



**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016 (Unaudited)**

| | Individual Quarter | | Cumulative Quarter | |
|--|--|--|---|---|
| | Current quarter ended 30.9.2016 RM'000 | Comparative quarter ended 30.9.2015 RM'000 | Current six months ended 30.9.2016 RM'000 | Comparative six months ended 30.9.2015 RM'000 |
| Revenue | 79,275 | 85,708 | 242,587 | 154,598 |
| Cost of sales | (44,068) | (55,464) | (157,808) | (99,248) |
| Gross profit | 35,207 | 30,244 | 84,779 | 55,350 |
| Other income | 15,121 | 40,259 | 32,511 | 63,182 |
| Administrative expenses | (19,186) | (21,774) | (30,581) | (41,731) |
| Selling and marketing expenses | (6,125) | (7,731) | (16,522) | (14,158) |
| Other expenses | (16,865) | (11,250) | (43,277) | (19,759) |
| Operating profit | 8,152 | 29,748 | 26,910 | 42,884 |
| Finance costs | (13,340) | (14,501) | (25,342) | (27,889) |
| Share of results of an associate | 50 | 198 | 100 | 20,918 |
| Share of results of joint ventures | 11,623 | 10,971 | 15,456 | 15,106 |
| Profit before tax | 6,485 | 26,416 | 17,124 | 51,019 |
| Income tax expense | (2,640) | (2,078) | (9,467) | (3,339) |
| Profit for the period | 3,845 | 24,338 | 7,657 | 47,680 |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax): | | | | |
| Foreign currency translation | (71) | (1,709) | (918) | (2,019) |
| Other comprehensive income for the period | (71) | (1,709) | (918) | (2,019) |
| Total comprehensive income for the period | 3,774 | 22,629 | 6,739 | 45,661 |
| Profit attributable to: | | | | |
| Owners of the parent | 3,832 | 24,447 | 7,069 | 47,706 |
| Non-controlling interests | 13 | (109) | 588 | (26) |
| | 3,845 | 24,338 | 7,657 | 47,680 |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | 3,761 | 22,738 | 6,151 | 45,687 |
| Non-controlling interests | 13 | (109) | 588 | (26) |
| | 3,774 | 22,629 | 6,739 | 45,661 |
| Earnings per stock unit attributable to owners of the parent: | | | | |
| Basic (sen) | 0.30 | 1.99 | 0.56 | 3.89 |
| Diluted (sen) | 0.30 | 1.98 | 0.56 | 3.86 |

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 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 2016 (Unaudited)**

| | AS AT 30.09.2016 RM'000 | AS AT 31.03.2016 RM'000 (Audited) |
|--|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 324,839 | 333,476 |
| Land held for property development | 1,119,773 | 1,082,576 |
| Investment properties | 507,221 | 495,391 |
| Intangible assets | 307 | 366 |
| Investment in associate | 6,441 | 6,341 |
| Investment in joint ventures | 133,321 | 107,738 |
| Investment securities | 2,353 | 2,382 |
| Deferred tax assets | 5,517 | 5,252 |
| Trade and other receivables | 10,183 | 39,515 |
| | <u>2,109,955</u> | <u>2,073,037</u> |
| Current assets | | |
| Property development costs | 640,821 | 1,014,617 |
| Inventories | 537,059 | 212,357 |
| Trade and other receivables | 139,130 | 55,881 |
| Prepayments | 16,460 | 17,242 |
| Tax recoverable | 22,389 | 17,772 |
| Accrued billings in respect of property development costs | 17,916 | 116,256 |
| Cash and bank balances | 273,627 | 247,294 |
| | <u>1,647,402</u> | <u>1,681,419</u> |
| Assets of disposal group classified as held for sale | - | 4,269 |
| TOTAL ASSETS | <u>3,757,357</u> | <u>3,758,725</u> |
| EQUITY AND LIABILITIES | | |
| Current liabilities | | |
| Loans and borrowings | 299,192 | 178,040 |
| Provisions | 6,832 | 15,643 |
| Trade and other payables | 146,000 | 134,304 |
| Provision for retirement benefits | 27 | 96 |
| Income tax payable | 5,656 | 2,935 |
| | <u>457,707</u> | <u>331,018</u> |
| Liabilities directly associated with disposal group classified as held for sale | - | 2,741 |
| Net current assets | <u>1,189,695</u> | <u>1,351,929</u> |

EASTERN & ORIENTAL BERHAD (555-K)



