EASTERN & ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2013 (Unaudited)

	Individual Quarter		Cumulative Quarter	
	Current quarter ended	Comparative quarter ended	Current three months ended	Comparative three months ended
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	94,991	139,521	94,991	139,521
Cost of sales	(51,748)	(88,782)	(51,748)	(88,782)
Gross profit	43,243	50,739	43,243	50,739
Other income	25,242	3,807	25,242	3,807
Administrative expenses	(15,500)	(11,144)	(15,500)	(11,144)
Selling and marketing expenses	(3,987)	(4,002)	(3,987)	(4,002)
Other expenses	(6,919)	(5,110)	(6,919)	(5,110)
Operating profit	42,079	34,290	42,079	34,290
Finance costs	(9,534)	(6,489)	(9,534)	(6,489)
Share of results of associate	139	106	139	106
Share of results of jointly controlled entities	1,898	12,933	1,898	12,933
Profit before tax	34,582	40,840	34,582	40,840
Income tax expense	(6,778)	(9,236)	(6,778)	(9,236)
Profit for the period	27,804	31,604	27,804	31,604
Other comprehensive income:				
Foreign currency translation	(216)	168	(216)	168
Income tax relating to components of other comprehensive income	-	-	-	-
Other comprehensive income for the period	(216)	168	(216)	168
Total comprehensive income for the period	27,588	31,772	27,588	31,772
Profit attributable to:				
Owners of the parent	27,220	30,318	27,220	30,318
Non-controlling interests	584	1,286	584	1,286
	27,804	31,604	27,804	31,604
Total comprehensive income attributable to:				
Owners of the parent	27,004	30,486	27,004	30,486
Non-controlling interests	584	1,286	584	1,286
	27,588	31,772	27,588	31,772
Earnings per stock unit attributable to owners of the parent:				
Basic (sen)	2.46	2.74	2.46	2.74
Diluted (sen)	2.43	2.74	2.43	2.74

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial statements.

EASTERN & ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013 (Unaudited)

	AS AT 30.06.2013 RM'000	AS AT 31.03.2013 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	363,706	364,249
Land held for property development	623,987	622,183
Investment properties	435,884	411,060
Intangible assets	288	316
Investment in associate	17,145	17,006
Investment in jointly controlled entities	115,396	95,998
Investment securities	2,103	2,114
Deferred tax assets	4,372	4,372
Trade and other receivables	3,422	3,422
	1,566,303	1,520,720
Current assets		
Property development costs	218,353	222,346
Inventories	105,680	109,894
Trade and other receivables	115,781	111,428
Prepayments	4,762	3,905
Tax recoverable	26,029	25,877
Accrued billings in respect of property development costs	124,361	200,288
Cash and bank balances	310,525	283,413
	905,491	957,151
TOTAL ASSETS	2,471,794	2,477,871
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	250,357	281,359
Provisions	162	162
Trade and other payables	137,519	182,166
Provision for retirement benefits	12	12
Income tax payable	16,057	22,468
	404,107	486,167
Net current assets	501,384	470,984

EASTERN & ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013 (Unaudited)

	AS AT 30.06.2013 RM'000	AS AT 31.03.2013 RM'000 (Audited)
EQUITY AND LIABILITIES (CONT'D)		
Non-current liabilities		
Loans and borrowings	535,518	490,655
Provisions	500	500
Trade and other payables	30,398	29,158
Provision for retirement benefits	324	304
Deferred tax liabilities	45,067	45,229
	611,807	565,846
TOTAL LIABILITIES	1,015,914	1,052,013
Net assets	1,455,880	1,425,858
Equity attributable to owners of the parent		
Share capital	1,135,622	1,135,622
Treasury stock units	(27,720)	(27,720)
Reserves	311,404	281,966
	1,419,306	1,389,868
Non-controlling interests	36,574	35,990
Total Equity	1,455,880	1,425,858
TOTAL EQUITY AND LIABILITIES	2,471,794	2,477,871
Net assets per stock unit attributable to owners of the parent (RM)	1.28	1.26

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 2013 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013 (Unaudited)

