EASTERN & ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2011 (Unaudited)

	Individual Quarter		Cumulative Quarter	
	Current quarter ended	Comparative quarter ended	Current three quarters ended	Comparative three quarters ended
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Revenue	123,120	41,084	281,602	153,208
Cost of sales	(76,420)	(28,857)	(171,911)	(89,565)
Gross profit	46,700	12,227	109,691	63,643
Other income	6,423	14,923	79,637	25,355
Administrative expenses	(21,562)	(12,912)	(54,086)	(34,650)
Selling and marketing expenses	(1,533)	(2,150)	(8,882)	(6,041)
Other expenses	(4,602)	(2,003)	(13,667)	(8,979)
Operating profit	25,426	10,085	112,693	39,328
Finance costs	(8,080)	(7,010)	(23,715)	(20,975)
Share of results of associates	(87)	(437)	87	268
Share of results of jointly controlled entities	10,411	2,896	27,497	9,624
Profit before tax	27,670	5,534	116,562	28,245
Income tax expense	(11,145)	(2,499)	(33,005)	(7,267)
Profit for the period	16,525	3,035	83,557	20,978
Other comprehensive income:				
Foreign currency translation	(177)	12	9	5
Share of other comprehensive income of associates	-	4	-	2
Other comprehensive income for the period	(177)	16	9	7
Total comprehensive income for the period	16,348	3,051	83,566	20,985
Profit attributable to:				
Owners of the parent	15,362	3,165	81,090	18,478
Minority interests	1,163	(130)	2,467	2,500
	16,525	3,035	83,557	20,978
Total comprehensive income attributable to:				
Owners of the parent	15,185	3,181	81,099	18,485
Minority interests	1,163	(130)	2,467	2,500
	16,348	3,051	83,566	20,985
Earnings per stock unit attributable to owners of the parent:				
Basic (sen)	1.40	0.30	7.44	1.74
Diluted (sen)	1.40	0.30	7.42	1.74

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

EASTERN & ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011 (Unaudited)

	AS AT 31.12.2011 RM'000	AS AT 31.03.2011 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	283,335	260,634
Land held for property development	670,793	669,906
Investment properties	280,716	325,837
Land use rights	400	676
Intangible assets	3,249	3,227
Investment in associates	16,836	16,749
Investment in jointly controlled entities	52,705	17,822
Investment securities	2,416	3,050
Deferred tax assets	3,478	17,291
	1,313,928	1,315,192
Current assets		
Property development costs	294,400	300,598
Inventories	38,821	38,362
Trade and other receivables	75,949	123,501
Prepayments	5,765	6,266
Tax recoverable	23,429	23,584
Accrued billings in respect of property development costs	25,826	-
Cash and bank balances	489,292	309,374
	953,482	801,685
TOTAL ASSETS	2,267,410	2,116,877
EQUITY AND LIABILITIES		
Current liabilities		
8% Irredeemable Convertible Unsecured Loan Stocks 2006/2011	-	153
Loans and borrowings	376,626	378,934
Provisions	162	162
Trade and other payables	169,800	130,467
Progress billings in respect of property development costs	-	22,940
Income tax payable	13,189	7,356
	559,777	540,012
Net current assets	393,705	261,673

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011 (Unaudited)

	AS AT 31.12.2011 RM'000	AS AT 31.03.2011 RM'000 (Audited)
Non-current liabilities		
8% Irredeemable Convertible Secured Loan Stocks 2009/2019	-	81,836
Loans and borrowings	387,523	364,204
Provisions	330	328
Deferred tax liabilities	47,645	48,592
	435,498	494,960
TOTAL LIABILITIES	995,275	1,034,972
Net assets	1,272,135	1,081,905
Equity attributable to owners of the parent		
Share capital	1,132,186	842,592
8% Irredeemable Convertible Unsecured Loan Stocks 2006/2011	-	1,345
8% Irredeemable Convertible Secured Loan Stocks 2009/2019	-	71,133
Treasury Stock Units	(27,720)	(27,645)
Reserves	140,865	170,143
	1,245,331	1,057,568
Minority interests	26,804	24,337
Total Equity	1,272,135	1,081,905
TOTAL EQUITY AND LIABILITIES	2,267,410	2,116,877
Net assets per stock unit attributable to owners of the parent (RM)	1.13	1.21