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016 (Unaudited)**

| | AS AT 30.09.2016 RM'000 | AS AT 31.03.2016 RM'000 (Audited) |
|--|--|--|
| EQUITY AND LIABILITIES (CONT'D) | | |
| Non-current liabilities | | |
| Provision for retirement benefits | 515 | 405 |
| Loans and borrowings | 1,243,191 | 1,340,299 |
| Provisions | 156 | 278 |
| Trade and other payables | 345,223 | 354,482 |
| Deferred tax liabilities | 42,072 | 42,346 |
| | <u>1,631,157</u> | <u>1,737,810</u> |
| TOTAL LIABILITIES | <u>2,088,864</u> | <u>2,071,569</u> |
| Net assets | <u>1,668,493</u> | <u>1,687,156</u> |
| Equity attributable to owners of the parent | | |
| Share capital | 1,262,319 | 1,259,784 |
| Share premium | 12,560 | 10,821 |
| Treasury stock units | (5,007) | (4,557) |
| Reserves | 349,282 | 372,357 |
| | <u>1,619,154</u> | <u>1,638,405</u> |
| Non-controlling interests | <u>49,339</u> | <u>48,751</u> |
| Total Equity | <u>1,668,493</u> | <u>1,687,156</u> |
| TOTAL EQUITY AND LIABILITIES | <u>3,757,357</u> | <u>3,758,725</u> |
| | | |
| Net assets per stock unit attributable to owners of the parent (RM) | <u>1.29</u> | <u>1.31</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 2016 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 2016 (Unaudited)

| | Attributable to owners of the parent | | | | | | | Total | Non-controlling Interests | Total Equity |
|---|--------------------------------------|---------------|----------------------|---------------|--------------------------------------|---------------|------------------|-----------|---------------------------|--------------|
| | Non-Distributable | | | Distributable | | | | | | |
| | Share Capital | Share Premium | Treasury Stock Units | LTIP Reserve | Foreign Currency Translation Reserve | Other Reserve | Retained Profits | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 6-Month financial period ended 30 September 2016 | | | | | | | | | | |
| At 1 April 2016 | 1,259,784 | 10,821 | (4,557) | 7,832 | (2,485) | 956 | 366,054 | 1,638,405 | 48,751 | 1,687,156 |
| Profit for the financial period | - | - | - | - | - | - | 7,069 | 7,069 | 588 | 7,657 |
| Other comprehensive income | - | - | - | - | (918) | - | - | (918) | - | (918) |
| Total comprehensive income for the financial period | - | - | - | - | (918) | - | 7,069 | 6,151 | 588 | 6,739 |
| Transactions with owners | | | | | | | | | | |
| Issue of ordinary stock units: | | | | | | | | | | |
| - Pursuant to LTIP | 2,535 | 1,739 | - | (4,274) | - | - | - | - | - | - |
| Purchase of treasury stock units | - | - | (450) | - | - | - | - | (450) | - | (450) |
| Disposal of subsidiaries | - | - | - | - | 1,504 | - | (1,504) | - | - | - |
| LTIP expenses | - | - | - | 193 | - | - | - | 193 | - | 193 |
| Dividend on ordinary stock units | - | - | - | - | - | - | (25,145) | (25,145) | - | (25,145) |
| Total transactions with owners | 2,535 | 1,739 | (450) | (4,081) | 1,504 | - | (26,649) | (25,402) | - | (25,402) |
| At 30 September 2016 | 1,262,319 | 12,560 | (5,007) | 3,751 | (1,899) | 956 | 346,474 | 1,619,154 | 49,339 | 1,668,493 |

EASTERN & ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015 (Unaudited)

| | Attributable to owners of the parent | | | | | Retained Profits | Total | Non-controlling Interests | Total Equity |
|---|--------------------------------------|---------------|----------------------|--------------|--------------------------------------|------------------|-----------|---------------------------|--------------|
| | Non-Distributable | | Distributable | | | | | | |
| | 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 |
| 6-Month Financial period ended 30 September 2015 | | | | | | | | | |
| At 1 April 2015 | 1,252,095 | 32,446 | (27,720) | 14,579 | (1,245) | 329,819 | 1,599,974 | 47,113 | 1,647,087 |
| Profit for the financial period | - | - | - | - | - | 47,706 | 47,706 | (26) | 47,680 |
| Other comprehensive income | - | - | - | - | (2,019) | - | (2,019) | - | (2,019) |
| Total comprehensive income for the financial period | - | - | - | - | (2,019) | 47,706 | 45,687 | (26) | 45,661 |
| Transactions with owners | | | | | | | | | |
| Issue of ordinary stock units: | | | | | | | | | |
| - pursuant to LTIP | 7,689 | 1,539 | - | (9,228) | - | - | - | - | - |
| LTIP expenses | - | - | - | 2,123 | - | - | 2,123 | - | 2,123 |
| Total transactions with owners | 7,689 | 1,539 | - | (7,105) | - | - | 2,123 | - | 2,123 |
| At 30 September 2015 | 1,259,784 | 33,985 | (27,720) | 7,474 | (3,264) | 377,525 | 1,647,784 | 47,087 | 1,694,871 |

