

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2014 (Unaudited)**

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.12.2014 RM'000	Comparative quarter ended 31.12.2013 RM'000	Current nine months ended 31.12.2014 RM'000	Comparative nine months ended 31.12.2013 RM'000
Revenue	99,419	97,788	306,457	267,454
Cost of sales	(61,893)	(42,997)	(145,513)	(121,901)
Gross profit	37,526	54,791	160,944	145,553
Other income	7,704	6,373	33,458	49,355
Administrative expenses	(19,016)	(17,309)	(60,896)	(54,224)
Selling and marketing expenses	(4,635)	(3,832)	(12,164)	(9,785)
Other expenses	(4,757)	(8,480)	(25,239)	(23,727)
Operating profit	16,822	31,543	96,103	107,172
Finance costs	(8,915)	(8,543)	(25,578)	(26,908)
Share of results of associate	133	133	396	405
Share of results of joint ventures	8,813	5,335	10,529	7,663
Profit before tax	16,853	28,468	81,450	88,332
Income tax expense	(4,591)	(8,381)	(26,432)	(23,033)
Profit for the period	12,262	20,087	55,018	65,299
Other comprehensive income:				
Foreign currency translation	396	(312)	497	(983)
Income tax relating to components of other comprehensive income	-	-	-	-
Other comprehensive income for the period	396	(312)	497	(983)
Total comprehensive income for the period	12,658	19,775	55,515	64,316
Profit attributable to:				
Owners of the parent	11,390	19,063	51,588	62,740
Non-controlling interests	872	1,024	3,430	2,559
	12,262	20,087	55,018	65,299
Total comprehensive income attributable to:				
Owners of the parent	11,786	18,751	52,085	61,757
Non-controlling interests	872	1,024	3,430	2,559
	12,658	19,775	55,515	64,316
Earnings per stock unit attributable to owners of the parent:				
Basic (sen)	1.02	1.72	4.65	5.67
Diluted (sen)	1.01	1.70	4.58	5.58

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.



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 (Unaudited)**

	AS AT 31.12.2014 RM'000	AS AT 31.03.2014 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	352,305	359,663
Land held for property development	546,692	616,270
Investment properties	640,925	484,337
Intangible assets	142	215
Investment in associate	17,006	17,108
Investment in joint ventures	76,585	78,223
Investment securities	2,748	3,697
Deferred tax assets	2,255	1,815
Trade and other receivables	3,130	19,225
	<u>1,641,788</u>	<u>1,580,553</u>
Current assets		
Property development costs	439,920	264,455
Inventories	56,697	74,767
Trade and other receivables	139,675	79,615
Prepayments	3,684	2,553
Tax recoverable	4,016	23,352
Accrued billings in respect of property development costs	186,437	171,537
Cash and bank balances	158,583	277,166
	<u>989,012</u>	<u>893,445</u>
TOTAL ASSETS	<u>2,630,800</u>	<u>2,473,998</u>
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	436,078	160,848
Provisions	30,750	31,434
Trade and other payables	148,452	115,208
Provision for retirement benefits	4	8
Income tax payable	6,633	7,415
	<u>621,917</u>	<u>314,913</u>
Net current assets	<u>367,095</u>	<u>578,532</u>

EASTERN & ORIENTAL BERHAD (555-K)



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 (Unaudited)**

	AS AT 31.12.2014 RM'000	AS AT 31.03.2014 RM'000 (Audited)
EQUITY AND LIABILITIES (CONT'D)		
Non-current liabilities		
Loans and borrowings	397,873	567,311
Provisions	843	252
Trade and other payables	20,061	26,880
Provision for retirement benefits	455	383
Deferred tax liabilities	44,945	46,812
	<u>464,177</u>	<u>641,638</u>
TOTAL LIABILITIES	<u>1,086,094</u>	<u>956,551</u>
Net assets	<u>1,544,706</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	385,516	367,010
	<u>1,498,741</u>	<u>1,474,912</u>
Non-controlling interests	<u>45,965</u>	<u>42,535</u>
Total Equity	<u>1,544,706</u>	<u>1,517,447</u>
TOTAL EQUITY AND LIABILITIES	<u>2,630,800</u>	<u>2,473,998</u>
Net assets per stock unit attributable to owners of the parent (RM)	<u>1.35</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 9-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (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
9-month financial period ended 31 December 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	-	-	-	-	497	51,588	52,085	3,430	55,515
Transactions with owners									
Issue of ordinary stock units - pursuant to LTIP vested	5,323	2,156	-	(7,479)	-	-	-	-	-
Award of LTIP to employees	-	-	-	5,089	-	-	5,089	-	5,089
Dividend on ordinary stock units	-	-	-	-	-	(33,345)	(33,345)	-	(33,345)
Total transactions with owners	5,323	2,156	-	(2,390)	-	(33,345)	(28,256)	-	(28,256)
At 31 December 2014	1,140,945	144,301	(27,720)	12,168	(272)	229,319	1,498,741	45,965	1,544,706