Based on number of stock units net of treasury stock units

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD NINE MONTHS ENDED 31 DECEMBER 2011 (Unaudited)

	Attributable to owners of parent									Minority Interests	Total Equity
	<--------------------------------		Non-Distributable		--------------------------------->			Distributable			
	Share Capital	ICULS 2006/2011	ICSLS 2009/2019	Share Premium	Treasury Stock Units	Share Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>**Financial period nine months ended 31 December 2011**</u>											
At 1 April 2011	842,592	1,345	71,133	241,699	(27,645)	1,726	649	(73,931)	1,057,568	24,337	1,081,905
Total comprehesive income for the period	-	-	-	-	-	-	9	81,090	81,099	2,467	83,566
Transactions with owners											
Issue of ordinary stock units:											
- Pursuant to ESOS	2,907	-	-	76	-	-	-	-	2,983	-	2,983
- Warrants exercised	29,833	-	-	-	-	-	-	-	29,833	-	29,833
- Conversion of ICULS	1,971	(1,345)	-	(624)	-	-	-	-	2	-	2
- Conversion of ICSLS	254,883	-	(76,739)	(100,850)	-	-	-	-	77,294	-	77,294
Purchase of treasury stock units	-	-	-	-	(75)	-	-	-	(75)	-	(75)
Sale of ICSLS	-	-	5,606	-	-	-	-	4,272	9,878	-	9,878
Share options granted under ESOS	-	-	-	-	-	197	-	-	197	-	197
Share options lapsed under ESOS	-	-	-	-	-	(17)	-	-	(17)	-	(17)
Share options granted under ESOS exercised	-	-	-	731	-	(731)	-	-	-	-	-
Dividend on ordinary stock units	-	-	-	-	-	-	-	(13,431)	(13,431)	-	(13,431)
Total transactions with owners	289,594	(1,345)	(71,133)	(100,667)	(75)	(551)	-	(9,159)	106,664	-	106,664
At 31 December 2011	1,132,186	-	-	141,032	(27,720)	1,175	658	(2,000)	1,245,331	26,804	1,272,135

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD NINE MONTHS ENDED 31 DECEMBER 2010 (Unaudited)

	Attributable to owners of parent									Minority Interests	Total Equity
	<--------------------------------		Non-Distributable		------------------------------->			Distributable			
	Share Capital	ICULS 2006/2011	ICSLS 2009/2019	Share Premium	Treasury Stock Units	Share Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>**Financial period nine months ended 31 December 2010**</u>											
At 1 April 2010	761,644	1,695	96,669	266,175	(7,356)	734	658	(79,664)	1,040,555	26,214	1,066,769
Effects of adopting FRS 139	-	-	-	-	-	-	-	821	821	-	821
Effects of adopting FRS 140	-	-	-	-	-	-	-	2,619	2,619	-	2,619
At 1 April 2010, as restated	761,644	1,695	96,669	266,175	(7,356)	734	658	(76,224)	1,043,995	26,214	1,070,209
Total comprehesive income for the period	-	-	-	-	-	-	7	18,478	18,485	2,500	20,985
Transactions with owners											
Issue of ordinary stock units:											
- Pursuant to ESOS	1,966	-	-	1	-	-	-	-	1,967	-	1,967
- Warrants exercised	6,805	-	-	-	-	-	-	-	6,805	-	6,805
- Conversion of ICULS	504	(344)	-	(97)	-	-	-	-	63	-	63
- Conversion of ICSLS	63,214	-	(19,032)	(21,995)	-	-	-	-	22,187	-	22,187
Purchase of treasury stock units	-	-	-	-	(19,717)	-	-	-	(19,717)	-	(19,717)
Repurchase of ICSLS	-	-	(4,027)	-	-	-	-	-	(4,027)	-	(4,027)
Share options granted under ESOS	-	-	-	-	-	1,661	-	-	1,661	-	1,661
Share options lapsed under ESOS	-	-	-	-	-	(53)	-	-	(53)	-	(53)
Share options granted under ESOS exercised	-	-	-	479	-	(479)	-	-	-	-	-
Acquisition of additional equity interest in a subsidiary	-	-	-	-	-	-	-	(2,556)	(2,556)	(2,444)	(5,000)
Acquisition of remaining equity interest in subsidiary	-	-	-	-	-	-	-	(5,991)	(5,991)	(2,809)	(8,800)
Dividend on ordinary stock units	-	-	-	-	-	-	-	(22,224)	(22,224)	-	(22,224)
Total transactions with owners	72,489	(344)	(23,059)	(21,612)	(19,717)	1,129	-	(30,771)	(21,885)	(5,253)	(27,138)
At 31 December 2010	834,133	1,351	73,610	244,563	(27,073)	1,863	665	(88,517)	1,040,595	23,461	1,064,056

