EASTERN & ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2013 (Unaudited)

	Individual Quarter		Cumulative Quarter	
	Current quarter ended	Comparative quarter ended	Current nine months ended	Comparative nine months ended
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	97,788	144,608	267,454	440,807
Cost of sales	(42,997)	(87,588)	(121,901)	(257,773)
Gross profit	54,791	57,020	145,553	183,034
Other income	6,373	13,218	49,355	21,194
Administrative expenses	(17,309)	(17,774)	(54,224)	(48,743)
Selling and marketing expenses	(3,832)	(7,078)	(9,785)	(16,399)
Other expenses	(8,480)	(4,732)	(23,727)	(14,762)
Operating profit	31,543	40,654	107,172	124,324
Finance costs	(8,543)	(7,203)	(26,908)	(20,934)
Share of results of associate	133	(249)	405	(36)
Share of results of jointly controlled entities	5,335	2,426	7,663	24,611
Profit before tax	28,468	35,628	88,332	127,965
Income tax expense	(8,381)	(7,777)	(23,033)	(31,542)
Profit for the period	20,087	27,851	65,299	96,423
Other comprehensive income:				
Foreign currency translation	(312)	427	(983)	586
Income tax relating to components of other comprehensive income	-	-	-	-
Other comprehensive income for the period	(312)	427	(983)	586
Total comprehensive income for the period	19,775	28,278	64,316	97,009
Profit attributable to:				
Owners of the parent	19,063	26,417	62,740	91,664
Non-controlling interests	1,024	1,434	2,559	4,759
	20,087	27,851	65,299	96,423
Total comprehensive income attributable to:				
Owners of the parent	18,751	26,844	61,757	92,250
Non-controlling interests	1,024	1,434	2,559	4,759
	19,775	28,278	64,316	97,009
Earnings per stock unit attributable to owners of the parent:				
Basic (sen)	1.72	2.39	5.67	8.29
Diluted (sen)	1.70	2.39	5.58	8.29

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 31 DECEMBER 2013 (Unaudited)

	AS AT 31.12.2013 RM'000	AS AT 31.03.2013 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	358,874	364,249
Land held for property development	612,551	622,183
Investment properties	464,264	411,060
Intangible assets	237	316
Investment in associate	16,975	17,006
Investment in jointly controlled entities	104,547	95,998
Investment securities	2,227	2,114
Deferred tax assets	4,372	4,372
Trade and other receivables	3,422	3,422
	1,567,469	1,520,720
Current assets		
Property development costs	277,384	222,346
Inventories	84,349	109,894
Trade and other receivables	123,839	111,428
Prepayments	2,498	3,905
Tax recoverable	34,797	25,877
Accrued billings in respect of property development costs	37,206	200,288
Cash and bank balances	260,256	283,413
	820,329	957,151
TOTAL ASSETS	2,387,798	2,477,871
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	191,745	281,359
Provisions	162	162
Trade and other payables	122,257	182,166
Provision for retirement benefits	12	12
Income tax payable	5,944	22,468
	320,120	486,167
Net current assets	500,209	470,984

EASTERN & ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013 (Unaudited)

	AS AT 31.12.2013 RM'000	AS AT 31.03.2013 RM'000 (Audited)
EQUITY AND LIABILITIES (CONT'D)		
Non-current liabilities		
Loans and borrowings	527,764	490,655
Provisions	516	500
Trade and other payables	30,846	29,158
Provision for retirement benefits	359	304
Deferred tax liabilities	47,075	45,229
	606,560	565,846
TOTAL LIABILITIES	926,680	1,052,013
Net assets	1,461,118	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	314,667	281,966
	1,422,569	1,389,868
Non-controlling interests	38,549	35,990
Total Equity	1,461,118	1,425,858
TOTAL EQUITY AND LIABILITIES	2,387,798	2,477,871
Net assets per stock unit attributable to owners of the parent (RM)	1.29	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 9-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 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
9-month financial period ended 31 December 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 period	-	-	-	-	(983)	62,740	61,757	2,559	64,316
Transactions with owners									
Award of LTIP to employees	-	-	-	8,278	-	-	8,278	-	8,278
Dividend on ordinary stock units	-	-	-	-	-	(37,334)	(37,334)	-	(37,334)
Total transactions with owners	-	-	-	8,278	-	(37,334)	(29,056)	-	(29,056)
At 31 December 2013	1,135,622	142,145	(27,720)	11,974	(29)	160,577	1,422,569	38,549	1,461,118