EASTERN & ORIENTAL BERHAD (555-K)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 9-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2013 (Unaudited)**

	Attributable to owners of the parent								Total Equity
	Non-Distributable					Distributable		Non- controlling Interests	
	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		
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 comprehensive 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

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 9-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Unaudited)**

	Nine months ended 31.12.2014 RM'000	Nine months ended 31.12.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	81,450	88,332
Adjustments for:-		
Impairment loss on financial assets:		
trade receivables	286	256
Amortisation of intangible assets	78	80
Depreciation of property, plant and equipment	15,557	17,324
Write back of bad debts	(13)	(46)
Bad debts written off	4	381
Inventories written off	-	1
Interest expense	24,774	25,273
Property, plant and equipment written off	159	205
Reversal of impairment loss on:		
trade receivables	(212)	-
other receivables	-	(652)
Net loss/(gain) on disposal of:		
property, plant and equipment	72	(7)
Unrealised gain on foreign exchange	(2,206)	(6,008)
Gain from fair value movement of investment properties	(12,199)	(29,516)
Net fair value adjustment	(705)	1,062
Fair value loss/(gain) on investment securities	949	(113)
Interest income	(4,797)	(7,094)
Dividend income	(498)	(11)
Share of results of associate	(396)	(405)
Share of results of joint ventures	(10,529)	(7,663)
Award of Long-term Stock Incentive Plan to employees	6,314	8,278
Provision for retirement benefits	68	55
Operating profit before changes in working capital	<u>98,156</u>	<u>89,732</u>
Changes in working capital:-		
Land held for property development	(10,248)	(3,905)
Property development cost	(90,426)	(19,464)
Inventories	17,965	7,810
Receivables	(55,824)	142,500
Payables	<u>24,835</u>	<u>(45,294)</u>
Cash flows (used in)/from operations	(15,542)	171,379
Interest received	5,340	4,894
Interest paid	(27,650)	(30,090)
Income taxes refunded	19,537	446
Income taxes paid	<u>(31,022)</u>	<u>(47,130)</u>
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES	(49,337)	99,499



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 9-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Unaudited)**

	Nine months ended 31.12.2014 RM'000	Nine months ended 31.12.2013 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,074)	(12,088)
Purchase of intangible assets	(5)	(1)
Purchase of investment properties:		
- additions	(163,429)	-
- subsequent expenditure	(14,068)	(7,098)
Proceeds from disposal of an investment property	33,449	-
Proceeds from disposal of property, plant and equipment	151	7
Profit distribution from joint ventures	9,935	24,114
Additional investment in a joint venture	-	(25,000)
Dividends received	498	8
NET CASH FLOW USED IN INVESTING ACTIVITIES	(141,543)	(20,058)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	158,571	79,613
Repayment of borrowings	(76,738)	(119,690)
Repayment of obligations under finance lease	(337)	(359)
Dividends paid	(33,345)	(37,334)
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES	48,151	(77,770)
Effects of exchange rate changes on cash and cash equivalents	497	(983)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(142,232)	688
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	277,166	255,830
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	134,934	256,518

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

Cash and bank balances	158,583	260,256
Bank overdrafts	(23,649)	(3,738)
	134,934	256,518

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").

Based on MASB announcement on 2 September 2014, the 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 2017.

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 2018.

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 10 and FRS 128	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 10, FRS 12 and FRS 128	: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 11	: Accounting for Acquisition of Interests in Joint Operations	1 January 2016
FRS 14	: Regulatory Deferral Accounts	1 January 2016
FRS 101	: Disclosure Initiative	1 January 2016
FRS 116 and FRS 138	: Clarification of Acceptable Methods of Depreciation and amortisation	1 January 2016
FRS 127	: Equity Method in Separate Financial Statements	1 January 2016
FRS 9	: Financial Instruments	1 January 2018

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.



