM	- strengthened 2%	60
	- weakened 2%	(60)
GBP/RM	- strengthened 4%	18
	- weakened 4%	(18)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

e. Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia. These instruments are classified as financial asset at fair value through profit or loss. The Group does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

At the reporting date, if the FTSE Bursa Malaysia KLCI had been 4% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM119,000 higher/lower, arising as a result of higher/lower fair value gains on financial assets at fair value through profit or loss.

40. CAPITAL MANAGEMENT

The primary objective of the Group's capital mangement is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to stockholders, return capital to stockholders or issue new stock units. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2011 and 31 March 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep gearing ratio at an acceptable limit. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

		GROUP		COMPANY	
	NOTE	**2011 RM'000**	2010 RM'000	**2011 RM'000**	2010 RM'000
Loans and borrowings	27	**743,138**	831,064	**154,172**	204,623
Trade and other payables	29	**130,467**	111,989	**447,765**	364,002
Less: Cash and bank balances	26	**(309,374)**	(559,253)	**(1,968)**	(4,358)
Net debt		**564,231**	383,800	**599,969**	564,267
Equity attributable to the owners of the parent, represent total capital		**1,057,568**	1,043,259	**1,205,885**	1,210,311
Capital and net debt		**1,621,799**	1,427,059	**1,805,854**	1,774,578
Gearing ratio		**35%**	27%	**33%**	32%

41. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

i. Properties - development and investment in residential and commercial properties

ii. Hospitality - management and operations of hotels and restaurants

iii. Investments and others

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

41. SEGMENT INFORMATION (CONTD.)

Business Segment

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

	PROPERTIES		HOSPITALITY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Revenue				
External sales	**198,216**	282,473	**68,847**	59,569
Inter-segment sales	**1,027**	886	**-**	-
Total revenue	**199,243**	283,359	**68,847**	59,569
Results				
Interest income	**11,654**	4,403	**28**	21
Fair value gain/(loss) on investment properties	**11,730**	(115)	**-**	-
Gain on disposal of an associate	**-**	-	**-**	-
Depreciation and amortisation	**(888)**	(840)	**(8,249)**	(7,702)
Share of results of associates	**-**	-	**-**	-
Share of results of jointly controlled entities	**3,753**	5,669	**-**	-
Other non-cash expenses	**(68)**	117	**(1)**	(3)
Segment results	**57,984**	111,683	**(536)**	496
Assets				
Investment in associates	**-**	-	**-**	-
Investment in jointly controlled entity	**12,801**	23,698	**3**	-
Additions to non-current assets	**47,926**	16,907	**49,765**	27,766
Segment assets	**1,637,205**	1,658,390	**263,224**	219,836
Segment liabilities	**814,177**	734,046	**74,843**	83,920

	INVESTMENTS AND OTHERS		ADJUSTMENTS AND ELIMINATIONS		NOTE	PER CONSOLIDATED FINANCIAL STATEMENTS	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000		**2011 RM'000**	2010 RM'000
	4,208	10,333	**-**	-		**271,271**	352,375
	70,828	83,611	**(71,855)**	(84,497)	A	**-**	-
	75,036	93,944	**(71,855)**	(84,497)		**271,271**	352,375
	13,464	15,975	**(14,118)**	(12,775)	A	**11,028**	7,624
	-	-	**-**	-		**11,730**	(115)
	588	-	**-**	-		**588**	-
	(1,731)	(1,749)	**-**	-	B	**(10,868)**	(10,291)
	(792)	(2,169)	**-**	-		**(792)**	(2,169)
	12,342	3,992	**(836)**	-		**15,259**	9,661
	(1,559)	(2,414)	**-**	-	C	**(1,628)**	(2,300)
	55,186	49,604	**(64,480)**	(68,507)	D	**48,154**	93,276
	17,469	25,767	**(720)**	(720)		**16,749**	25,047
	45,063	18,009	**-**	-		**57,867**	41,707
	10,583	528	**-**	-	E	**108,274**	45,201
	1,415,137	1,639,682	**(1,198,689)**	(1,337,184)	F	**2,116,877**	2,180,724
	167,596	198,614	**(21,644)**	94,671	G	**1,034,972**	1,111,251

41. SEGMENT INFORMATION (CONTD.)

Business Segments (Contd.)