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 2016 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 2016 (Unaudited)**

| | Six months ended 30.09.2016 RM'000 | Six months ended 30.09.2015 RM'000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 17,124 | 51,019 |
| Adjustments for:- | | |
| Impairment loss on financial assets: | | |
| trade receivables | 326 | 180 |
| Amortisation of intangible assets | 59 | 86 |
| Depreciation of property, plant and equipment | 9,460 | 10,090 |
| Bad debts written off | 467 | - |
| Reversal of impairment loss on property, plant and equipment | (1,798) | - |
| Interest expense | 24,454 | 25,166 |
| Property, plant and equipment written off | 1,853 | 146 |
| Reversal of impairment loss on: | | |
| trade receivables | (469) | (46) |
| Net loss/(gain) on disposal of: | | |
| property, plant and equipment | 126 | (22) |
| subsidiaries | (551) | - |
| Unrealised loss/(gain) on foreign exchange | 15,245 | (47,643) |
| Gain from fair value movement of investment property | (2,812) | - |
| Unwinding of discounts - net | (84) | 2,494 |
| Fair value loss on investment securities at fair value through profit or loss | 29 | 555 |
| Interest income | (4,236) | (5,396) |
| Share of results of an associate | (100) | (20,918) |
| Share of results of joint ventures | (15,456) | (15,106) |
| Long-term Stock Incentive Plan expenses | 234 | 2,424 |
| Provision for retirement benefits | 45 | 46 |
| Operating profit before changes in working capital | <u>43,916</u> | <u>3,075</u> |
| Changes in working capital:- | | |
| Land held for property development | (33,278) | (224,298) |
| Property development cost | 30,427 | (172,855) |
| Inventories | 27,277 | 1,853 |
| Receivables | 36,348 | 186,137 |
| Payables | <u>(29,258)</u> | <u>67,609</u> |
| Cash flows from/(used in) operations | 75,432 | (138,479) |
| Interest received | 3,697 | 4,327 |
| Interest paid | (29,863) | (25,392) |
| Income taxes refunded | 261 | 567 |
| Income taxes paid | (11,803) | (16,725) |
| Retirement benefits paid | <u>(4)</u> | <u>-</u> |
| NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES | 37,720 | (175,702) |

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016 (Unaudited)**

| | Six months ended 30.09.2016 RM'000 | Six months ended 30.09.2015 RM'000 |
|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (480) | (2,545) |
| Purchase of investment properties: | | |
| - subsequent expenditure | (13,925) | (19,410) |
| Proceeds from disposal of property, plant and equipment | 338 | 26 |
| Net cash outflows from disposal of subsidiaries | (17) | - |
| Profit distribution from a joint ventures | 2 | - |
| Additional investment in a joint ventures | (10,000) | (56) |
| Dividends from an associate | - | 31,150 |
| NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES | (24,082) | 9,165 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Purchase of treasury stock units | (450) | - |
| Drawdown of borrowings | 100,796 | 499,549 |
| Repayment of borrowings | (63,262) | (241,204) |
| Repayment of obligations under finance lease | (216) | (280) |
| Withdrawal of deposits with licensed banks | 896 | 1,186 |
| Dividend paid | (25,145) | - |
| NET CASH FLOW FROM FINANCING ACTIVITIES | 12,619 | 259,251 |
| Effects of exchange rate changes on cash and cash equivalents | (918) | (2,019) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 25,339 | 90,695 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR | 237,057 | 165,954 |
| CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD | 262,396 | 256,649 |

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

| | | |
|---|----------------|----------------|
| Cash and bank balances | 273,627 | 300,490 |
| Bank overdrafts | (707) | (11,291) |
| Less: Restricted cash and bank balances | (10,524) | (32,550) |
| | 262,396 | 256,649 |

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 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 2016 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 2016.

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").