	Attributable to owners of the parent								
	<--------------	Non-Distributable		-------------->	Distributable				
	Share Capital	Share Premium	Treasury Stock Units	LTIP Reserve	Foreign Currency Translation Reserve	Retained Profits	Total	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial quarter ended 30 June 2013									
At 1 April 2013	1,135,622	142,145	(27,720)	3,696	954	135,171	1,389,868	35,990	1,425,858
Total comprehesive income for the financial year	-	-	-		(216)	27,220	27,004	584	27,588
Transactions with owners									
Award of LTIP to employees	-	-	-	2,434	-	-	2,434	-	2,434
Total transactions with owners	-	-	-	2,434	-	-	2,434	-	2,434
At 30 June 2013	1,135,622	142,145	(27,720)	6,130	738	162,391	1,419,306	36,574	1,455,880

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012 (Unaudited)

	Attributable to owners of the parent								
	<-------------- Non-Distributable				------------->	Distributable			
	Share Capital	Share Premium	Treasury Stock Units	Share Option Reserve	Foreign Currency Translation Reserve	Retained Profits	Total	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Financial quarter ended 30 June 2012</u>									
At 1 April 2012	1,133,463	141,481	(27,720)	891	533	40,366	1,289,014	28,780	1,317,794
Effects of adopting the amendments to FRS 112	-	-	-	-	-	509	509	-	509
At 1 April 2012 (restated)	1,133,463	141,481	(27,720)	891	533	40,875	1,289,523	28,780	1,318,303
Total comprehensive income for the financial quarter	-	-	-	-	168	30,318	30,486	1,286	31,772
Transactions with owners									
Issue of ordinary stock units:									
- Pursuant to ESOS	2,159	33	-	-	-	-	2,192	-	2,192
Share options lapsed under ESOS	-	-	-	(260)	-	-	(260)	-	(260)
Share options granted under ESOS exercised	-	631	-	(631)	-	-	-	-	-
Total transactions with owners	2,159	664	-	(891)	-	-	1,932	-	1,932
At 30 June 2012	1,135,622	142,145	(27,720)	-	701	71,193	1,321,941	30,066	1,352,007

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 2013 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 QUATER ENDED 30 JUNE 2013 (Unaudited)

	Quarter ended 30.06.2013 RM'000	Quarter ended 30.06.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	34,582	40,840
Adjustments for:-		
Impairment loss on financial assets:		
trade receivables	39	46
Amortisation of intangible assets	28	23
Depreciation of property, plant and equipment	4,976	3,818
Interest expense	8,562	6,384
Reversal of impairment loss on other receivables	(176)	-
Net (gain)/loss on disposal of:		
property, plant and equipment	(6)	-
Unrealised (gain)/loss on foreign exchange	(1,148)	21
Gain from fair value movement of investment properties	(20,000)	-
Net fair value adjustment	962	(335)
Fair value loss on investment securities	11	59
Interest income	(2,119)	(1,820)
Share of results of associate	(139)	(106)
Share of results of jointly controlled entities	(1,898)	(12,933)
Award of Long-term Stock Incentive Plan to employees	2,434	-
Provision for retirement benefits	20	-
Share options granted under ESOS	-	(260)
Operating profit before changes in working capital	26,128	35,737
Changes in working capital:-		
Land held for property development	(3,557)	(10,256)
Property development cost	7,194	(6,284)
Inventories	4,213	28
Receivables	70,957	(13,008)
Payables	(45,260)	(11,936)
Cash flows from/(used in) operations	59,675	(5,719)
Interest received	1,660	1,817
Interest paid	(8,693)	(7,373)
Income taxes refunded	392	242
Income taxes paid	(13,919)	(3,541)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	39,115	(14,574)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUATER ENDED 30 JUNE 2013 (Unaudited)

	Quarter ended 30.06.2013 RM'000	**Quarter ended 30.06.2012 RM'000**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,438)	(5,959)
Purchase of intangible assets	-	(6)
Purchase of investment properties:		
- additions	-	(104,936)
- subsequent expenditure	(1,285)	(13,256)
Proceeds from disposal of property, plant and equipment	6	-
Additional investment in a jointly controlled entity	(17,500)	-
NET CASH FLOW USED IN INVESTING ACTIVITIES	(23,217)	(124,157)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of ESOS	-	2,192
Drawdown of borrowings	62,069	154,212
Repayment of borrowings	(43,223)	(14,630)
Repayment of obligations under finance lease	(118)	(158)
NET CASH FLOW FROM FINANCING ACTIVITIES	18,728	141,616
Effects of exchange rate changes on cash and cash equivalents	(216)	168
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,410	3,053
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	255,830	240,769
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL QUARTER	290,240	243,822

For the purpose of statement of cash flows, cash and cash equivalents comprise the following:-

Cash and bank balances	310,525	268,578
Bank overdrafts	(20,285)	(24,756)
	290,240	243,822

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013 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 on 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 2013 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 2013.