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 9-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 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>**9-month financial period ended 31 December 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	-	-	-	-	-	3,591	3,591	-	3,591
At 1 April 2012 (restated)	1,133,463	141,481	(27,720)	891	533	43,957	1,292,605	28,780	1,321,385
Total comprehesive income for the financial period	-	-	-	-	586	91,664	92,250	4,759	97,009
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)	-	-	-	-	-
Dividend on ordinary stock units	-	-	-	-	-	(35,260)	(35,260)	-	(35,260)
Total transactions with owners	2,159	664	-	(891)	-	(35,260)	(33,328)	-	(33,328)
At 31 December 2012	1,135,622	142,145	(27,720)	-	1,119	100,361	1,351,527	33,539	1,385,066

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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 9-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2013 (Unaudited)

	Nine months ended 31.12.2013 RM'000	Nine months ended 31.12.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	88,332	127,965
Adjustments for:-		
Impairment loss on financial assets:		
trade receivables	256	180
Amortisation of intangible assets	80	85
Depreciation of property, plant and equipment	17,324	10,780
Bad debts written off	381	97
Inventories written off	1	2
Interest expense	25,273	20,650
Property, plant and equipment written off	205	22
Intangible assets written off	-	3
Reversal of impairment loss on other receivables	(652)	(669)
Gain on disposal of property, plant and equipment	(7)	(84)
Unrealised (gain)/loss on foreign exchange	(6,008)	34
Gain from fair value movement of investment properties	(29,516)	(9,424)
Write back of bad debts	(46)	-
Net fair value adjustment	1,062	151
Fair value gain on investment securities	(113)	(180)
Interest income	(7,094)	(4,816)
Dividend income	(11)	(357)
Share of results of associate	(405)	36
Share of results of jointly controlled entities	(7,663)	(24,611)
Award of Long-term Stock Incentive Plan to employees	8,278	-
Provision for retirement benefits	55	-
Share options granted under ESOS	-	(260)
Operating profit before changes in working capital	89,732	119,604
Changes in working capital:-		
Land held for property development	(3,905)	(8,183)
Property development cost	(19,464)	13,039
Inventories	7,810	1,092
Receivables	142,500	(41,251)
Payables	(45,294)	(36,047)
Cash flows from operations	171,379	48,254
Interest received	4,894	4,999
Interest paid	(30,090)	(26,161)
Income taxes refunded	446	6,512
Income taxes paid	(47,130)	(28,932)
NET CASH FLOWS FROM OPERATING ACTIVITIES	99,499	4,672

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 9-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2013 (Unaudited)

	Nine months ended 31.12.2013 RM'000	Nine months ended 31.12.2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,088)	(55,919)
Purchase of intangible assets	(1)	(102)
Purchase of investment properties:		
- additions	-	(106,138)
- subsequent expenditure	(7,098)	(18,750)
Proceeds from disposal of property, plant and equipment	7	157
Profits distribution from jointly controlled entities	24,114	-
Additional investment in a jointly controlled entity	(25,000)	-
Dividends received	8	357
NET CASH FLOW USED IN INVESTING ACTIVITIES	(20,058)	(180,395)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of ESOS	-	2,192
Drawdown of borrowings	79,613	179,646
Repayment of borrowings	(119,690)	(63,338)
Repayment of obligations under finance lease	(359)	(459)
Dividends paid	(37,334)	(35,260)
NET CASH FLOW (USED IN)/ FROM FINANCING ACTIVITIES	(77,770)	82,781
Effects of exchange rate changes on cash and cash equivalents	(983)	586
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	688	(92,356)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	255,830	240,769
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	256,518	148,413

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

Cash and bank balances	260,256	176,384
Bank overdrafts	(3,738)	(27,971)
	256,518	148,413

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 were firstly allowed to defer the adoption of the new MFRS Framework for two years whereby, the adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014. On 7 August 2013, MASB further extended the transitional period for Transition Entities for another one year.

