



**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2014 (Unaudited)**

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.09.2014 RM'000	Comparative quarter ended 30.09.2013 RM'000	Current six months ended 30.09.2014 RM'000	Comparative six months ended 30.09.2013 RM'000
Revenue	77,294	74,675	207,038	169,666
Cost of sales	(20,845)	(27,156)	(83,620)	(78,904)
Gross profit	56,449	47,519	123,418	90,762
Other income	21,500	17,740	25,754	42,982
Administrative expenses	(21,748)	(21,415)	(41,880)	(36,915)
Selling and marketing expenses	(4,013)	(1,966)	(7,529)	(5,953)
Other expenses	(12,721)	(8,328)	(20,482)	(15,247)
Operating profit	39,467	33,550	79,281	75,629
Finance costs	(8,618)	(8,831)	(16,663)	(18,365)
Share of results of associate	129	133	263	272
Share of results of joint ventures	411	430	1,716	2,328
Profit before tax	31,389	25,282	64,597	59,864
Income tax expense	(9,201)	(7,874)	(21,841)	(14,652)
Profit for the period	22,188	17,408	42,756	45,212
Other comprehensive income:				
Foreign currency translation	121	(455)	101	(671)
Income tax relating to components of other comprehensive income	-	-	-	-
Other comprehensive income for the period	121	(455)	101	(671)
Total comprehensive income for the period	22,309	16,953	42,857	44,541
Profit attributable to:				
Owners of the parent	21,238	16,457	40,198	43,677
Non-controlling interests	950	951	2,558	1,535
	22,188	17,408	42,756	45,212
Total comprehensive income attributable to:				
Owners of the parent	21,359	16,002	40,299	43,006
Non-controlling interests	950	951	2,558	1,535
	22,309	16,953	42,857	44,541
Earnings per stock unit attributable to owners of the parent:				
Basic (sen)	1.91	1.49	3.63	3.95
Diluted (sen)	1.89	1.46	3.58	3.88

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014 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 SEPTEMBER 2014 (Unaudited)**

	AS AT 30.09.2014 RM'000	AS AT 31.03.2014 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	350,592	359,663
Land held for property development	616,979	616,270
Investment properties	497,137	484,337
Intangible assets	168	215
Investment in associate	16,873	17,108
Investment in joint ventures	67,922	78,223
Investment securities	3,637	3,697
Deferred tax assets	2,126	1,815
Trade and other receivables	6,365	19,225
	<u>1,561,799</u>	<u>1,580,553</u>
Current assets		
Property development costs	316,068	264,455
Inventories	67,395	74,767
Trade and other receivables	101,497	79,615
Prepayments	3,160	2,553
Tax recoverable	3,982	23,352
Accrued billings in respect of property development costs	209,489	171,537
Cash and bank balances	224,006	277,166
	<u>925,597</u>	<u>893,445</u>
TOTAL ASSETS	<u>2,487,396</u>	<u>2,473,998</u>
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	172,816	160,848
Provisions	30,750	31,434
Trade and other payables	114,307	115,208
Provision for retirement benefits	4	8
Income tax payable	12,332	7,415
	<u>330,209</u>	<u>314,913</u>
Net current assets	<u>595,388</u>	<u>578,532</u>

EASTERN & ORIENTAL BERHAD (555-K)



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014 (Unaudited)**

	AS AT 30.09.2014 RM'000	AS AT 31.03.2014 RM'000 (Audited)
EQUITY AND LIABILITIES (CONT'D)		
Non-current liabilities		
Loans and borrowings	526,907	567,311
Provisions	833	252
Trade and other payables	18,592	26,880
Provision for retirement benefits	433	383
Deferred tax liabilities	46,812	46,812
	<u>593,577</u>	<u>641,638</u>
TOTAL LIABILITIES	<u>923,786</u>	<u>956,551</u>
Net assets	<u>1,563,610</u>	<u>1,517,447</u>
Equity attributable to owners of the parent		
Share capital	1,140,945	1,135,622
Treasury stock units	(27,720)	(27,720)
Reserves	405,292	367,010
	<u>1,518,517</u>	<u>1,474,912</u>
Non-controlling interests	<u>45,093</u>	<u>42,535</u>
Total Equity	<u>1,563,610</u>	<u>1,517,447</u>
TOTAL EQUITY AND LIABILITIES	<u>2,487,396</u>	<u>2,473,998</u>
Net assets per stock unit attributable to owners of the parent (RM)	<u>1.37</u>	<u>1.33</u>

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 2014 and the accompanying explanatory notes attached to the interim financial statements.