2. Changes in Accounting Policies

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, including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and accordingly will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2015.

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 2013, 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 2013, as disclosed below:

Adoption of FRSs, Amendments to FRSs and IC Interpretations

		Effective for annual periods beginning on or after
Amendments to FRS 101	: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 101	: Presentation of Financial Statements (Improvements to FRSs (2012))	1 January 2013
FRS 10	: Consolidated Financial Statements	1 January 2013
FRS 11	: Joint Arrangements	1 January 2013
FRS 12	: Disclosure of Interests in Other Entities	1 January 2013
FRS 13	: Fair Value Measurement	1 January 2013
FRS 119	: Employee Benefits	1 January 2013
FRS 127	: Separate Financial Statements	1 January 2013
FRS 128	: Investment in Associate and Joint Ventures	1 January 2013
Amendments to FRS 7	: Disclosure - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 1	: First-time Adoption of Malaysian Financial Reporting Standards - Government Loans	1 January 2013

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

2. Changes in Accounting Policies (cont'd)

Adoption of FRSs, Amendments to FRSs and IC Interpretations (cont'd)

		Effective for annual periods beginning on or after
Amendments to FRS 1	: First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 116	: Property, Plant and Equipment (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 132	: Financial Instruments: Presentation (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 134	: Interim Financial Reporting (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 10	: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to FRS 11	: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to FRS 12	: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

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

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

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which would never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

FRS 10: Consolidated financial statements

FRS 10 replaces the portion of FRS 127: Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

FRS 11: Joint Arrangements

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

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

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

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

2. Changes in Accounting Policies (cont'd)

FRS 11: Joint Arrangements

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

The application of this new standard will not have significant impact the financial position of the Group as the Group has adopted equity accounting.

FRS 12: Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13: Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted.

FRS 119: Employee Benefits

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

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

FRS 127: Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128: Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128: Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

Amendments to FRS 7: Disclosure - Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

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

2. Changes in Accounting Policies (cont'd)

Standards and interpretations issued but not yet effective

		Effective for annual periods beginning on or after
Amendments to FRS 132	: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127	: Investment Entities	1 January 2014
FRS 9	: Financial Instruments	1 January 2015

At the date of authorisation of these interim financial report, the above FRSs, Amendment to 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 2014. These standards will not have material impact on the financial statements in the period of initial application, except as discussed as follow:

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

FRS 9: Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139: Financial Instruments - Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities.

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 2013 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 quarter ended 30 June 2013.

6. Changes in estimates

There were no material changes in estimates that have had a material effect in the current financial quarter ended 30 June 2013.

7. Debt and equity securities

There was no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the Company for the current period under review.

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

8. Dividends paid

No dividend was paid during the current financial quarter.

9. Segmental information by business segment

Quarter ended 30 June 2013 RM'000	Property	Hospitality	Investments and others	Elimination	Total
REVENUE					
External sales	66,580	26,475	1,936	-	94,991
Inter-segment sales	302	-	144	(446)	-
Total revenue	66,882	26,475	2,080		94,991
RESULTS					
Segment results	45,328	(28)	1,544	(4,765)	42,079
Share of results of associate	-	-	139	-	139
Share of results of jointly controlled entities	1,898	-	-		1,898
Finance cost					(9,534)
Profit before tax					34,582

Quarter ended 30 June 2012 RM'000	Property	Hospitality	Investments and others	Elimination	Total
REVENUE					
External sales	118,713	20,245	563	-	139,521
Inter-segment sales	311	-	609	(920)	-
Total revenue	119,024	20,245	1,172		139,521
RESULTS					
Segment results	37,960	(635)	(518)	(2,517)	34,290
Share of results of associate	-	-	106	-	106
Share of results of jointly controlled entities	13,360	-	-	(427)	12,933
Finance cost					(6,489)
Profit before tax					40,840

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) Property - development and investment in residential and commercial properties
(ii) Hospitality - management and operation of hotels and restaurants
(iii) Investments and others

Segment performance for the current financial quarter as compared to the previous year's corresponding financial quarter

(i) Property

The property segment recorded a revenue of RM66.580 million for the financial quarter ended 30 June 2013 as compared to RM118.713 million achieved for the financial quarter ended 30 June 2012, a decrease of RM52.133 million or 43.92%.