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

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

	NOTE	2011 RM'000	2010 RM'000
Amortisation of land use rights	8	**(8)**	(8)
Amortisation of intangible assets	8	**(172)**	(149)
Depreciation of property, plant and equipment	8	**(10,688)**	(10,134)
		(10,868)	(10,291)

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

	NOTE	2011 RM'000	2010 RM'000
Reversal of expected loss	8	**-**	139
Share options granted under ESOS		**(1,661)**	(2,480)
Share options lapsed under ESOS		**102**	66
Development expenditure written off	8	**(68)**	(22)
Inventories written off	8	**(1)**	(3)
		(1,628)	(2,300)

D The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income:

	2011 RM'000	2010 RM'000
Allowance for doubtful debts in subsidiaries	**3,916**	109
Inter-segment dividends	**(65,830)**	(79,636)
Inter-segment interests	**2,167**	2,354
Inter-segment disposal of asset	**(836)**	-
Net reversal/(impairment) of subsidiaries	**(3,897)**	8,666
	(64,480)	(68,507)

E Additions to non-current assets consist of:

	NOTE	2011 RM'000	2010 RM'000
Property, plant and equipment	14	**52,579**	45,185
Intangible assets	18	**303**	16
Investment properties	16	**55,392**	-
		108,274	45,201

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

	NOTE	2011 RM'000	2010 RM'000
Deferred tax assets	23	**17,291**	15,421
Goodwill on consolidation	18	**2,911**	2,911
Tax recoverable		**23,584**	15,724
Investment in associates	20	**16,749**	25,047
Investment in jointly controlled entities	21	**57,867**	41,707
Inter-segment assets		**(1,317,091)**	(1,437,994)
		(1,198,689)	(1,337,184)

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

	NOTE	2011 RM'000	2010 RM'000
Deferred tax liabilities	23	**48,592**	47,492
Income tax payable		**7,356**	5,019
Loans and borrowings	27	**743,138**	831,064
Irredeemable convertible unsecured loan stocks	31	**153**	372
Irredeemable convertible secured loan stocks	32	**81,836**	114,825
Inter-segment liabilities		**(902,719)**	(904,101)
		(21,644)	94,671

42. 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 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. On 24 August 2010, E&O Restaurants Sdn. Bhd., a wholly-owned subsidiary of Eastern & Oriental Hotel Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement with a minority shareholder of The Delicious Group Sdn. Bhd. ("TDG") for the acquisition of 1,433,250 ordinary shares of RM1.00 each representing the remaining 49% equity interest in TDG for a cash consideration of RM8,800,000 ("Proposed Acquisition"). The Proposed Acquisition was completed on 19 November 2010 and accordingly, TDG has became a wholly-owned subsidiary of the Group.

c. Kamunting Management Services Sdn. Bhd., a wholly-owned subsidiary of E&O Property Development Berhad, which in turn is a wholly-owned subsidiary of the Company had on 12 November 2010, entered into a Share Sale Agreement with a minority shareholder of Bridgecrest Resources Sdn. Bhd. ("BRSB") for the acquisition of 1,600 ordinary shares of RM1.00 each representing 1.6% equity interest in BRSB for a purchase consideration of RM5,000,000. Following the full settlement of the purchase consideration on 24 November 2010, the equity interest in BRSB held by the Group has increased from 94% to 95.6%.

d. E&O Property Development Berhad and Samudra Pelangi Sdn. Bhd., both wholly-owned subsidiaries of the Company had on 24 March 2011 entered into a Share Sale Agreement with Egovision Sdn. Bhd. in relation to the disposal of their entire securities interest in Fututech Berhad for a total cash consideration of RM8,780,104 ("Disposal").

The Disposal was completed on 28 March 2011 and Fututech Berhad ceased to be an associate of the Group.

e. TDG had on 25 March 2011 incorporated a new wholly-owned subsidiary, TDGS in Singapore.

The issued and paid-up share capital of TDGS is SGD1,000 divided into 1,000 ordinary shares of SGD1.00 each.

43. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

a. The trading in the Warrants have been suspended on 28 April 2011. During the financial period from 1 April 2011 to 16 May 2011, 29,833,373 units of Warrant were converted into ordinary stock units at the exercise price of RM1.00 per ordinary stock unit. The remaining unexercised Warrants of 495,115 have lapsed and become null and void on 16 May 2011. Accordingly, Warrants have been removed from the Official List of Bursa Malaysia Securities Berhad with effect from 18 May 2011.

b. 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 RM842,592,012 to RM912,728,406, comprising 70,136,394 ordinary stocks units of RM1.00 each by way of:

   i. the issuance of 1,950,125 ordinary stock units of RM1.00 each for cash pursuant to the Company's ESOS, of which 1,234,000 ordinary stock units were issued on 1,234,000 ESOS at an exercise price of RM1.00 per ordinary stock unit, 703,000 ordinary stock units were issued on 703,000 ESOS at an exercise price of RM1.06 per ordinary stock unit and 13,125 ordinary stock units were issued on 12,500 ESOS at an exercise price of RM1.05 per ordinary stock unit;

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

   iii. the issuance of 1,970,564 ordinary stock units of RM1.00 each arising from the conversion of 1,970,564 ICULS of RM1.00 nominal value each;

   iv. the issuance of 36,382,332 ordinary stock units of RM1.00 each arising from the conversion of 36,382,332 ICSLS of RM0.65 each; and

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

c. The Company had on 3 June 2011, announced that pursuant to the conditions stipulated in the Trust Deed dated 18 May 2006 constituting the ICULS, the ICULS would mature on 25 July 2011 ("Maturity Date").

   The ICULS Holders would be entitled to a last interest payment at the rate of 8% per annum for the period from 26 July 2010 to 25 July 2011 which would be paid on the Maturity Date to all ICULS Holders whose names appear in the Company's Record of Depositors of ICULS as at the close of business on 18 July 2011.

   On the Maturity Date, a total of 1,944,391 units of ICULS were mandatory converted into 1,944,391 ordinary stock units of RM1.00 each.

d. Galaxy Prestige Sdn. Bhd., an indirect wholly-owned subsidiary of the Company had on 28 June 2011, entered into a Shareholders' Agreement for Joint Venture Company with Pulau Indah Ventures Sdn. Bhd. to establish a 50:50 joint venture company named Nuri Merdu Sdn. Bhd. to undertake the development of an iconic wellness township project in Iskandar Malaysia.

e. E&O-Pie Sdn. Bhd., a wholly-owned subsidiary of Matrix Promenade Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company had on 11 July 2011 entered into a sale and purchase agreement to dispose an investment property held under HS(D) 15926, PT 1214, Seksyen 1, Bandar Tanjong Pinang Sek. 1, Daerah Timor Laut, Pulau Pinang, measuring approximately 27,743.7 square metres together with the building erected thereon to Soaring Profit Sdn. Bhd. for a cash consideration of RM134,000,000.

44. SUPPLEMENTARY INFORMATION

The breakdown of the (accumulated losses)/retained profits of the Group and of the Company as at 31 March 2011 into realised and unrealised profits/(losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	GROUP 2011 RM'000	COMPANY 2011 RM'000
Total (accumulated losses)/retained profits of the Company and its subsidiaries		
- Realised	(115,189)	75,035
- Unrealised	(1,808)	-
Share of accumulated losses from associated companies		
- Realised	(61)	-
Share of retained profits from jointly controlled entities		
- Realised	16,553	-
- Unrealised	1,144	-
	(99,361)	75,035
Add: Consolidated adjustments	25,430	-
Total (accumulated losses)/retained profits as per financial statements	(73,931)	75,035