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

5. Exceptional or unusual items

There were no unusual items during the nine-month financial period ended 31 December 2014.

6. Changes in estimates

There were no material changes in estimates that have had a material effect in the nine-month financial period ended 31 December 2014.

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 nine-month financial period ended 31 December 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 FY14/15 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:

<u>Description</u>	<u>PSU Award</u>	<u>RSU Award</u>
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.



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

9. Segmental information by business segment

<u>Nine months ended</u> <u>31 December 2014</u> RM'000	Property	Hospitality	Investments and others	Elimination	Total
REVENUE					
External sales	221,747	81,422	3,288	-	306,457
Inter-segment sales	1,334	-	90	(1,424)	-
Total revenue	<u>223,081</u>	<u>81,422</u>	<u>3,378</u>		<u>306,457</u>
RESULTS					
Segment results	119,260	1,417	(15,718)	(8,856)	96,103
Share of results of associate	-	-	396	-	396
Share of results of joint ventures	10,529	-	-	-	10,529
Finance cost					<u>(25,578)</u>
Profit before tax					<u>81,450</u>

<u>Nine months ended</u> <u>31 December 2013</u> 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	<u>176,541</u>	<u>84,617</u>	<u>75,023</u>		<u>267,454</u>
RESULTS					
Segment results	115,845	559	69,808	(79,040)	107,172
Share of results of associate	-	-	405	-	405
Share of results of joint ventures	7,663	-	-	-	7,663
Finance cost					<u>(26,908)</u>
Profit before tax					<u>88,332</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 9-month financial period as compared to the previous corresponding financial period

(i) **Property**

The property segment recorded a revenue of RM221.747 million for the nine-month financial period ended 31 December 2014 compared to RM175.390 million achieved for the previous corresponding financial period ended 31 December 2013, an increase of RM46.357 million or 26.43%. The higher revenue in the current nine-month financial period was due mainly to higher percentage of recognition, reflecting higher progress work done on 2 blocks of the Andaman Condominium project in Seri Tanjung Pinang which is nearing completion.

The joint venture ("JV") projects, namely the St Mary Residences, The Mews and Avira Garden Terraces contributed a total revenue of RM96.903 million for the nine-month financial period ended 31 December 2014 (nine-month financial period ended 31 December 2013: RM76.543 million).



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

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

Segment performance for the 9-month financial period as compared to the previous corresponding financial period (cont'd)

(i) Property (cont'd)

After incorporating revenue recognised for the JV, the Group's property segment recorded an adjusted revenue of RM318.650 million for the nine-month financial period ended 31 December 2014 compared to an adjusted revenue of RM251.933 million in the previous corresponding financial period ended 31 December 2013.

The property segment recorded an operating profit of RM119.260 million for the current nine-month financial period as compared to the operating profit of RM115.845 million achieved in the previous corresponding nine-month financial period. This represented an increase of RM3.415 million or 2.95%.

In the corresponding period of the previous financial year, the property segment recorded a fair value gain of RM29.5 million on an investment property as compared to the current period of only RM12.2 million. With the exclusion of the fair value gain, the current financial period would reflect a higher increase in the operating profit on the back of higher revenue recognised.

The JV contributed RM10.529 million profit for the nine-month financial period ended 31 December 2014 as compared to the previous nine-month financial period ended 31 December 2013 of RM7.663 million, an increase of RM2.866 million or 37.40%. The higher contribution was mainly due to sales of remaining completed units from the St Mary Residences project. The contributions from The Mews and Avira Garden Terraces were minimal as the construction work was at their early stages of development.

(ii) Hospitality

The hospitality segment recorded a revenue of RM81.422 million for the nine-month financial period ended 31 December 2014 compared with RM84.617 million in the previous corresponding financial period ended 31 December 2013. The lower revenue was due to the closure of certain Food & Beverage outlets but was mitigated by the increase in hotel revenue. The segment recorded an operating profit of RM1.417 million for the current nine-month period as compared to RM559,000 in the nine-month financial period ended 31 December 2013. The overall increase in operating profit was mainly due to better performance from the hotel division and lower operating expenses from the Food & Beverage division.