EASTERN & ORIENTAL BERHAD (555-K)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (Unaudited)**

	Attributable to owners of the parent					Retained Profits	Total	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Treasury Stock Units	LTIP Reserve	Foreign Currency Translation Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Six months financial period ended 30 September 2014									
At 1 April 2014	1,135,622	142,145	(27,720)	14,558	(769)	211,076	1,474,912	42,535	1,517,447
Total comprehensive income for the financial period	-	-	-	-	101	40,198	40,299	2,558	42,857
Transactions with owners									
Issue of ordinary stock units - pursuant to LTIP vested	5,323	2,156	-	(7,479)	-	-	-	-	-
Award of LTIP to employees	-	-	-	3,306	-	-	3,306	-	3,306
Total transactions with owners	5,323	2,156	-	(4,173)	-	-	3,306	-	3,306
At 30 September 2014	1,140,945	144,301	(27,720)	10,385	(668)	251,274	1,518,517	45,093	1,563,610



EASTERN & ORIENTAL BERHAD (555-K)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013 (Unaudited)**

	Attributable to owners of the parent					Distributable		Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Treasury Stock Units	LTIP Reserve	Foreign Currency Translation Reserve	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Six months financial period ended 30 September 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 comprehensive income for the financial period	-	-	-	-	(671)	43,677	43,006	1,535	44,541
Transactions with owners									
Award of LTIP to employees	-	-	-	5,508	-	-	5,508	-	5,508
Total transactions with owners	-	-	-	5,508	-	-	5,508	-	5,508
At 30 September 2013	1,135,622	142,145	(27,720)	9,204	283	178,848	1,438,382	37,525	1,475,907

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 2014 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (Unaudited)**

	Six months ended 30.09.2014 RM'000	Six months ended 30.09.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	64,597	59,864
Adjustments for:-		
Impairment loss on financial assets:		
trade receivables	286	188
Amortisation of intangible assets	52	54
Depreciation of property, plant and equipment	11,030	10,984
Write back of bad debts	-	(377)
Bad debts written off	4	221
Inventories written off	-	1
Recovery of bad debts	(13)	-
Interest expense	16,234	16,880
Property, plant and equipment written off	159	77
Reversal of impairment loss on:		
trade receivables	(186)	-
other receivables	-	(129)
Net loss/(gain) on disposal of:		
property, plant and equipment	71	(6)
Unrealised loss/(gain) on foreign exchange	698	(4,652)
Gain from fair value movement of investment properties	(12,199)	(29,516)
Net fair value adjustment	(791)	1,149
Fair value loss/(gain) on investment securities	60	(83)
Interest income	(3,092)	(4,553)
Dividend income	(498)	-
Share of results of associate	(263)	(272)
Share of results of joint ventures	(1,716)	(2,328)
Award of Long-term Stock Incentive Plan to employees	3,965	5,508
Provision for retirement benefits	46	41
Operating profit before changes in working capital	<u>78,444</u>	<u>53,051</u>
Changes in working capital:-		
Land held for property development	540	(3,071)
Property development cost	(49,283)	(5,636)
Inventories	7,372	4,091
Receivables	(39,533)	121,500
Payables	<u>(14,056)</u>	<u>(61,624)</u>
Cash flows (used in)/from operations	(16,516)	108,311
Interest received	3,747	3,574
Interest paid	(19,968)	(18,293)
Income taxes refunded	19,537	404
Income taxes paid	<u>(18,115)</u>	<u>(23,413)</u>
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES	(31,315)	70,583



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (Unaudited)**

	Six months ended 30.09.2014 RM'000	Six months ended 30.09.2013 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,220)	(6,573)
Purchase of intangible assets	(5)	-
Purchase of investment properties: - subsequent expenditure	(3,496)	(5,030)
Proceeds from disposal of property, plant and equipment	148	6
Profit distribution from joint ventures	9,935	24,115
Additional investment in a joint venture	-	(25,000)
Dividends received	498	-
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES	4,860	(12,482)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	7,030	79,613
Repayment of borrowings	(43,809)	(54,734)
Repayment of obligations under finance lease	(226)	(237)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	(37,005)	24,642
Effects of exchange rate changes on cash and cash equivalents	101	(671)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(63,359)	82,072
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	277,166	255,830
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	213,807	337,902

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

Cash and bank balances	224,006	374,955
Bank overdrafts	(10,199)	(37,053)
	213,807	337,902

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014 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 2014 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 2014.