group's properties

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2011 RM'000
PT No. 6332, Mukim Petaling Daerah Petaling Selangor	Freehold	2006	2,445 sq. ft.	Vacant land	-	16
PT 1623 HS(D) 3572 PT 1691 HS(D) 3640 Mukim Beseri, Perlis	Freehold	2009	2 units	Single storey terrace	22	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	-	117,370
	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. mt.	Vacant land	-	42,378
PT No. 258-325, 476-539, 540-690, 691, 692, 697, 698, 1120, 1137-1142, 1183, 1199, 1143, 1146, 1147, 1150, 1152, 1154, 1156-1158, 1160, 1162, 1166, 1168, 1170, 1173, 1175, 1177, 1179 & 1180, 1218 (old PT No.695) All within Bandar Tanjung Pinang Daerah Timur Laut Pulau Pinang	Freehold	2007	48.07 acres	Currently under development	-	641,758
	Lease expiring 28.4.2103	2006	9.80 acres			
PT No. 689, 690 and 1136 All within Bandar Tanjung Pinang Daerah Timur Laut Pulau Pinang	Freehold	2010	3 units	Bungalow	2	6,186
PT No. 693 All within Bandar Tanjung Pinang Daerah Timur Laut Pulau Pinang	Freehold	2010	1 unit	Low medium cost apartment	2	71
PT No. 696 All within Bandar Tanjung Pinang Daerah Timur Laut Pulau Pinang	Freehold	2011	2 units	Service apartment	1	1,087

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2011 RM'000
Lot No. 1300-1314, 1316, 1318-1320, 1322, 1323, 1325, 1326, 1329-1333, 1335, 1336, 1338-1340, 1342, 1343, 1345-1347, 1349, 1351-1354, 1356, 1357, 1359, 1360, 1363-1369, 1372-1374, 1376, 1377, 1379-1393 All within Mukim of Ulu Kelang District of Gombak Selangor Darul Ehsan	Lease expiring 2088/89 Lease expiring 19.05.2097	2006 2006	303.276 acres 6.256 acres	Vacant land Vacant land	- -	105,227 1,261
PT No. 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	33 units	Strata shop/office	12	1,516
Ukay Heights Selangor Darul Ehsan Lot No. 1621-1625, 1641-1645, 1647-1648 Mukim of Ulu Kelang Lot No. 4779, 4780, 4782, 4786-4790, 4796, 4797 Mukim of Ampang All on the District of Kuala Lumpur	Freehold	2006	9.365 acres	Vacant land	-	15,545
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	-	52,851
Geran 53370, Lot No. 55332 Geran 53373, Lot No. 55335 Jalan Damansara Kuala Lumpur Mukim and District of Kuala Lumpur Wilayah Persekutuan	Freehold	2007	2 units	Luxurious detached houses	4	9,763
Dua Residency Condo Jalan Tun Razak HS(D) 116240, PT 65 Seksyen 63 Daerah of Kuala Lumpur Wilayah Persekutuan	Freehold	2007	4 units	High end condominiums	4	15,054
Lot No. 58087 Geran 70402 Daerah Kuala Lumpur Mukim Kuala Lumpur	Freehold	2007	1 unit	Semi-detached house	4	2,448
Lot No. 58056 Geran 70377 Daerah Kuala Lumpur Mukim Kuala Lumpur	Freehold	2007	726 sq. mt.	Vacant land	-	1,274

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2011 RM'000
GN63251, Lot No. 287, Seksyen 43 Bandar and District of Kuala Lumpur	Freehold	2007	5,219 sq. mt.	Vacant land	-	58,452
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
HS(D) 15926 PT No. 1214 Bandar Tanjong Pinang Sek. 1 Daerah Timor Laut Pulau Pinang	Freehold	2008	27,743.7 sq. mt.	Currently under development	-	63,959
Annexe Block Jalan Tun Razak Lot No. 383, Section 63, Town and District of Kuala Lumpur	Freehold	2008	2,747 sq. mt.	3-Storey designated commercial block together with an aggregate of 54 car parking bays	4	20,000
Dua Residency Condominium Jalan Tun Razak Kuala Lumpur	Freehold	2009	1 unit	Residential condominium	4	3,402
Lot No. 696, PT (D/M) No. 1215 HS(D) No. 15927 Lot No. 703, PT (D/M) No. 1216 HS(D) No. 15928 All within Bandar Tanjung Pinang Daerah Timur Laut Pulau Pinang	Freehold	2010	575,288.47 sq. ft.	Retail mall	1	233,000
Lot No. 66, 363, 677 and 678 Seksyen 57, Bandar Kuala Lumpur Wilayah Persekutuan	Freehold	2010	48,048 sq. ft.	Currently under development	-	8,878
Lot No. 2 & 3 Lot No. 589, Geran 49047 Town of Batu Ferringhi North East District Penang	Freehold Freehold	1995 2008	1.682 acres 1.86 acres	Land with building for hotel use	-	70,383
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	-	170,103
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	-	21
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	-	216