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

EASTERN & ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD NINE MONTHS ENDED 31 DECEMBER 2011 (Unaudited)

	9 mths ended 31.12.2011 RM'000	9 mths ended 31.12.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	116,562	28,245
Adjustments for:-		
Amortisation of:		
intangible assets	67	118
land used rights	6	8
Depreciation of property, plant and equipment	9,437	8,011
Bad debts written off	99	22
Development expenditure written off	-	1
Impairment loss on land use rights	270	-
Interest expense	23,601	20,846
Property, plant and equipment written off	9	128
Reversal of allowances for impairment of other receivables	-	(23)
Reversal of impairment for land held for property development	-	(632)
Loss/(gain) on disposal of:		
property, plant and equipment	58	(20)
quoted investments	-	88
Loss on foreign exchange	7	10
Gain from fair value adjustment of investment properties	(64,984)	(8,865)
Net fair value adjustment	(616)	129
Net fair value loss/(gain) on investment securities	634	(2,425)
Interest income	(8,015)	(8,776)
Dividend income	(190)	-
Share of results of associates	(87)	(268)
Share of results of jointly controlled entities	(27,497)	(9,624)
Share options granted under ESOS	197	1,661
Share options lapsed under ESOS	(17)	(53)
Operating profit before changes in working capital	49,541	28,581
Changes in working capital:-		
Land held for property development	(2,862)	527
Property development costs	14,536	(53,543)
Inventories	1,966	17,891
Receivables	24,498	43,961
Payables	14,314	15,646
Cash flows generated from operations	101,993	53,063
Interest received	7,418	8,708
Interest paid	(38,004)	(40,625)
Income taxes refunded	4,728	42
Income taxes paid	(20,001)	(13,807)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	56,134	7,381

EASTERN & ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD NINE MONTHS ENDED 31 DECEMBER 2011 (Unaudited)

	9 mths ended 31.12.2011 RM'000	9 mths ended 31.12.2010 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(32,928)	(40,324)
Purchase of intangible assets	(89)	(82)
Purchase of investment properties:		
additions	(19,724)	(33,007)
subsequent expenditure	(4,921)	(9,714)
Proceeds from disposal of an investment property	134,000	-
Proceeds from disposal of property, plant and equipment	961	175
Proceeds from disposal of quoted investments	-	10
Profit distribution from a jointly controlled entity	-	5,750
Acquisitions of additional equity interest in subsidiaries from minority shareholders	-	(13,800)
Investment in jointly controlled entity	(6,500)	-
Dividends received	186	-
NET CASH FLOW GENERATED FROM/(USED IN) INVESTING ACTIVITIES	70,985	(90,992)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of ESOS	2,983	1,967
Proceeds from exercise of warrants	29,833	6,805
Purchase of treasury stock units	(75)	(19,717)
Repurchase of ICSLS	-	(5,470)
Proceeds from sale of ICSLS	12,698	-
Drawdown of borrowings	84,678	80,711
Repayment of borrowings	(62,791)	(130,895)
Repayment of hire purchase liabilities	(655)	(593)
Dividends paid	(13,431)	(22,224)
NET CASH FLOW GENERATED FROM/(USED IN) FINANCING ACTIVITIES	53,240	(89,416)
Effects of exchange rate changes on cash and cash equivalents	9	7
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	180,368	(173,020)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	286,402	548,145
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	466,770	375,125

For the purpose of statements of cash flow, cash and cash equivalents comprise the following:-

Cash and bank balances	489,292	392,440
Bank overdrafts	(22,522)	(17,315)
	466,770	375,125

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

A. Explanatory Notes Pursuant to FRS 134

1. Basis of preparation

The interim financial statements have been prepared under the historical cost convention except for investment properties and investment securities which have been stated at fair value.

This interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2011 and the explanatory notes. These explanatory notes provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2011.