(iii) Investments and others

The investments and others segment recorded an operating loss of RM15.718 million for the nine-month financial period ended 31 December 2014 as compared to an operating profit of RM69.808 million in the nine-month financial period ended 31 December 2013. The operating loss in the current financial period is due to lower income received coupled with higher operating costs 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 nine-month financial period, there was an indicative change in the value of two investment properties from the last financial year end that has resulted in a fair value gain of RM12.2 million which is recognised as profit in the statement of comprehensive income.



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

11. Material subsequent events

There were no material event subsequent to the end of the financial period ended 31 December 2014 except for the following:

- a) The Group has issued 111,149,554 stock units of RM1.00 each in Eastern & Oriental Berhad ("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 which was listed on 23 January 2015.
- b) The Group has also issued up to 222,300,415 free warrants in E&O (~~%Warrants~~) on the basis of one (1) Warrant for every five (5) existing E&O Stock Units held on 22 January 2015 with the exercise price fixed at RM2.60 per Warrant which was listed on 30 January 2015.

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 2014.

13. Contingent Liabilities

There were no contingent liabilities as at 20 February 2015 (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	492,139

14. Capital Commitments

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

	As at 31.12.2014 RM'000	As at 31.03.2014 RM'000
Capital expenditure		
Approved and contracted for		
Property, plant and equipment	3,083	142
Investment property under construction	52,500	52,500
Acquisition of freehold land	215,820	-
Approved but not contracted for		
Property, plant and equipment	4,038	6,134
Share of joint venture's capital commitments in relation to acquisition of land	125,241	155,500

15. Significant Related Party Transactions

Recurrent related party transactions conducted during the nine-month financial period ended 31 December 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 RM306.457 million for the nine-month financial period ended 31 December 2014 as compared to RM267.454 million recorded in the nine-month financial period ended 31 December 2013. This represented an increase of RM39.003 million or 14.58%, largely from the property segment which registered an increase of RM46.357 million.

After incorporating revenue recognised for the joint venture projects, the Group recorded an adjusted revenue of RM403.360 million as compared to the nine-month financial period ended 31 December 2013 of RM343.997 million.

Overall, the Group posted profit before tax of RM81.450 million for the current nine-month financial period ended 31 December 2014 compared to profit before tax of RM88.332 million in the nine-month financial period ended 31 December 2013. This represented a marginally lower profit before tax of RM6.882 million or 7.79%.

Further 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 RM99.419 million and profit before tax of RM16.853 million for the current financial quarter ended 31 December 2014 as compared to the preceding financial quarter ended 30 September 2014 where the Group achieved a revenue of RM77.294 million and profit before tax of RM31.389 million. The higher operating profit in the preceding quarter reflected a fair value gain on investment properties of RM12.2 million.

3. Current year prospects

The Malaysian property market has experienced a general dampening in sentiment amid a challenging market environment as a result of government cooling measures and tightening of credit coupled with declining oil prices and a weakening Ringgit. Marketing efforts and strategies have been implemented to pursue product differentiation and promote E&O's distinctive offerings to potential buyers, which are to garner positive response and reaffirm the long-term value proposition of the E&O brand. With the current market conditions, we will continue to increase our efforts and initiatives to explore new marketing channels and develop market segments.

In line with our commitment to deliver innovative and aspirational properties in every segment, E&O will continue to develop a diverse portfolio of property projects.

Barring any unforeseen circumstances, we expect the property market to recover and grow over the medium-to-long-term as we roll out our new property development projects across the Kuala Lumpur City Centre, Iskandar Malaysia, Penang and London.

4. Variance in profit forecast/profit guarantee

The Group did not issue any profit forecast/profit guarantee for the nine-month financial period ended 31 December 2014.