analysis of stockholdings

AS AT 29 JULY 2011

ORDINARY SHARE CAPITAL

Authorised Share Capital	: RM1,200,000,000
Issued and Fully Paid Up Capital	: RM912,750,906
Class of Share	: Ordinary Stock Unit of RM1.00 each
Voting Rights	: One (1) vote per Ordinary Stock Unit
Number of Treasury Stock Units held	: 29,439,400

DISTRIBUTION OF STOCKHOLDINGS

SIZE OF STOCKHOLDINGS	NO. OF STOCKHOLDERS	%	NO. OF STOCK UNITS	%
Less than 100	515	2.54	14,605	0.00
100 to 1,000	7,901	38.92	4,015,735	0.44
1,001 to 10,000	9,504	46.81	34,112,534	3.74
10,001 to 100,000	1,991	9.81	60,231,059	6.60
100,001 to less than 5% of issued Stock Units	388	1.91	658,289,058	72.12
5% and above of issued Stock Units	3	0.01	156,087,915	17.10
Total	**20,302**	**100.00**	**912,750,906**	**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	6.02
2.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tham Ka Hon (CEB)*	52,028,512	5.70
3.	ECM Libra Investment Bank Berhad *IVT-001 for ECM Libra Investment Bank Berhad (Account 1)*	49,105,100	5.38
4.	HSBC Nominees (Asing) Sdn Bhd *BBH And Co Boston for Halfmoon Bay Capital Limited*	30,000,000	3.29
5.	Mayban Nominees (Asing) Sdn Bhd *Cacona Pte Ltd (270700)*	28,150,666	3.08
6.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Nik Awang @ Wan Azmi bin Wan Hamzah*	27,150,000	2.97
7.	Mayban Nominees (Tempatan) Sdn Bhd *Libra Invest Berhad for Kumpulan Wang Persaraan (Diperbadankan) (E00170-220136)*	24,345,000	2.67
8.	AMMB Nominees (Tempatan) Sdn Bhd *AmInternational (L) Ltd for Pusaka Setia Sendirian Berhad (PUSAKA)*	24,285,993	2.66
9.	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Terra Realty Sdn Bhd (KLM)*	20,755,000	2.27
10.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wisma Perkasa Sdn Bhd*	20,075,923	2.20
11.	UOBM Nominees (Asing) Sdn Bhd *Tael One Partners Ltd for Grand Mission International Limited*	18,225,000	2.00
12.	Mayban Nominees (Asing) Sdn Bhd *G. K. Goh Strategic Holdings Pte Ltd (260551)*	14,900,000	1.63
13.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohamed Ayub bin Mohamed Ali*	14,000,000	1.53
14.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Nik Awang @ Wan Azmi bin Wan Hamzah (E-KPG/JRL)*	12,900,000	1.41

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
15.	Multi-Purpose Holdings Berhad	11,769,200	1.29
16.	Affin Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Pusaka Setia Sendirian Berhad*	11,371,928	1.25
17.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for The Bank of New York Mellon (Mellon Acct)*	11,174,012	1.22
18.	Cimsec Nominees (Asing) Sdn Bhd *Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	10,638,605	1.17
19.	Citigroup Nominees (Asing) Sdn Bhd *Goldman Sachs International*	10,515,300	1.15
20.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank NA, Singapore (Julius Baer)*	10,340,800	1.13
21.	Kenanga Nominees (Asing) Sdn Bhd *Pledged Securities Account for Halfmoon Bay Capital Limited*	10,172,632	1.11
22.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)*	9,473,540	1.04
23.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	9,016,016	0.99
24.	Citigroup Nominees (Asing) Sdn Bhd *JP Morgan CLR Corp for Third Avenue Real Estate Opportunities Fund LP*	8,840,100	0.97
25.	UOBM Nominees (Asing) Sdn Bhd *Tael One Partners Ltd for Indo Capital Growth Limited*	8,087,000	0.89
26.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (HDBS)*	7,267,700	0.80
27.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Credit Suisse (SG BR-TST-ASING)*	6,652,000	0.73
28.	Amsec Nominees (Tempatan) Sdn Bhd *AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)*	6,403,800	0.70
29.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for UBS AG Singapore (Foreign)*	6,269,500	0.69
30.	Affin Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tham Ka Hon*	6,012,500	0.66
	Total	**534,880,130**	**58.60**