2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2011, except for the adoption of the following new Financial Reporting Standards ("FRS"), Amendments to FRSs and Issues Committee ("IC") Interpretations which are applicable for the Group's financial period beginning 1 April 2011, as disclosed below:

Adoption of FRSs, Amendments to FRSs and IC Interpretations

		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
Amendments to FRS 1, FRS 2, FRS 3, FRS 7, FRS 101, FRS 121, FRS 128, FRS 131, FRS 132, FRS 134, FRS 139 and Amendments IC Interpretation 13	Improvements to FRSs (2010)	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	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

A. Explanatory Notes Pursuant to FRS 134 (cont'd)

2. Changes in Accounting Policies (cont'd)

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, 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 and the amendments to FRS 127 are described below:

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.

Standards issued but not yet effective

		Effective for annual periods beginning on or after
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 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7	Transfers of Financial Assets	1 January 2012
Amendments to FRS 112	Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 124	Related Party Disclosures	1 January 2012
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 9	Financial Instruments	1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 119	Employee Benefits	1 January 2013
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investment in Associate and Joint Ventures	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

At the date of authorisation of these interim financial report, the above FRSs, IC Interpretations and Amendments to IC Interpretation were issued but not yet effective and have not been applied by the Group for the financial year ending 31 March 2012. These standards will not have material impact on the financial statements in the period of initial application, except as discussed as follow:

A. Explanatory Notes Pursuant to FRS 134 (cont'd)

2. Changes in Accounting Policies (cont'd)

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.

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

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

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

Malaysian Financial Reporting Standards (MFRS)

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

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework.

The Group is currently assessing the implications and financial impact of the MFRS Framework.

A. Explanatory Notes Pursuant to FRS 134 (cont'd)

3. Auditors' report on preceding audited financial statements

The auditors' report for the annual financial statements of the Group for the financial year ended 31 March 2011 was not subject to any qualification.

4. Seasonality or cyclicality of operations

The business of the Group is not affected in any material way by seasonal or cyclical factors or influence, apart from the general economic conditions in which it operates.

5. Exceptional or unusual items

There were no unusual items during the financial period nine months ended 31 December 2011.

6. Changes in estimates

There were no material changes in estimates that have had a material effect in the current financial quarter ended 31 December 2011.

7. Debt and equity securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the Company:

a) Employees' Share Option Scheme ("ESOS")

During the financial period nine months ended 31 December 2011, the Company issued 2,907,625 ordinary stock units of RM1.00 each for cash pursuant to the Company's ESOS, of which 13,125 ordinary stock units were issued from the exercised of 12,500 ESOS option at an exercise price of RM1.05 per unit; 961,000 ordinary stock units were issued from the exercised of 961,000 ESOS option at an exercise price of RM1.06 per unit; 1,900,000 ordinary stock units were issued from the exercised of 1,900,000 ESOS option at an exercise price of RM1.00 per unit and 33,500 ordinary stock units were issued from the exercised of 33,500 ESOS option at an exercise price of RM1.55 per unit.

b) Warrants 2001/2011

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.

c) 8% Irredeemable Convertible Unsecured Loan Stocks 2006/2011 ("ICULS")

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").

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

A. Explanatory Notes Pursuant to FRS 134 (cont'd)

7. Debt and equity securities (cont'd)

d) Treasury Stock Units

During the financial period nine months ended 31 December 2011, the Company bought back 50,000 of its issued ordinary stock units in the open market for a consideration of RM74,540. As at 31 December 2011, the total stock units repurchased and held as treasury stock units amounted to 29,439,400 ordinary stock units of RM1.00 each at a total cost of RM27,719,586.

e) 8% Irredeemable Convertible Secured Loan Stocks 2009/2019 ("ICSLS")

The Company had on 17 November 2011, announced that pursuant to the conditions stipulated in the Trust Deed dated 11 September 2009 constituting the ICSLS, the Company was exercising its rights of mandatory conversion, and the early conversion would be on 27 December 2011 ("Early Conversion Date").

During the financial period nine months ended 31 December 2011, a total of 254,882,636 ICSLS at nominal value of RM0.65 each were converted into 254,882,636 new ordinary stock units of RM1.00 each. Out of this amount, a total of 204,137,918 units of ICSLS were mandatory converted into 204,137,918 ordinary stock units of RM1.00 each on the Early Conversion Date.

The holders of the ICSLS were able to convert one (1) ICSLS into one (1) ordinary stock unit of RM1.00 each in E&O ("E&O Stock Unit"). The nominal value of RM0.65 comprised in one (1) ICSLS was 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 Units were issued and subsequently, the balance unpaid of RM0.35 on each of such new E&O Stock Units issued was paid from and debited against the share premium account of E&O.