On 8 September 2015, the MASB announced that the effective date of MFRS 15: Revenue from Contracts with Customers will be deferred to annual periods beginning on or after 1 January 2018. As a result, the effective date for Transitioning Entities to apply to Malaysian Financial Reporting Standards ("MFRSs") will also be deferred to annual periods beginning on or after 1 January 2018.

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 2019.

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 2016, except for the adoption of the following new Financial Reporting Standards ("FRS") and Amendments to FRSs which are applicable for the Group's financial period beginning 1 April 2016, as disclosed below:

Adoption of FRSs and Amendments to FRSs

| | Effective for annual periods beginning on or after |
|--|---|
| Annual Improvements to FRSs 2012 - 2014 Cycle | 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 |

Adoption of the above standard does not has any significant effect on the financial performance and position of the Group.

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 |
|--------------------|---|---|
| FRS 107 | : Disclosure Initiatives | 1 January 2017 |
| FRS 112 | : Recognition of Deferred Tax Assets for Unrealised Losses | 1 January 2017 |
| FRS 9 | : Financial Instruments | 1 January 2018 |
| MFRS 15 | : Revenue from Contracts with Customers | 1 January 2018 |
| FRS 10 and FRS 128 | : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |

At the date of authorisation of these interim financial reports, the above FRSs and Amendment to FRSs were issued but not yet effective and have not been applied by the Group for the financial year ending 31 March 2017. 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.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. The core principle is that an entity should recognised revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group is currently assessing the impact of adopting MFRS 15 and plans to adopt the new standard on the required effective date.

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 2016 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 6-month financial period ended 30 September 2016.

6. Changes in estimates

There were no material changes in estimates that have had a material effect in the 6-month financial period ended 30 September 2016.

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 repayments of debt and equity securities in the Company during the 6-month financial period ended 30 September 2016.

a) Long-Term Stock Incentive Plan (LTIP)

Issuance of shares pursuant to the LTIP

On 1 August 2016, the Company issued 2,535,000 ordinary stock units of RM1.00 each pursuant to the vesting of LTIP under the financial year 2013/14 Performance-Based Restricted Stock Unit Incentive Plan ("PSU Award") and Restricted Stock Unit Incentive Plan ("RSU Award").

b) Treasury Stock Units

During the 6-month financial period ended 30 September 2016, the Company bought back 267,292 of its issued ordinary stock units in the open market for a total consideration of RM449,935. As at 30 September 2016, the total stock units repurchased and held as treasury stock units amount to 5,106,073 ordinary stock units of RM1.00 each at a total costs of RM5,006,694.

8. Dividends paid

On 25 August 2016, the stockholders approved the payment of a first and final single-tier dividend of 2.0 sen on the ordinary stock units in issuance at book closure date on 8 September 2016, in respect of the financial year ended 31 March 2016. The dividend amounting to RM25,144,668 was paid out on 28 September 2016.

9. Segmental information by business segment

| <u>6-month ended</u> <u>30 September 2016</u> RM'000 | Property | Hospitality | Investments and others | Elimination | Total |
|--|----------------|---------------|---------------------------|-------------|----------------|
| REVENUE | | | | | |
| External sales | 185,686 | 55,615 | 1,286 | - | 242,587 |
| Inter-segment sales | 834 | - | 1,452 | (2,286) | - |
| Total revenue | <u>186,520</u> | <u>55,615</u> | <u>2,738</u> | | <u>242,587</u> |
| RESULTS | | | | | |
| Segment results | 51,838 | 1,342 | (28,154) | 1,884 | 26,910 |
| Share of results of an associate | 100 | - | - | - | 100 |
| Share of results of joint ventures | 15,456 | - | - | - | 15,456 |
| Finance cost | | | | | (25,342) |
| Profit before tax | | | | | <u>17,124</u> |
| | | | | | |
| <u>6-month ended</u> <u>30 September 2015</u> RM'000 | Property | Hospitality | Investments and others | Elimination | Total |
| REVENUE | | | | | |
| External sales | 97,306 | 55,954 | 1,338 | - | 154,598 |
| Inter-segment sales | 479 | - | 1,375 | (1,854) | - |
| Total revenue | <u>97,785</u> | <u>55,954</u> | <u>2,713</u> | | <u>154,598</u> |
| RESULTS | | | | | |
| Segment results | 8,135 | 1,269 | 32,169 | 1,311 | 42,884 |
| Share of results of an associate | 20,918 | - | - | - | 20,918 |
| Share of results of joint ventures | 15,106 | - | - | - | 15,106 |
| Finance cost | | | | | (27,889) |
| Profit before tax | | | | | <u>51,019</u> |

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

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

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

During the 6-month financial period ended 30 September 2016, the property segment recorded a revenue of RM185.686 million as compared to RM97.306 million recorded in the 6-month financial period ended 30 September 2015, a significant increase of RM88.380 million or 90.83%. The increase in revenue was mainly due to higher revenue recognition from the ongoing projects in Seri Tanjung Pinang, ("STP") namely The Tamarind, the Amaris Terraces, the low medium costs apartments, and the Andaman Condominiums, and from the Princes House project in United Kingdom which has been completed in this financial period. Higher sales of completed properties also contributed to higher revenue recognition.