SUBSTANTIAL STOCKHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL STOCKHOLDERS AS AT 29 JULY 2011

	STOCKHOLDINGS			
NAME OF SUBSTANTIAL STOCKHOLDERS	DIRECT	%	INDIRECT	%
Ample Echo Limited	54,954,303	6.22	-	-
Dato' Tham Ka Hon	58,041,012	6.57	(1) 78,962,921	8.94
Nik Anida binti Nik Manshor, Puan Sri	1,051,600	0.12	(2) 104,535,555	11.83
Datin Chua Cheng Boon	-	-	(3) 60,737,921	6.88
G. K. Goh Holdings Limited	-	-	(4) 98,004,969	11.10
GKG Investment Holdings Pte Ltd	-	-	(5) 101,255,969	11.46
Goh Yew Lin	-	-	(6) 101,255,969	11.46
Goh Geok Khim	-	-	(6) 101,255,969	11.46
ECM Libra Investment Bank Berhad	49,105,100	5.56	-	-

NAME OF SUBSTANTIAL STOCKHOLDERS	STOCKHOLDINGS DIRECT	%	INDIRECT	%
ECM Libra Financial Group Berhad	-	-	[7] 49,105,100	5.56
Equity Vision Sdn Bhd	-	-	[8] 49,105,100	5.56
Tan Sri Dato' Azman Hashim	-	-	[9] 49,105,100	5.56

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, Wisma Perkasa Sdn Bhd and spouse.
(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.
(7) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through ECM Libra Investment Bank Berhad.
(8) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through ECM Libra Investment Bank Berhad and ECM Libra Financial Group Berhad.
(9) Deemed interest by virtue of Section 6A(4c) of the Companies Act, 1965 held through Equity Vision Sdn Bhd, a wholly-owned family holding company.

DIRECTORS' INTEREST IN STOCK UNITS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 29 JULY 2011

NAME OF DIRECTORS	STOCKHOLDINGS DIRECT	%	INDIRECT	%
Dato' Tham Ka Hon	58,041,012	6.57	[1] 78,962,921	8.94
Datuk Azizan bin Abd Rahman	4,400,000	0.50	-	-
Datuk Henry Chin Poy Wu	-	-	-	-
Kamil Ahmad Merican	1,250,000	0.14	-	-
Vijeyaratnam a/l V. Thamotharam Pillay	-	-	-	-
Chan Kok Leong	4,850,000	0.55	-	-
Kok Meng Chow	404,500	0.05	-	-
Christopher Martin Boyd	-	-	[2] 220,000	0.02
Teo Liang Huat Thomas	29,300	0.00	-	-

Notes:

(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.
(2) Deemed interest held through spouse.

DIRECTORS' INTEREST IN ESOS OPTIONS AS AT 29 JULY 2011

NAME OF DIRECTORS	ESOS OPTIONS 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	-	-	-	-
Kok Meng Chow	950,000	-	-	-
Christopher Martin Boyd	-	-	-	-
Teo Liang Huat Thomas	-	-	-	-

analysis of icsls holdings

AS AT 29 JULY 2011

IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2009/2019 ("ICSLS")