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 three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

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 2014, 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 2014, as disclosed below:

Adoption of FRSs, Amendments to FRSs and IC Interpretations

		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
Amendments to FRS 139	: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	: Levies	1 January 2014



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)

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 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.

Standards and interpretations issued but not yet effective

		Effective for annual periods beginning on or after
Amendments to FRS 119	: Defined Benefit Plans: Employee Contributions	1 July 2014
FRS 9	: Financial Instruments	To be announced
FRS 11	: Accounting for Acquisition of Interests in Joint Operations	1 January 2016
FRS 14	: Regulatory Deferral Accounts	1 January 2016
FRS 116 and FRS 138	: Clarification of Acceptable Methods of Depreciation and amortisation	1 January 2016

At the date of authorisation of these interim financial reports, 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 2015. The Group expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application, other than FRS 9 as discussed below:

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 2014 was not subject to any qualification.

4. Seasonality or cyclicity 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 six-month financial period ended 30 September 2014.

6. Changes in estimates

There were no material changes in estimates that have had a material effect in the six-month financial period ended 30 September 2014.



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

7. Debt and equity securities

Save for the following, there were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities during the six-month financial period ended 30 September 2014.

Long-Term Stock Incentive Plan (LTIP)

(i) Award of LTIP stock units under financial year 2014/15 (FY14/15)

The Company had on 31 July 2014, awarded LTIP under FY 14/15 which comprises the Performance-based Restricted Stock Unit Incentive Plan (PSU Award) and the Restricted Stock Unit Incentive Plan (RSU Award) to its eligible employees and executives directors as follows:

Description	PSU Award	RSU Award
Date of award	31 July 2014	31 July 2014
Number of LTIP stock units awarded		
(a) Executive Directors	198,000	163,000
(b) Eligible Employees	482,000	2,197,475
	<u>680,000</u>	<u>2,360,475</u>
Closing market price of the Company's stock units as at date of award	RM2.92	RM2.92
Vesting date	31 July 2017	31 July 2017

The LTIP stock units awarded will only be vested on their respective vesting dates, provided the vesting conditions are fully and duly satisfied.

(ii) Issuance of shares pursuant to the LTIP

On 31 July 2014, the Company issued 5,322,900 ordinary stock units of RM1.00 each pursuant to the vesting of LTIP under the first tranche of financial year 2012/13 RSU Award.

8. Dividends paid

On 19 September 2014, the stockholders have approved the payment of a first and final single tier dividend of 3.0 sen on the ordinary stock units in issuance at book closure date on 10 October 2014 in respect of the financial year ended 31 March 2014. The dividends were paid out on 5 November 2014.

9. Segmental information by business segment

<u>Six months ended</u> <u>30 September 2014</u> RM'000	Property	Hospitality	Investments and others	Elimination	Total
REVENUE					
External sales	151,084	54,014	1,940	-	207,038
Inter-segment sales	885	-	60	(945)	-
Total revenue	<u>151,969</u>	<u>54,014</u>	<u>2,000</u>		<u>207,038</u>
RESULTS					
Segment results	98,442	(535)	(13,516)	(5,110)	79,281
Share of results of associate	-	-	263	-	263
Share of results of joint ventures	1,716	-	-		1,716
Finance cost					<u>(16,663)</u>
Profit before tax					<u>64,597</u>



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

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

<u>Six months ended</u> <u>30 September 2013</u> RM'000	Property	Hospitality	Investments and others	Elimination	Total
REVENUE					
External sales	110,378	54,770	4,518	-	169,666
Inter-segment sales	726	-	13,781	(14,507)	-
Total revenue	<u>111,104</u>	<u>54,770</u>	<u>18,299</u>		<u>169,666</u>
RESULTS					
Segment results	83,339	(382)	14,897	(22,225)	75,629
Share of results of associate	-	-	272	-	272
Share of results of joint ventures	2,328	-	-	-	2,328
Finance cost					(18,365)
Profit before tax					<u>59,864</u>

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 6-month financial period as compared to the previous corresponding financial period

(i) **Property**

The property segment recorded a revenue of RM151.084 million for the six-month financial period ended 30 September 2014 compared to RM110.378 million achieved for the previous corresponding financial period ended 30 September 2013, an increase of RM40.706 million or 36.88%. The higher revenue in the current six-month financial period was due mainly to higher percentage of recognition, reflecting higher progress work done on existing projects particularly the Andaman Condominium project in Seri Tanjung Penang.