The joint venture ("JV") projects, The Mews and Avira Garden Terraces, contributed a total revenue of RM99.523 million in the 6-month financial period ended 30 September 2016 as compared to total revenue of RM97.995 million in the 6-month financial period ended 30 September 2015. The revenue recognised from the locked-in sales on the JV projects reflected the higher percentage of work progress, where the Avira Garden Terraces had reached 100% and The Mews 63% completion, during the financial period.

After incorporating revenue recognised for the JV, the Group's property segment recorded an adjusted revenue of RM285.209 million in the 6-month financial period ended 30 September 2016 as compared to an adjusted revenue of RM195.301 million in the 6-month financial period ended 30 September 2015.

The property segment recorded an operating profit of RM51.838 million for the 6-month financial period ended 30 September 2016 on the back of higher revenue recognised from the ongoing projects. This represented an increase of RM43.703 million or 537.22% as compared to the operating profit of RM8.135 million in the 6-month ended 30 September 2015.

The JV contributed RM15.456 million profit for the 6-month financial period ended 30 September 2016 as compared to the 6-month financial period ended 30 September 2015 of RM15.106 million, a slight increase of RM0.350 million.

The share of results of an associate was minimal at RM0.100 million for the 6-month financial period ended 30 September 2016 as compared to RM20.918 million in the 6-month financial period ended 30 September 2015. The higher share of results in the previous corresponding financial period ended 30 September 2015 was due to a gain from the sale of a piece of land held for development.

(ii) Hospitality

The hospitality segment recorded a revenue of RM55.615 million for the 6-month financial period ended 30 September 2016 as compared to RM55.954 million in the 6-month financial period ended 30 September 2015. The Hotel division accounted for a revenue of RM49.905 million in the current 6-month financial period as compared to RM46.173 million in the 6-month financial period ended 30 September 2015, an increase of RM3.732 million. With the completion of the sale of The Delicious Group Sdn Bhd as disclosed in Note A12, the Food & Beverage ("F&B") division recorded a revenue of RM5.710 million in the 6-month financial period with a decrease of RM4.071 million.

Overall, the segment recorded an operating profit of RM1.342 million for the 6-month financial period ended 30 September 2016 as compared to RM1.269 million for the 6-month financial period ended 30 September 2015 showing a slight improvement of RM0.073 million.



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)

(iii) Investments and others

The investments and others segment recorded an operating loss of RM28.154 million for the 6-month financial period ended 30 September 2016 as compared to an operating profit of RM32.169 million in the 6-month financial period ended 30 September 2015, a decrease in profit of RM60.323 million. The results of this segment was mainly affected by the exchange rate volatility of the Sterling Pound. In the 6-month financial period ended 30 September 2016, the Group recorded an unrealised foreign exchange loss of RM15.245 million on the inter-company loans to its United Kingdom subsidiaries as compared to an unrealised foreign exchange gain of RM47.643 million in the 6-month financial period ended 30 September 2015 which accounted for RM62.888 million decrease in the Group's profit before tax.

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 6-month financial period, there was an indicative change in the value of one investment property from the last financial year end that has resulted in a fair value gain of RM2.812 million which was recognised as profit in the statement of comprehensive income.

11. Material subsequent events

There were no material subsequent events at the end of the 6-month financial period ended 30 September 2016.

12. Changes in composition of the Group

On 9 September 2016, E&O Restaurants Sdn Bhd, a wholly-owned subsidiary of Eastern & Oriental Hotel Sdn Berhad which in turn is a wholly-owned subsidiary of Eastern & Oriental Berhad completed the disposal of its entire equity interest in The Delicious Group Sdn Bhd for a cash consideration of RM1.0 million.