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 2016.

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 on 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
Amendments to FRS 136	: Recoverable Amount Disclosures for Non-Financial Assets	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 clarifies 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 clarifies 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 9-month financial period ended 31 December 2013.

6. Changes in estimates

There were no material changes in estimates that have had a material effect in the 9-month financial period ended 31 December 2013.

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

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.

8. Dividends paid

On 26 September 2013, the stockholders have approved the payment of a first and final dividend of 4.50 sen per stock unit less income tax of 25% on the ordinary stock units in issue at book closure date on 10 October 2013 in respect of the financial year ended 31 March 2013. The dividend amounting to RM37.334 million was paid on 7 November 2013.

9. Segmental information by business segment

Nine months ended 31 December 2013 RM'000	Property	Hospitality	Investments and others	Elimination	Total
REVENUE					
External sales	175,390	84,617	7,447	-	267,454
Inter-segment sales	1,151	-	67,576	(68,727)	-
Total revenue	176,541	84,617	75,023		267,454
RESULTS					
Segment results	115,845	559	69,808	(79,040)	107,172
Share of results of associate	-	-	405	-	405
Share of results of jointly controlled entities	7,663	-	-		7,663
Finance cost					(26,908)
Profit before tax					88,332

Nine months ended 31 December 2012 RM'000	Property	Hospitality	Investments and others	Elimination	Total
REVENUE					
External sales	378,411	60,722	1,674	-	440,807
Inter-segment sales	993	-	3,585	(4,578)	-
Total revenue	379,404	60,722	5,259		440,807
RESULTS					
Segment results	145,567	(3,260)	(10,035)	(7,948)	124,324
Share of results of associate	-	-	(36)	-	(36)
Share of results of jointly controlled entities	25,124	-	-	(513)	24,611
Finance cost					(20,934)
Profit before tax					127,965

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

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

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

Segment performance for the current nine months as compared to the previous year's corresponding nine months

(i) Property

The property segment recorded a revenue of RM175.390 million for the 9-month financial period ended 31 December 2013 as compared to RM378.411 million achieved for the 9-month financial period ended 31 December 2012, a decrease of RM203.021 million or 54%. The lower revenue in the current 9-month financial period was mainly due to lower revenue recognition as its current project namely Andaman at Quayside condominiums is at its early stage of development.

After incorporating revenue recognised for the jointly-controlled entities ("JVE"), the Group's property segment recorded an adjusted revenue of RM251.933 million for the 9-month financial period ended 31 December 2013 as compared to an adjusted revenue of RM590.867 million for the 9-month financial period ended 31 December 2012. The lower revenue was due to lower revenue recognition from the current projects which are at their early stages of development, following the completion of St Mary Residences in Kuala Lumpur, Villas by-the-sea and four blocks of Quayside Condominiums in Penang ("Projects") in the preceding financial year.

The property segment recorded an operating profit of RM115.845 million for the 9-month financial period ended 31 December 2013 as compared to the operating profit of RM145.567 million for the 9-month financial period ended 31 December 2012. This represented a decrease of RM29.722 million or 20%. The lower operating profit recorded is due to lower revenue recognised during the current 9-month financial period following the completion of the Projects. Recently launched project, The Mews, has made minimal contributions as construction work has only just commenced although sales have been encouraging.

The JVE contributed RM7.663 million profit for the 9-month financial period ended 31 December 2013 as compared to the corresponding financial period ended 31 December 2012 of RM24.611 million, a decrease of RM16.948 million or 69% due to lower revenue.