The lower revenue in the current financial quarter was mainly due to the completion of the four blocks of Quayside Seafront Resort condominium projects in the preceding year ended 31 March 2013.

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

9. Segmental information by business segment (cont'd)

Segment performance for the current financial quarter as compared to the previous year's corresponding financial quarter (cont'd)

(i) Property (cont'd)

After incorporating revenue recognised for the jointly-controlled entities ("JVE"), the Group's property segment recorded an adjusted revenue of RM81.761 million for the financial quarter ended 30 June 2013 as compared to an adjusted revenue of RM213.186 million in the financial quarter ended 30 June 2012. The lower revenue from the JVE was due to the completion of the jointly-controlled projects, namely St. Mary Residences and the Villas by-the-sea bungalows in Penang.

The property segment recorded an operating profit of RM45.328 million for the financial quarter ended 30 June 2013 as compared to the operating profit of RM37.960 million in the financial quarter ended 30 June 2012. This represented an increase of RM7.368 million or 19.4%.

Despite recognising a lower revenue in the current financial quarter, the property segment achieved a higher operating profit mainly due to a fair value gain of RM20.0 million recognised for an investment property as disclosed in Note A10.

Notably, with the exclusion of the fair value gain on the investment property, the property segment would reflect a lower operating profit of RM25.328 million, a decrease of RM12.632 million for the current financial quarter as compared to the financial quarter ended 30 June 2012.

The JVE contributed RM1.898 million profit for the financial quarter ended 30 June 2013 as compared to the corresponding period of financial quarter ended 30 June 2012 of RM12.933 million, a decrease of RM11.035 million or 85.32% due to lower revenue following the completion of the projects.

(ii) Hospitality

The hospitality segment recorded a revenue of RM26.475 million for the financial quarter ended 30 June 2013 as compared to RM20.245 million in the financial quarter ended 30 June 2012, an increase of RM6.230 million or 31%. The higher revenue in the current financial quarter was contributed by the E&O Residences Kuala Lumpur which opened in December 2012 and the newly opened Victory Annexe of the Eastern & Oriental Hotel.

The division reported a slight operating loss of RM28,000 for the financial quarter ended 30 June 2013 as compared to a loss of RM635,000 for the financial quarter ended 30 June 2012.

(iii) Investments and others

The investments and others segment recorded an operating profit of RM1.544 million for the financial quarter ended 30 June 2013 as compared to an operating loss of RM0.518 million in the financial quarter ended 30 June 2012. The higher operating profit in the current financial quarter is due to lower operating expenses.

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

10. Valuation of investment properties

The Group adopts the fair value model for its investment properties. Investment properties under construction are classified as investment properties and are measured at cost. When the properties under construction are completed, they will become completed investment properties and are measured at fair value.

During the financial quarter, there was an indicative change in value of an investment property from the last financial year end. The investment property is now measured at a fair value of RM40.0 million, resulting in a fair value gain of RM20.0 million which is recognised as profit in the statement of comprehensive income.

11. Material subsequent events

There were no material events subsequent at the end of the financial quarter ended 30 June 2013 except for the following:

Long-term Stock Incentive Plan ("LTIP")

Pursuant to Paragraph 9.19(51) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company had on 26 July 2013 announced the following award of stock units under the FY13/14 LTIP to its eligible employees and executive directors of the Company and its subsidiaries.

The LTIP comprises of performance-based restricted stock unit incentive plan ("PSU Award") and the restricted stock unit incentive plan ("RSU Award"). The details of LTIP are set out in the table below:

Description	PSU Award	RSU Award
Date of award	26 July 2013	26 July 2013
Number of LTIP stock units awarded		
(a) Executive Directors	283,000	230,000
(b) Eligible Employees	623,000	3,450,900
	906,000	3,680,900
Closing market price of the Company's stock units as at date of award	RM2.06	RM2.06
Vesting date	31 July 2016	31 July 2016

The FY13/14 LTIP stock units under the PSU Award and RSU Award may be settled either by an issuance of new stock units, acquisition of stock units from the market, payment by cash or a combination of any of the above.