To facilitate the conversion of outstanding ICSLS into new E&O Stock Units, E&O has allocated in its share premium account a sufficient amount equivalent to RM0.35 for each outstanding ICSLS, which was sufficient to be applied towards fully paying up the new E&O Stock Units 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.

8. Dividends paid

On 30 September 2011, the stockholders have approved the payment of a first and final dividend of 2.0% less income tax of 25% on the ordinary stock units in issue at book closure date on 13 October 2011 in respect of the financial year ended 31 March 2011. The dividend was paid on 3 November 2011.

A. Explanatory Notes Pursuant to FRS 134 (cont'd)

9. Segmental information by business segment

9-month ended 31 December 2011 RM'000	Properties	Hospitality	Investment Holding and others	Elimination	Total
REVENUE					
External sales	218,541	60,273	2,788	-	281,602
Inter-segment sales	1,007	-	3,727	(4,734)	-
Total revenue	219,548	60,273	6,515		281,602
RESULTS					
Segment results	141,603	(124)	(17,790)	(10,996)	112,693
Share of results of associate	-	-	87		87
Share of results of jointly controlled entities	28,383	-	-	(886)	27,497
Finance cost					(23,715)
Profit before tax					116,562

9-month ended 31 December 2010 RM'000	Properties	Hospitality	Investment Holding and others	Elimination	Total
REVENUE					
External sales	100,161	50,215	2,832	-	153,208
Inter-segment sales	749	-	23,854	(24,603)	-
Total revenue	100,910	50,215	26,686		153,208
RESULTS					
Segment results	45,720	2,507	21,093	(29,992)	39,328
Share of results of associates	-	-	268	-	268
Share of results of jointly controlled entities	9,624	-	-	-	9,624
Finance cost					(20,975)
Profit before tax					28,245

10. Valuation of investment properties

The Group adopts the fair value model for its investment properties. During the financial period nine months ended 31 December 2011, the Group has completed a self-constructed investment property. The investment property while under construction was measured at cost. Upon completion, the investment property is measured at fair value of RM134 million. This resulted in a gain of RM65.107 million which is recognised as profit in the statement of comprehensive income. An indirect wholly-owned subsidiary of the Company had on 11 July 2011 entered into a sale and purchase agreement for the disposal of this investment property and subsequently the disposal was completed on 22 December 2011.

11. Material subsequent event

There were no material event subsequent to the end of the financial period nine months ended 31 December 2011 except for the Company had on 19 January 2012 acquired two ordinary shares of RM1.00 each, representing 100% equity interest in the capital of E&O Hotel Management (M) Sdn Bhd for a total consideration of RM2.00.

A. Explanatory Notes Pursuant to FRS 134 (cont'd)

12. Changes in composition of the Group

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.

13. Contingent Liabilities

Details of contingent liabilities as at 20 February 2012 (the latest practicable date which is not earlier than 7 days from the issue of this quarterly report) are as follows:-

		RM'000
i)	Corporate guarantees issued by the Company for banking facilities granted to subsidiaries:	
	- Secured	369,873

B. Explanatory Notes required by the Bursa Malaysia's Listing Requirements

1. Review of performance

The Group achieved a revenue of RM281.602 million for the financial period nine months ended 31 December 2011 as compared to RM153.208 million recorded in the previous year corresponding period nine months ended 31 December 2010, which marked an increase of RM128.394 million or 84%.

The increase in revenue was mainly from properties segment which registered an increase of RM118.38 million. The hospitality and restaurants segment also shown an increase of RM10.058 million, whereas the investment holding and others segment shown a slight decrease.

During the financial period nine months ended 31 December 2011, the higher revenue contributed by the properties segment was due to higher percentage recognition from the current locked-in sales, steady development progress and new sales from new launches in Seri Tanjung Pinang, namely Super Semi-D Parcel 3A, Quayside condominium 1B and 1C.

As for the hospitality and restaurants division, the increase in revenue was due to higher revenue from Lone Pine Hotel which had re-commenced business in November 2010 after closing for refurbishment since April 2009. The opening of additional 3 new Delicious outlets at Straits Quay in Penang, Sunway in Selangor and Scott Square in Singapore during this financial period nine months ended 31 December 2011 also contribute to the increase of revenue.