No. of ICSLS Issued	: 362,493,569
Nominal Value	: RM0.65 each
No. of Outstanding ICSLS	: 218,500,304
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	35	0.95	1,842	0.00
100 to 1,000	1,321	35.94	968,846	0.44
1,001 to 10,000	1,847	50.25	6,095,656	2.79
10,001 to 100,000	382	10.39	11,288,238	5.17
100,001 to less than 5% of ICSLS in issue	88	2.39	100,151,455	45.84
5% and above of ICSLS in issue	3	0.08	99,994,267	45.76
Total	**3,676**	**100.00**	**218,500,304**	**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	17.56
2.	Mayban Nominees (Asing) Sdn Bhd *Cacona Pte Ltd (270700)*	37,903,539	17.35
3.	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Terra Construction Sdn Bhd (KLM)*	23,715,175	10.85
4.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Nomura)*	9,000,000	4.12
5.	Halfmoon Bay Capital Limited	7,271,416	3.33
6.	Mayban Nominees (Asing) Sdn Bhd *G. K. Goh Strategic Holdings Pte Ltd (260551)*	7,200,000	3.29
7.	Cartaban Nominees (Asing) Sdn Bhd *Exempt An for RBC Dexia Investor Services Trust (Clients Account)*	7,041,700	3.22
8.	Cimsec Nominees (Asing) Sdn Bhd *Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	5,032,655	2.30
9.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)*	4,456,602	2.04
10.	UOBM Nominees (Asing) Sdn Bhd *Tael One Partners Ltd for Indo Capital Growth Limited*	4,043,500	1.85
11.	UOBM Nominees (Asing) Sdn Bhd *Tael One Partners Ltd for Grand Mission International Limited*	2,600,000	1.19
12.	ECML Nominees (Asing) Sdn Bhd *For Stephen William Canning Stow (009)*	2,467,000	1.13
13.	Nordic Summer Sdn Bhd	2,250,000	1.03
14.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for The Bank of New York Mellon (BNYM As E&A)*	2,048,650	0.94
15.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank NA, Singapore (Julius Baer)*	1,827,300	0.84

NO.	NAME OF ICSLS HOLDERS	NO. OF ICSLS	%
16.	Amsec Nominees (Tempatan) Sdn Bhd *AmTrustee Berhad for Pacific Dividend Fund (UT-PM-DIV)*	1,781,500	0.81
17.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Azizan bin Abd Rahman (MY0531)*	1,700,000	0.78
18.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for J.P. Morgan Bank Luxembourg S.A.*	1,630,619	0.75
19.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chan Kok Leong*	1,500,000	0.69
20.	Onn Ping Lan	1,493,200	0.68
21.	Citigroup Nominees (Asing) Sdn Bhd *Citigroup GM IPB for CIM Global Property Fund Ltd*	1,459,000	0.67
22.	HSBC Nominees (Asing) Sdn Bhd *RBS Coutts SG for Bedford Finance Limited*	1,420,783	0.65
23.	CIMB Group Nominees (Tempatan) Sdn Bhd *BHLB Trustee Berhad for Pacific Recovery Fund*	1,214,600	0.56
24.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800)*	1,100,600	0.50
25.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Chan Kok Leong (MY0659)*	1,100,000	0.50
26.	Onn Kok Puay (Weng Guopei)	1,088,400	0.50
27.	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for The Royal Bank of Scotland PLC (Endeavour II FD)*	1,067,000	0.49
28.	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt An for Deutsche Bank AG Singapore (PWM Asing)*	1,044,505	0.48
29.	Mayban Nominees (Asing) Sdn Bhd *Alpha Securities Pte Ltd (260550)*	1,013,600	0.46
30.	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt An for Prudential Fund Management Berhad*	1,002,500	0.46
	Total	**174,849,397**	**80.02**

DIRECTORS' INTEREST IN ICSLS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 29 JULY 2011

	ICSLS HOLDINGS			
NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
Dato' Tham Ka Hon	38,738,053	17.73	(1) 26,315,175	12.04
Datuk Azizan bin Abd Rahman	1,800,000	0.82	-	-
Datuk Henry Chin Poy Wu	-	-	-	-
Kamil Ahmad Merican	625,000	0.29	-	-
Vijeyaratnam a/l V. Thamotharam Pillay	-	-	-	-
Chan Kok Leong	2,600,000	1.19	-	-
Kok Meng Chow	-	-	-	-
Christopher Martin Boyd	-	-	(2) 60,000	0.03
Teo Liang Huat Thomas	14,650	0.01	-	-

Notes:

(1) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Terra Construction Sdn Bhd ("TCSB"), Grand Mission International Limited and his spouse's shareholdings in TCSB.