The vesting of the FY13/14 LTIP stock units granted under the PSU Award is contingent upon the satisfaction and fulfillment of the vesting conditions.

12. Changes in composition of the Group

There were no changes in composition of the Group at the end of the financial quarter ended 30 June 2013.

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

13. Contingent Liabilities

There were no contingent liabilities as at 19 August 2013 (the latest practicable date which is not earlier than 7 days from the issue of this quarterly report), except for the Company which has issued corporate guarantees to banks and financial institutions for banking facilities granted to certain subsidiaries as follows:

	RM'000
Corporate guarantees issued by the Company for banking facilities granted to subsidiaries:	
- Secured	505,544

14. Capital Commitments

Capital commitments of the Group in respect of capital expenditure are as follows:

	As at 30.06.2013 RM'000	As at 31.03.2013 RM'000
Capital expenditure		
Approved and contracted for		
Property, plant and equipment	-	13,941
Approved but not contracted for		
Property, plant and equipment	-	12,828
Share of joint venture's capital commitments in relation to acquisition of land	153,000	170,500

15. Significant Related Party Transactions

Recurrent related party transactions conducted during the current financial quarter ended 30 June 2013 are in accordance with the stockholders' mandate obtained at the last Annual General Meeting of the Company.

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

1. Review of performance

The Group achieved a revenue of RM94.991 million for the financial quarter ended 30 June 2013 as compared to RM139.521 million recorded in the financial quarter ended 30 June 2012. This represented a decrease of RM44.530 million or 31.92%.

The decrease in revenue was mainly from the property segment which registered a decrease of RM52.133 million, mitigated by the increase in hospitality segment of RM6.230 million and a slight increase in investments and others segment of RM1.373 million in revenue.

The jointly-controlled projects namely St Mary Residences and the second phase of the Villas by-the-sea bungalows in Penang recognised a total revenue of RM15.181 million for the financial quarter ended 30 June 2013 (financial quarter ended 30 June 2012: RM94.473 million) which was not included in the group consolidated revenue. The lower revenue recognised was due to the completion of both the jointly-controlled projects.

After incorporating revenue recognised for the jointly-controlled projects, the Group recorded an adjusted revenue of RM110.172 million (financial quarter ended 30 June 2012: RM233.994 million).

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

1. Review of performance (cont'd)

The Group posted profit before tax of RM34.582 million for the financial quarter ended 30 June 2013 compared to profit before tax of RM40.840 million in the financial quarter ended 30 June 2012. This represented a decrease in profit before tax of RM6.258 million or 15%. The lower profit in the current financial quarter was mainly due to recent completion of various development projects namely the four blocks of Quayside Seafront Resort condominium projects at Seri Tanjung Pinang, St. Mary Residences and Villas by-the-sea bungalows.

Futher explanatory comments on the performance of each of the Group's business segments are provided in Note A9.

2. Variation of results against preceding quarter

The Group recorded a revenue of RM94.991 million and profit before tax of RM34.582 million for the current financial quarter ended 30 June 2013 as compared to the preceding financial quarter ended 31 March 2013 where the Group achieved a revenue of RM164.763 million and profit before tax of RM59.322 million. This reflected a decrease in revenue of RM69.772 million or 42% and decrease in profit before tax of RM24.740 million or 42%. The higher revenue and profit recognition in the preceding quarter reflected the higher profit recognition from the completed projects.

3. Current year prospects

In line with the growth of ASEAN economies, Malaysia has also proven resilient due to positive developments on the domestic front.

The Group has recently conducted a soft launch of The Mews in the Klang Valley, a joint-development with Mitsui, Japan's largest property company, with encouraging take-up rates.

We are upbeat in our investment in Iskandar Malaysia through Avira wellness development in Medini which will be launched this year. Additionally, the Group will also launch the final block of Andaman condominiums at Quayside in Penang. We expect all these projects to contribute positively to the Group's earnings.

Barring any further physical constraints, we believe interest in property should gather pace as the sector will be one of the major beneficiaries of the Economic Transformation Programme in the country.

4. Variance in profit forecast/profit guarantee

The Group did not issue any profit forecast/profit guarantee for the current financial quarter ended 30 June 2013.