(ii) Hospitality

The hospitality segment recorded a revenue of RM84.617 million for the 9-month financial period ended 31 December 2013 as compared to RM60.722 million in the corresponding financial period ended 31 December 2012, an increase of RM23.895 million or 39%. The higher revenue in the current 9-month financial period was contributed by E&O Residences Kuala Lumpur which opened in December 2012 and Victory Annexe of the Eastern & Oriental Hotel in March 2013.

Due to the contribution from a higher room inventory as a result of the completion of Victory Annexe, as well as the contribution from E&O Residences Kuala Lumpur, the division reported an operating profit of RM559,000 for the 9-month financial period ended 31 December 2013 as compared to a loss of RM3.260 million for the same period ended 31 December 2012.

(iii) Investments and others

The revenue for the "investments and others" segment comprise mainly dividend income and management fees. This segment is where the head office's administration and operation costs are grouped.

The "investments and others" segment recorded an operating profit of RM69.808 million for the 9-month financial period ended 31 December 2013 as compared to an operating loss of RM10.035 million in the corresponding financial period ended 31 December 2012. The higher operating profit in the current 9-month financial period is due to higher dividend income from subsidiaries which amounted to approximately RM66 million (31 December 2012: Nil) and 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 9-month financial period, there was an indicative change in the value of two investment properties from the last financial year end. The investment properties are now measured at fair value of RM40.0 million and RM130.0 million respectively, resulting in a total fair value gain of RM29.5 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 9-month financial period ended 31 December 2013.

12. Changes in composition of the Group

There were no changes in composition of the Group at the end of the 9-month financial period ended 31 December 2013.

13. Contingent Liabilities

There were no contingent liabilities as at 19 February 2014 (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	498,236

14. Capital Commitments

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

	As at 31.12.2013 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	987	12,828
Share of joint venture's capital commitments in relation to acquisition of land	155,500	170,500

15. Significant Related Party Transactions

Recurrent related party transactions conducted during the 9-month financial period ended 31 December 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 RM267.454 million for the 9-month financial period ended 31 December 2013 as compared to RM440.807 million recorded in the corresponding financial period ended 31 December 2012. This represented a decrease of RM173.353 million or 39%.

The decrease in revenue was mainly from the property segment which registered a decrease of RM203.021 million. The lower revenue in the property segment was due to lower revenue recognition as current projects are at their early stages of development. This was mitigated by the increase in revenue in hospitality segment and investments and others segment of RM23.895 million and RM5.773 million, respectively.

The jointly-controlled projects namely St Mary Residences, Villas by-the-sea bungalows and The Mews projects recognised a total revenue of RM76.543 million for the 9-month financial period ended 31 December 2013 (9-month financial period ended 31 December 2012: RM212.456 million) which was not included in the group consolidated revenue. The revenue recognised was lower following the completion of St Mary projects and Villas by-the-sea bungalows, mitigated by the maiden revenue recognition from The Mews project which had just commenced development in the preceeding quarter.

After incorporating revenue recognised for the jointly-controlled projects, the Group recorded an adjusted revenue of RM343.997 million (9-month financial period ended 31 December 2012: RM653.263 million).

The Group posted a profit before tax of RM88.332 million for the 9-month financial period ended 31 December 2013 as compared to a profit before tax of RM127.965 million for the 9-month financial period ended 31 December 2012. This represented a decrease in profit before tax of RM39.633 million or 31%. The lower profit in the current 9-month financial period was due to lower revenue recognised from the property segment, lower share of profits from JVE and higher finance costs.

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 RM97.788 million and profit before tax of RM28.468 million for the current financial quarter ended 31 December 2013 as compared to the preceding financial quarter ended 30 September 2013 where the Group achieved a revenue of RM74.675 million and a profit before tax of RM25.282 million. This represented an increase in revenue of RM23.113 million or 31% and profit before tax of RM3.186 million or 13%, which was mainly contributed by higher percentage recognition from steady development progress of the on-going projects as well as higher sales of completed units.