(2) Deemed interest held through spouse.

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Eighty-Fourth 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 Friday, 30 September 2011 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 2011 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To re-elect Datuk Azizan bin Abd Rahman 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 Dato' Tham Ka Hon 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 Mr Vijeyaratnam a/l V. Thamotharam Pillay 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 RM492,000 in respect of the financial year ended 31 March 2011. **(Resolution 6)**

7. To approve a first and final dividend of 2% less income tax for the financial year ended 31 March 2011. **(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 2% less 25% income tax in respect of the financial year ended 31 March 2011, will be paid on 3 November 2011 to stockholders whose names appear on the Record of Depositors at the close of business on 13 October 2011.

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 13 October 2011 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
8 September 2011

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-Fourth Annual General Meeting of the Company are as follows:

i. Pursuant to Article 98 of the Company's Articles of Association
   - Datuk Azizan bin Abd Rahman
   - Dato' Tham Ka Hon
   - Mr Vijeyaratnam a/l V. Thamotharam Pillay

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 41 in the Annual Report.

The details of the above Directors' securities holding in the Company are set out on pages 154 to 157 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-Fourth 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 Friday, 30 September 2011 at 10.00 a.m. and at any adjournment thereof.

RESOLUTIONS		FOR *	AGAINST *
1.	To receive the Audited Financial Statements		
2.	To re-elect Datuk Azizan bin Abd Rahman		
3.	To re-elect Dato' Tham Ka Hon		
4.	To re-elect Mr Vijeyaratnam a/l V. Thamotharam Pillay		
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 2% 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 2011 — 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

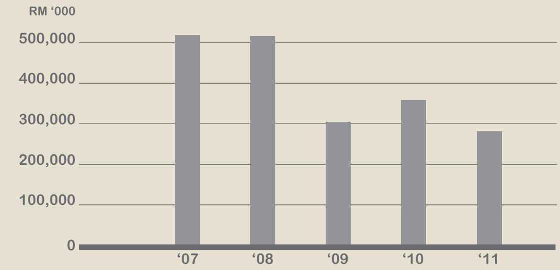
affix
stamp

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

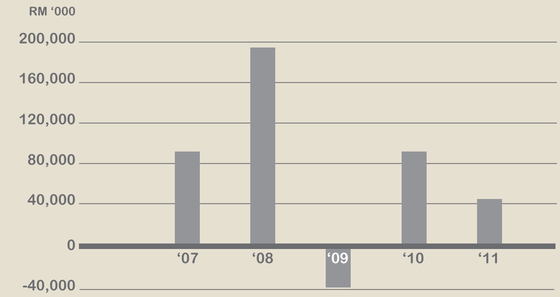
Please fold here to seal

5-YEAR GROUP FINANCIAL HIGHLIGHTS

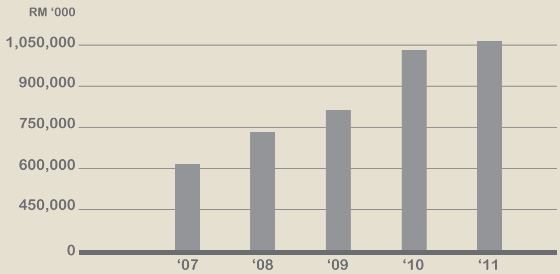
REVENUE



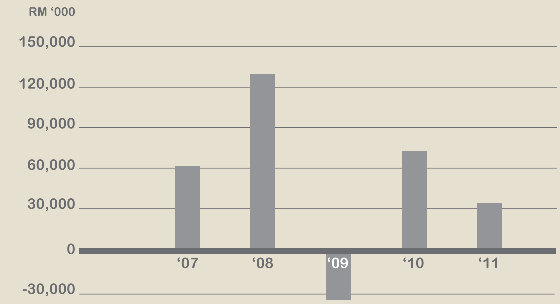
PROFIT/(LOSS) BEFORE TAX



SHAREHOLDERS’ FUND



PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT



Note:
Please refer to page 2 for Eastern & Oriental Berhad’s 10-year financial highlights

EASTERN & ORIENTAL BERHAD (555-K)

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

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