5. Taxation

	Individual Quarter		**Cumulative Quarter**	
	Current quarter ended	**Comparative quarter ended**	**Current three months ended**	**Comparative three months ended**
	30.06.2013	**30.06.2012**	**30.06.2013**	**30.06.2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysian income tax				
- current	6,939	10,118	6,939	10,118
- in respect of prior years	-	(997)	-	(997)
Deferred tax	(161)	115	(161)	115
	6,778	9,236	6,778	9,236

The effective tax rate of the Group for the current financial quarter ended 30 June 2013 under review is lower than the statutory rate of 25% mainly due to certain incomes of the group are not subject to income tax.

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

6. Retained profits

	As at 30.06.2013 RM'000	As at 31.03.2013 RM'000
Total accumulated losses of the Company and its subsidiaries		
Realised	163	(1,999)
Unrealised	17,077	(1,922)
	17,240	(3,921)
Share of retained profits of associate		
Realised	335	196
Share of retained profits from jointly controlled entities		
Realised	84,423	82,424
Unrealised	1,213	1,314
	103,211	80,013
Add: Consolidated adjustments	59,180	55,158
Total Group's retained profits as per consolidated accounts	162,391	135,171

7. Additional disclosures

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

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.06.2013 RM'000	Comparative quarter ended 30.06.2012 RM'000	Current three months ended 30.06.2013 RM'000	Comparative three months ended 30.06.2012 RM'000
Dividend income	-	-	-	-
Interest income	2,119	1,820	2,119	1,820
Reversal of/(Impairment) loss on receivables	137	(46)	137	(46)
Recovery of bad debts	-	-	-	-
Impairment/write off of inventories	-	-	-	-
Interest expense	(8,562)	(6,384)	(8,562)	(6,384)
Depreciation and amortisation	(5,004)	(3,841)	(5,004)	(3,841)
Intangible assets written off	-	-	-	-
Impairment loss on property, plant and equipment	-	-	-	-
Unrealised (loss)/gain on foreign exchange	1,148	(21)	1,148	(21)
Net gain/(loss) on disposal of property, plant and equipment	6	-	6	-
Gain from fair value movement of investment properties	20,000	-	20,000	-
Net fair value adjustment	(962)	335	(962)	335
Fair value loss on investment securities	(11)	(59)	(11)	(59)

8. Status of Corporate Proposals

There were no corporate proposal announced but not completed as at 19 August 2013.

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 30.06.2013 RM'000
Short Term - Secured	250,357
Long Term - Secured	535,518

b) All the borrowings above were denominated in Ringgit Malaysia, except for the following:-

Long Term - Secured Denominated in Pound Sterling (£'000)	16,000

10. Material Litigation

There were no material litigation which affect the financial position or business of the Group as at 19 August 2013.

11. Dividend

The Board of Directors do not recommend any interim dividend for the financial quarter ended 30 June 2013.

At the forthcoming Annual General Meeting, a first and final dividend in respect of financial year ended 31 March 2013, of 4.5% less 25% income tax on the ordinary stock units in issue will be proposed for stockholders' approval.

12. Earnings Per Stock Unit

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.06.2013	Comparative quarter ended 30.06.2012	Current three months ended 30.06.2013	Comparative three months ended 30.06.2012
a) Basic earnings per stock unit				
Profit attributable to owners of the parent (RM'000)	27,220	30,318	27,220	30,318
Weighted average number of ordinary stock units in issue (unit '000)	1,106,182	1,106,182	1,106,182	1,106,182
Adjusted weighted average number of ordinary stock units (unit '000)	1,106,182	1,106,182	1,106,182	1,106,182
Basic earnings per stock unit for the quarter (sen)	2.46	2.74	2.46	2.74

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 months ended**	**Comparative three months ended**
	30.06.2013	**30.06.2012**	**30.06.2013**	**30.06.2012**
b) Diluted earnings per stock unit				
Profit attributable to owners of the parent (RM'000)	27,220	30,318	27,220	30,318
Weighted average number of ordinary stock units in issue (unit '000)	1,106,182	1,106,182	1,106,182	1,106,182
Effect of dilution of LTIP (unit '000)	14,178	-	14,178	-
	1,120,360	1,106,182	1,120,360	1,106,182
Diluted earnings per stock unit for the quarter (sen)	2.43	2.74	2.43	2.74

BY ORDER OF THE BOARD

Ang Hong Mai
Company Secretary

Kuala Lumpur
26 August 2013