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

5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current quarter ended	Comparative quarter ended	Current nine months ended	Comparative nine months ended
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- current	6,333	8,585	28,395	23,488
- in respect of prior years	149	(2,302)	240	(2,302)
Deferred tax	(1,891)	2,098	(2,203)	1,847
	<u>4,591</u>	<u>8,381</u>	<u>26,432</u>	<u>23,033</u>

The effective tax rate of the Group for the nine-month financial period ended 31 December 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	As at
	31.12.2014	31.03.2014
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
Realised	57,489	39,245
Unrealised	43,553	40,341
	<u>101,042</u>	<u>79,586</u>
Share of retained profits of associate		
Realised	195	298
Share of retained profits from joint ventures		
Realised	38,896	39,532
Unrealised	424	1,431
	<u>140,557</u>	<u>120,847</u>
Add: Consolidated adjustments	88,762	90,229
Total Group's retained profits as per consolidated accounts	<u>229,319</u>	<u>211,076</u>

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
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Dividend income	-	11	-	11
Interest income	1,705	2,541	4,797	7,094
Reversal/(Impairment) of loss on receivables	26	78	(74)	396
Recovery of bad debts	-	46	13	46
Impairment/write off of inventories	-	-	-	(1)
Interest expense	(8,540)	(8,393)	(24,774)	(25,273)
Depreciation and amortisation	(4,553)	(6,366)	(15,635)	(17,404)
Bad debts written off	-	(160)	(4)	(381)
Property, plant and equipment written off	-	(128)	(159)	(205)
Unrealised gain on foreign exchange	2,904	1,356	2,206	6,008
Net (loss)/gain on disposal of property, plant and equipment	(1)	1	(72)	7
Gain from fair value movement of investment properties	-	-	12,199	29,516
Net fair value adjustment	(86)	87	705	(1,062)
Fair value (loss)/gain on investment securities	(889)	30	(949)	113



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

8. Status of Corporate Proposals

There were corporate proposals announced but these were not completed as at 20 February 2015.

- 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) 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~~).

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.

At an extraordinary general meeting held on 28 November 2014, the stockholders of E&O had duly approved the Proposed RCMTNs-A Issue.

- c) On 13 January 2015, Hammersmith Properties Limited ("HPL") was incorporated in Jersey, Channel Islands. The issued share capital of HPL of one (1) ordinary share of GBP1 was issued to Eastern & Oriental Property (UK) Ltd, a wholly-owned subsidiary of the Group on 16 January 2015 and the principal activity of HPL is property investment.

On 16 January 2015, HPL entered into a property sale contract with GEMS Hammersmith Luxembourg SARL to acquire two office buildings known as Landmark House located at Hammersmith Bridge Road, London W6 9EJ and Thames Tower at Blacks Road, London W6 9EL, United Kingdom for a total cash consideration of GBP57,000,000.

The completion of the acquisition of the property will take place on 13 March 2015 or such earlier date as shall be agreed between the parties.

9. Group Borrowings

- a) The Group borrowings were as follows:-

	As at 31.12.2014 RM'000
Short Term - Secured	436,078
Long Term - Secured	397,873

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

Long Term - Secured Denominated in Pound Sterling (£'000)	36,000
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B. Explanatory Notes required by the Bursa Malaysia's Listing Requirements (cont'd)

10. Material Litigation

There were no material litigation which affects the financial position or business of the Group as at 20 February 2015.

11. Dividend

The Board of Directors does not recommend any interim dividend for the financial period ended 31 December 2014.

12. Earnings Per Stock Unit

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.12.2014	Comparative quarter ended 31.12.2013	Current nine months ended 31.12.2014	Comparative nine months ended 31.12.2013
a) Basic earnings per stock unit				
Profit attributable to owners of the parent (RM'000)	11,390	19,063	51,588	62,740
Weighted average number of ordinary stock units in issue (unit '000)	1,111,505	1,106,182	1,109,731	1,106,182
Adjusted weighted average number of ordinary stock units (unit '000)	1,111,505	1,106,182	1,109,731	1,106,182
Basic earnings per stock unit for the quarter (sen)	1.02	1.72	4.65	5.67
b) Diluted earnings per stock unit				
Profit attributable to owners of the parent (RM'000)	11,390	19,063	51,588	62,740
Weighted average number of ordinary stock units in issue (unit '000)	1,111,505	1,106,182	1,109,731	1,106,182
Effect of dilution of LTIP (unit '000)	13,755	17,883	15,935	18,238
	1,125,260	1,124,065	1,125,666	1,124,420
Diluted earnings per stock unit for the quarter (sen)	1.01	1.70	4.58	5.58

BY ORDER OF THE BOARD

Ang Hong Mai
Company Secretary

Kuala Lumpur
27 February 2015