The jointly controlled projects namely the St. Mary Residences and the second phase of the Villas by-the-sea bungalows in Penang contributed recognised revenue totalling RM261.514 million for the financial period nine months ended 31 December 2011 (last year comparative period nine months ended 31 December 2010: RM87.912 million) which was not included in the group consolidated revenue.

The Group posted a pre-tax profit of RM116.562 million compared to the pre-tax profit of RM28.245 million in the previous corresponding period nine months ended 31 December 2010. This represents an increase in pre-tax profit of RM88.317 million or 313%. The increase in pre-tax profit reflects higher contribution from the property division on the back of higher revenue recognised, higher share of profits in jointly controlled entities and the fair value gain on an investment property as disclosed in Note A10.

B. Explanatory Notes required by the Bursa Malaysia's Listing Requirements (cont'd)

2. Variation of results against preceding quarter

The Group recorded a revenue of RM123.12 million and a profit before tax of RM27.67 million for the current quarter ended 31 December 2011 as compared to the immediate preceding quarter ended 30 September 2011 where the Group revenue was RM82.599 million and a profit before tax of RM18.202 million. The revenue registered an increase of RM40.521 million or 49%. The pre-tax profit rise by RM9.468 million or 52% on the back of higher revenue recognised. The higher revenue and pre-tax profit in the current quarter ended 31 December 2011 were mainly contributed by the property division's stronger sales performance, accompanied by successful cost control management and resource efficiencies that exceeded targets whilst upholding standards of safety and product quality.

3. Current year prospects

While the global economic condition remains uncertain, the Malaysian economy continues to register moderate growth. The Group maintains a cautiously optimistic outlook supported by its strong brand positioning evidenced by encouraging take up rate of its new property launches. We expect a higher contribution to the Group's earnings by existing and new property development projects, ie. St. Mary Residences in Kuala Lumpur and Quayside Seafront Resort Condominiums at Seri Tanjung Pinang.

4. Variance in profit forecast/profit guarantee

The Group did not issue any profit forecast/profit guarantee for the financial period nine months ended 31 December 2011.

5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current quarter ended	Comparative quarter ended	Current three quarters ended	Comparative three quarters ended
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- current	8,666	(1,361)	22,931	13,151
- in respect of prior years	2,011	45	(3,584)	(6,576)
Deferred tax	(323)	3,815	12,867	692
Real property gains tax	791	-	791	-
	11,145	2,499	33,005	7,267

The effective tax rate of the Group for the financial period nine months ended 31 December 2011 under review is higher than the statutory rate of 25% mainly due to certain expenses of the Group which are not deductible for tax purposes.

6. Accumulated losses

	As at 31.12.2011 RM'000	As at 31.03.2011 RM'000
Total accumulated losses of the Company and its subsidiaries		
Realised	(116,975)	(115,189)
Unrealised	681	(1,808)
	(116,294)	(116,997)
Share of retained profit/(accumulated losses) from associated companies		
Realised	26	(61)
Share of retained profits from jointly controlled entities		
Realised	43,893	16,553
Unrealised	1,301	1,144
	(71,074)	(99,361)
Add: Consolidated adjustments	69,074	25,430
Total Group accumulated losses as per consolidated accounts	(2,000)	(73,931)

B. Explanatory Notes required by the Bursa Malaysia's Listing Requirements (cont'd)

7. Additional disclosures

Included in the condensed consolidated statements of comprehensive income for the period are the followings:

	Individual Quarter		**Cumulative Quarter**	
	Current quarter ended	**Comparative quarter ended**	**Current three quarters ended**	**Comparative three quarters ended**
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Dividend income	(174)	-	(190)	-
Interest income	(2,694)	(2,963)	(8,015)	(8,776)
Reversal of allowances for impairment of receivables	-	(4)	-	(23)
Reversal of impairment for land held for property development	-	(632)	-	(632)
Interest expense	8,089	7,102	23,601	20,846
Depreciation and amortisation	3,205	1,433	9,510	8,137
Bad debts written off	-	22	99	22
Provision for/ write off of inventories	-	-	-	-
Impairment loss on land use rights	270	-	270	-
(Gain)/loss on foreign exchange	(12)	10	7	10
Loss on disposal of quoted investment	-	-	-	88
Gain from fair value adjustment of investment properties	(1,467)	(8,865)	(64,984)	(8,865)
Net fair value adjustment	(452)	(92)	(616)	129
Net fair value (gain)/loss on investment securities	(341)	(1,043)	634	(2,425)