3. Current year prospects

Following the announcement of several tightening measures on the property sector in the 2014 Budget and other fiscal policies such as restriction on credit facilities related to interest absorption schemes, we saw an impact on the property market sentiment, with a slow down of investment decisions. We anticipate the current market sentiment to continue over the next 3 months as the investors absorb the measures. Barring any unforeseen circumstances, we expect the property market will recover and sustain growth over the medium-to-long term.

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

4. Variance in profit forecast/profit guarantee

The Group did not issue any profit forecast/profit guarantee for the 9-month financial period ended 31 December 2013.

5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current quarter ended	Comparative quarter ended	Current nine months ended	Comparative nine months ended
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- current	8,585	10,059	23,488	33,566
- in respect of prior years	(2,302)	(1,531)	(2,302)	(1,531)
Deferred tax	2,098	(791)	1,847	(533)
Real property gains tax	-	40	-	40
	8,381	7,777	23,033	31,542

The effective tax rate of the Group for the 9-month financial period ended 31 December 2013 under review is higher than the statutory rate of 25% mainly due to certain expenses are not deductible.

6. Retained profits

	As at 31.12.2013 RM'000	As at 31.03.2013 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
Realised	15,206	(1,999)
Unrealised	41,547	(1,922)
	56,753	(3,921)
Share of retained profits of associate		
Realised	165	196
Share of retained profits from jointly controlled entities		
Realised	63,182	82,424
Unrealised	1,869	1,314
	121,969	80,013
Add: Consolidated adjustments	38,608	55,158
Total Group's retained profits as per consolidated accounts	160,577	135,171

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 quarter are the followings:

	Individual Quarter		Cumulative Quarter	
	Current quarter ended	Comparative quarter ended	Current nine months ended	Comparative nine months ended
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Dividend income	11	357	11	357
Interest income	2,541	1,134	7,094	4,816
Reversal of/(Impairment) loss on receivables	78	(102)	396	489
Write back of bad debts	46	-	46	-
Impairment/write off of inventories	-	-	(1)	(2)
Interest expense	(8,393)	(7,037)	(25,273)	(20,650)
Depreciation and amortisation	(6,366)	(3,718)	(17,404)	(10,865)
Bad debts written off	(160)	-	(381)	(97)
Property, plant and equipment written off	(128)	(2)	(205)	(22)
Intangible assets written off	-	-	-	(3)
Impairment loss on property, plant and equipment	-	-	-	-
Unrealised gain/(loss) on foreign exchange	1,356	61	6,008	(34)
Gain on disposal of property, plant and equipment	1	73	7	84
Gain from fair value movement of investment properties	-	9,424	29,516	9,424
Net fair value adjustment	87	(113)	(1,062)	(151)
Fair value gain/ (loss) on investment securities	30	(227)	113	180

8. Status of Corporate Proposals

There were no corporate proposal announced but not completed as at 19 February 2014.

9. Group Borrowings

a) The Group borrowings were as follows:-

	As at 31.12.2013 RM'000
Short Term - Secured	191,745
Long Term - Secured	527,764

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 February 2014.

11. Dividend

The Board of Directors did not recommend any interim dividend for the 9-month financial period ended 31 December 2013.

12. Earnings Per Stock Unit

	Individual Quarter		Cumulative Quarter	
	Current quarter ended	Comparative quarter ended	Current nine months ended	Comparative nine months ended
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
a) Basic earnings per stock unit				
Profit attributable to owners of the parent (RM'000)	19,063	26,417	62,740	91,664
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)	1.72	2.39	5.67	8.29

	Individual Quarter		Cumulative Quarter	
	Current quarter ended	Comparative quarter ended	Current nine months ended	Comparative nine months ended
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
b) Diluted earnings per stock unit				
Profit attributable to owners of the parent (RM'000)	19,063	26,417	62,740	91,664
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)	17,883	-	18,238	-
	1,124,065	1,106,182	1,124,420	1,106,182
Diluted earnings per stock unit for the quarter (sen)	1.70	2.39	5.58	8.29

BY ORDER OF THE BOARD

Ang Hong Mai
Company Secretary

Kuala Lumpur
26 February 2014