The joint ventures ("JV") projects, namely the St Mary Residences, The Mews and Avira Garden Terraces contributed a total revenue of RM29.452 million for the six-month financial period ended 30 September 2014 (six-month financial period ended 30 September 2013: RM41.132 million).

After incorporating revenue recognised for the JV, the Group's property segment recorded an adjusted revenue of RM180.536 million for the six-month financial period ended 30 September 2014 compared to an adjusted revenue of RM151.510 million in the previous corresponding financial period ended 30 September 2013.

The property segment recorded an operating profit of RM98.442 million for the current six-month financial period as compared to the operating profit of RM83.339 million achieved in the previous corresponding six-month financial period. This represented an increase of RM15.103 million or 18.12%.

The JV contributed RM1.716 million profit for the six-month financial period ended 30 September 2014 as compared to the previous six-month financial period ended 30 September 2013 of RM2.328 million, a decrease of RM0.612 million or 26.29%. The lower contribution was mainly due to the completion of the St Mary Residences project, while construction for the newly-launched The Mews and Avira Garden Terraces are just at the early stage of development.



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

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

Segment performance for the 6-month financial period as compared to the previous corresponding financial period (cont'd)

(ii) Hospitality

Despite challenges, the hospitality segment maintained its performance with revenue recorded at RM54.014 million for the six-month financial period ended 30 September 2014 compared with RM54.770 million in the previous corresponding financial period ended 30 September 2013. It suffered a slight operating loss of RM535,000 for the current six-month period as compared to a loss of RM382,000 in the six-month financial period ended 30 September 2013.

(iii) Investments and others

The investments and others segment recorded an operating loss of RM13.516 million for the six-month financial period ended 30 September 2014 as compared to an operating profit of RM14.897 million in the six-month financial period ended 30 September 2013. The operating loss in the current financial period is due to lower dividend income received coupled with higher operating expenses incurred.

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 until either the fair value becomes reliably determinable or construction is completed.

During the current six-month financial period, there was an indicative change in the value of two investment properties from the last financial year end. The investment properties as at 30 September 2014 are measured at total fair value of RM497.1 million, resulting in a fair value gain of RM12.2 million which is recognised as profit in the statement of comprehensive income.

11. Material subsequent events

The Group had on 6 November 2014 entered into a share purchase agreement with TLH Investments Ltd and Lead Pacific Inc Limited, to acquire 100% equity interest in Loxley Holdings Management Limited ("Loxley") for a cash consideration of GBP200 ("Proposed Share Acquisition"). Loxley is a limited company incorporated and registered in British Virgin Islands on 14 April 2014.

Loxley had on 6 June 2014 entered into a contract for the Sale of Freehold Land (which was supplemented by a supplemental agreement dated 14 October 2014) with ESCA Estates Limited to acquire the land and building known as ESCA House situated in London for a total cash consideration of GBP27,650,000 ("Proposed Property Acquisition").

The Group has completed the Proposed Share Acquisition and the Proposed Property Acquisition on 13 November 2014.

12. Changes in composition of the Group

The Group had on 2 July 2014 acquired two (2) ordinary shares of RM1.00 each, representing 100% equity interest in Eastern & Oriental Express Sdn. Bhd. for a total cash consideration of RM2.00.



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

13. Contingent Liabilities

There were no contingent liabilities as at 21 November 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	<u>490,897</u>

14. Capital Commitments

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

	As at 30.09.2014 RM'000	As at 31.03.2014 RM'000
Capital expenditure		
Approved and contracted for		
Property, plant and equipment	5,477	142
Investment property under construction	52,500	52,500
Acquisition of freehold land	<u>215,820</u>	-
Approved but not contracted for		
Property, plant and equipment	<u>4,593</u>	<u>6,134</u>
Share of joint venture's capital commitments in relation to acquisition of land	<u>125,241</u>	<u>155,500</u>

15. Significant Related Party Transactions

Recurrent related party transactions conducted during the six-month financial period ended 30 September 2014 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 RM207.038 million for the six-month financial period ended 30 September 2014 as compared to RM169.666 million recorded in the six-month financial period ended 30 September 2013. This represented an increase of RM37.372 million or 22.03%, largely from the property segment which registered an increase of RM40.706 million.

After incorporating revenue recognised for the joint ventures projects, the Group recorded an adjusted revenue of RM236.490 million as compared to the six-month financial period ended 30 September 2013 of RM210.798 million.