8. Status of Corporate Proposals

a) Status of corporate proposal announced and not completed as at 20 February 2012:-

The Company had on 11 August 2011, proposed to establish a new employees' stock option scheme of up to 15% of the issued and paid-up ordinary stock units of the Company (excluding treasury stock units) for the eligible employees, executive directors and non-executive directors of the Company and its subsidiaries (excluding subsidiaries which are dormant) ("Proposed New ESOS") to subscribe for new E&O Stock Units in accordance with the by-laws of the Proposed New ESOS.

On 30 September 2011, the Company announced that the ordinary resolutions pertaining to the Proposed New ESOS were withdrawn before the motions were formally proposed at the extraordinary general meeting of the Company on the same date. The withdrawal was to enable the Board to review the draft by-laws contained in the circular in light of the amendments to Chapter 6 of Main Market Listing Requirements announced by Bursa Malaysia Securities Berhad ("Bursa Securities") on 22 September 2011.

Subsequently, Affin Investment Bank Berhad on behalf of the Company had on 8 February 2012 submitted the application for extension of time to implement the Proposed New ESOS to Bursa Securities for approval.

b) Utilisation of proceeds from corporate proposals

8% Irredeemable Convertible Secured Loan Stocks 2009/2019

As at 20 February 2012, cash proceeds amounting to approximately RM235.62 million arising from issuance of Irredeemable Convertible Secured Loan Stocks was partially utilised as follows:

	Utilised todate **RM'000**
Repayment of bank borrowings	146,068
Acquisition of a property	27,754
ICSLS issue costs	2,500
	176,322

B. Explanatory Notes required by the Bursa Malaysia's Listing Requirements (cont'd)

9. Group Borrowings

a) The Group borrowings were as follows:-

	As at 31.12.2011 RM'000
Short Term - Secured	376,626
Long Term - Secured	387,523

b) All the borrowings were denominated in Ringgit Malaysia.

10. Material Litigation

There was no material litigation which affects the financial position or business of the Group as at 20 February 2012.

11. Dividend

The Board of Directors do not recommend any interim dividend for the financial period nine months ended 31 December 2011.

12. Earnings Per Stock Unit

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.12.2011	Comparative quarter ended 31.12.2010	Current three quarters ended 31.12.2011	Comparative three quarters ended 31.12.2010
a) Basic earnings per stock unit				
Profit attributable to owners of the parent (RM'000)	15,362	3,165	81,090	18,478
Weighted average number of ordinary stock units in issue (unit '000)	964,829	793,666	905,851	768,930
Weighted average number of ordinary stock units arising from conversion of ICULS 2006/2011 (unit '000)	-	1,990	655	2,093
Weighted average number of ordinary stock units arising from conversion of ICSLS 2009/2019 (unit '000)	131,663	265,112	183,819	288,558
Adjusted weighted average number of ordinary stock units (unit '000)	1,096,492	1,060,768	1,090,325	1,059,581
Basic earnings per stock unit for the period (sen)	1.40	0.30	7.44	1.74

B. Explanatory Notes required by the Bursa Malaysia's Listing Requirements (cont'd)

12. Earnings Per Stock Unit (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current quarter ended	**Comparative quarter ended**	**Current three quarters ended**	**Comparative three quarters ended**
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
b) Diluted earnings per stock unit				
Profit attributable to owners of the parent (RM'000)	15,362	3,165	81,090	18,478
Weighted average number of ordinary stock units in issue (unit '000)	964,829	793,666	905,851	768,930
Weighted average number of ordinary stock units arising from conversion of ICULS 2006/2011 (unit '000)	-	1,990	655	2,093
Weighted average number of ordinary stock units arising from conversion of ICSLS 2009/2019 (unit '000)	131,663	265,112	183,819	288,558
Effect of dilution of ESOS (unit '000)	990	849	1,355	674
Effect of dilution of Warrants (unit '000)	-	4,101	1,057	3,479
	1,097,482	1,065,718	1,092,737	1,063,734
Diluted earnings per stock unit for the period (sen)	1.40	0.30	7.42	1.74

BY ORDER OF THE BOARD

Ang Hong Mai
Company Secretary

Kuala Lumpur
27 February 2012