The property segment recorded an increase of RM15.103 million or 18.12% in operating profit on the back of higher revenue recognised, as compared to previous corresponding financial period. However the lower other income and higher expenses incurred during the current six-month financial period has tempered the positive impact on the profit before tax.

Overall, the Group posted profit before tax of RM64.597 million for the current six-month financial period ended 30 September 2014 compared to profit before tax of RM59.864 million in the six-month financial period ended 30 September 2013. This represented a marginally higher profit before tax of RM4.733 million or 7.90%.

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



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 RM77.294 million and profit before tax of RM31.388 million for the current financial quarter ended 30 September 2014 as compared to the preceding financial quarter ended 30 June 2014 where the Group achieved a revenue of RM129.744 million and profit before tax of RM33.208 million. Despite lower revenue recognised during the current financial quarter, the profit before tax achieved was only marginally lower by RM1.82 million or 5.48%. This was due to efficient cost controls on the on-going property development projects and fair value gain on the investment properties.

3. Current year prospects

The Malaysian property market has experienced a general moderation in sentiment, and is adjusting to government cooling measures on the local level. Enhanced marketing efforts in tandem with market conditions have been implemented to promote our distinctive offerings to potential buyers, which have garnered positive response and reaffirmed the long-term value proposition of the E&O brand.

With Budget 2015 tabled recently, we do not anticipate any further measures that would potentially create negative impacts on the property market. Barring any unforeseen circumstances, we anticipate the property market to consolidate at the current level in the short term before sentiments recover in tandem with the Government's commitment towards enhancing public infrastructure within Klang Valley and the Malaysia-Singapore highspeed rail link (HSR), which are expected to have a positive impact on the property market.

4. Variance in profit forecast/profit guarantee

The Group did not issue any profit forecast/profit guarantee for the 6-month financial period ended 30 September 2014.

5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.09.2014 RM'000	Comparative quarter ended 30.09.2013 RM'000	Current six months ended 30.09.2014 RM'000	Comparative six months ended 30.09.2013 RM'000
Malaysian income tax				
- current	8,908	4,339	22,062	14,903
- in respect of prior years	-	-	91	-
Deferred tax	293	3,535	(312)	(251)
	<u>9,201</u>	<u>7,874</u>	<u>21,841</u>	<u>14,652</u>

The effective tax rate of the Group for the six-month financial period ended 30 September 2014 under review is higher than the statutory rate of 25% mainly due to certain expenses of the group are not deductible.

6. Retained profits

	As at 30.09.2014 RM'000	As at 31.03.2014 RM'000
Total retained profits of the Company and its subsidiaries		
Realised	74,914	39,245
Unrealised	56,528	40,341
	<u>131,442</u>	<u>79,586</u>
Share of retained profits of associate		
Realised	63	298
Share of retained profits from joint ventures		
Realised	30,143	39,532
Unrealised	(1,717)	1,431
	<u>159,931</u>	<u>120,847</u>
Add: Consolidated adjustments	91,343	90,229
Total Group's retained profits as per consolidated accounts	<u>251,274</u>	<u>211,076</u>



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 30.09.2014	Comparative quarter ended 30.09.2013	Current six months ended 30.09.2014	Comparative six months ended 30.09.2013
	RM'000	RM'000	RM'000	RM'000
Interest income	1,783	2,434	3,092	4,553
(Impairment)/Reversal of loss on receivables	(137)	181	(100)	318
Recovery of bad debts	-	-	13	-
Impairment/write off of inventories	-	(1)	-	(1)
Interest expense	(8,233)	(8,318)	(16,234)	(16,880)
Depreciation and amortisation	(5,615)	(6,034)	(11,082)	(11,038)
Bad debts written off	-	(221)	(4)	(221)
Property, plant and equipment written off	(126)	(77)	(159)	(77)
Unrealised (loss)/gain on foreign exchange	(1,126)	3,504	(698)	4,652
Net (loss)/gain on disposal of property, plant and equipment	(111)	-	(71)	6
Gain from fair value movement of investment properties	12,199	9,516	12,199	29,516
Net fair value adjustment	1,397	(187)	791	(1,149)
Fair value (loss)/gain on investment securities	(46)	94	(60)	83

8. Status of Corporate Proposals

There were no corporate proposal announced but not completed as at 21 November 2014 except for the following:

- a) The Company had on 4 July 2014 announced that Eastern & Oriental Express Sdn Bhd, an indirect wholly-owned subsidiary of Eastern & Oriental Berhad ("E&O"), together with E&O, had entered into a sale and purchase agreement with Sime Darby Elmina Development Sdn Bhd ("SDED"), an indirect wholly-owned subsidiary of Sime Darby Berhad, to acquire a parcel of freehold land to be carved out of the approximately 843-acre plot of land held under Geran 31447, Lot 368, Mukim Sungai Buloh, Daerah Petaling, Selangor measuring approximately 135 acres from SDED at a purchase consideration of RM239.80 million ("Proposed Acquisition"). Subsequently, the Company had on 19 September 2014 announced that the approval from the stockholders of E&O for the Proposed Acquisition was obtained at an EGM held on 19 September 2014.
- b) The Company had on 5 September 2014 announced to undertake the following proposals:
 - (i) bonus issue of up to 114,094,461 stock units of RM1.00 each in E&O (~~%E&O Stock Units+~~) (~~%Bonus Stock Units+~~) on the basis of one (1) Bonus Stock Unit for every ten (10) existing E&O Stock Units held on an entitlement date to be determined later (~~%Entitlement Date+~~) (~~%Proposed Bonus Issue+~~);
 - (ii) issuance of up to 228,188,922 free warrants in E&O (~~%Warrants+~~) on the basis of one (1) Warrant for every five (5) existing E&O Stock Units held on the same Entitlement Date as the Proposed Bonus Issue (~~%Proposed Free Warrants Issue+~~); and
 - (iii) issuance of up to RM500,000,000 in nominal value of private debt securities (~~%Proposed PDS Issue+~~) in the forms of:
 - (a) medium term notes (~~%MTNs+~~) pursuant to a proposed twenty (20)-year medium term note programme (~~%MTN Programme+~~); and/or
 - (b) commercial papers (~~%CPs+~~) pursuant to a proposed seven (7)-year commercial paper programme (~~%CP Programme+~~).



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

8. Status of Corporate Proposals (cont'd)

The first issuance under the MTN Programme shall comprise of a five (5)-year redeemable convertible MTNs (~~RCMTNs~~) of up to RM350,000,000 in nominal value (~~RCMTNs-A~~) (~~Proposed RCMTNs-A Issue~~).

The Securities Commission Malaysia had on 30 October 2014, authorised the issuance of MTNs under the MTN Programme and CPs under the CP Programme with a combined limit of up to RM500.0 million in nominal value under subsection 256C(1) of the Capital Markets and Services Act, 2007.

Further on 10 November 2014, Bursa Securities had approved the Proposed Bonus Issue and Proposed Free Warrants Issue.

9. Group Borrowings

a) The Group borrowings were as follows:-

	As at
	30.09.2014
	RM'000
Short Term - Secured	172,816
Long Term - Secured	526,907

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 affects the financial position or business of the Group as at 21 November 2014.

11. Dividend

The Board of Directors does not recommend any interim dividend for the financial period ended 30 September 2014.

12. Earnings Per Stock Unit

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.09.2014	Comparative quarter ended 30.09.2013	Current six months ended 30.09.2014	Comparative six months ended 30.09.2013
a) Basic earnings per stock unit				
Profit attributable to owners of the parent (RM'000)	21,238	16,457	40,198	43,677
Weighted average number of ordinary stock units in issue (unit '000)	1,111,505	1,106,182	1,108,844	1,106,182
Adjusted weighted average number of ordinary stock units (unit '000)	1,111,505	1,106,182	1,108,844	1,106,182
Basic earnings per stock unit for the quarter (sen)	1.91	1.49	3.63	3.95



12. Earnings Per Stock Unit (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.09.2014	Comparative quarter ended 30.09.2013	Current six months ended 30.09.2014	Comparative six months ended 30.09.2013
b) Diluted earnings per stock unit				
Profit attributable to owners of the parent (RM'000)	21,238	16,457	40,198	43,677
Weighted average number of ordinary stock units in issue (unit '000)	1,111,505	1,106,182	1,108,844	1,106,182
Effect of dilution of LTIP (unit '000)	14,034	18,173	15,543	18,446
	1,125,539	1,124,355	1,124,387	1,124,628
Diluted earnings per stock unit for the quarter (sen)	1.89	1.46	3.58	3.88

BY ORDER OF THE BOARD

Ang Hong Mai
Company Secretary

Kuala Lumpur
28 November 2014