13. Contingent Liabilities

There were no contingent liabilities as at 10 November 2016 (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>1,043,331</u> |

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

14. Capital Commitments

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

| | As at 30.09.2016 RM'000 | As at 31.03.2016 RM'000 |
|--|--|--|
| Capital expenditure | | |
| Approved and contracted for | | |
| Land reclamation | 1,040,005 | 1,059,741 |
| Investment property under construction | 5,309 | 17,853 |
| Acquisition of freehold land | <u>28,227</u> | <u>32,440</u> |
| Approved but not contracted for | | |
| Property, plant and equipment | <u>9,088</u> | <u>9,752</u> |
| Share of joint venture's capital commitments in relation to: | | |
| - Acquisition of land | 125,241 | 125,241 |
| - Property, plant and equipment | <u>801</u> | <u>844</u> |

15. Significant Related Party Transactions

Recurrent related party transactions conducted during the 6-month financial period ended 30 September 2016 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 RM242.587 million for the 6-month financial period ended 30 September 2016 as compared to RM154.598 million recorded in the 6-month financial period ended 30 September 2015. This represented an increase of RM87.989 million or 56.91%. The increase in revenue was mainly from the property segment which registered an increase of RM88.380 million.

After incorporating revenue recognised for the joint ventures projects, the Group recorded an adjusted revenue of RM342.110 million as compared to the 6-month financial period ended 30 September 2015 of RM252.593 million, an increase of RM89.517 million or 35.44%.

Despite the higher revenue recognised, the Group posted profit before tax of RM17.124 million for the 6-month financial period ended 30 September 2016 compared to profit before tax of RM51.019 million in the 6-month financial period ended 30 September 2015. This represented a decrease in profit before tax of RM33.895 million or 66.44%.

The property segment contributed RM51.838 million, an increase of RM43.703 million to the operating profit before tax of the Group. However, the higher operating profit in the property segment was dampened by lower contribution from the share of result of an associate of RM0.10 million in the current 6-month financial period as compared to a share of profit of RM20.918 million in the previous corresponding financial period following the sale of a piece of land. The results were further dampened by the unrealised foreign exchange loss of RM15.245 million in the investment segment for the 6-month financial period ended 30 September 2016 as compared to the unrealised foreign exchange gain of RM47.643 million in the 6-month financial period ended 30 September 2015.

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 RM79.275 million and profit before tax of RM6.485 million for the current financial quarter ended 30 September 2016 as compared to the preceding financial quarter ended 30 June 2016 where the Group achieved a revenue of RM163.312 million and profit before tax of RM10.639 million. The higher revenue and profit recognition in the preceding quarter reflected the higher operating profit in the property segment which cushioned the impact of the unrealised foreign exchange loss of RM14.249 million in the investment segment in the quarter.

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

3. Current year prospects

As global uncertainties continue to hamper global growth, Malaysia is not spared and investment in the property market continues to be subdued with investors adopting a 'wait and see' approach. On the whole, this has resulted in fewer new launches in the market and, in line with this climate, the Group has been selective in its launches. We are poised for a maiden launch in Elmina West in 2017 which will give us a more diversified product offering across the price range to complement our higher-end projects namely Conlay Place, Amaris Superlink Terraces By-The-Sea® and Ariza Seafront Terraces.

We are heartened by the strong take up rate of The Tamarind executive apartments in financial year ended 31 March 2016. The Tamarind is now more than 90% taken up since its first launch in February 2015, which also saw more than 80% of buyers successfully obtaining housing loans. While new sales are lower for 1H FY17 YoY, we remain focused on the reclamation of STP2A to prepare the land bank for future launches. However, we do not expect this year's performance to be better than last year's.

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 2016.

5. Taxation

| | Individual Quarter | | Cumulative Quarter | |
|-----------------------------|--|--|---|---|
| | Current quarter ended 30.09.2016 RM'000 | Comparative quarter ended 30.09.2015 RM'000 | Current six months ended 30.09.2016 RM'000 | Comparative six months ended 30.09.2015 RM'000 |
| Malaysian income tax | | | | |
| - current | 1,455 | 959 | 10,065 | 2,928 |
| - in respect of prior years | (61) | 1,071 | (61) | 1,071 |
| Deferred tax | 1,246 | 48 | (537) | (660) |
| | <u>2,640</u> | <u>2,078</u> | <u>9,467</u> | <u>3,339</u> |

The effective tax rate of the Group for the 6-month financial period ended 30 September 2016 under review is higher than the statutory rate of 24% mainly due to certain expenses of the Group are not deductible.

6. Retained profits

| | As at 30.09.2016 RM'000 | As at 31.03.2016 RM'000 |
|---|----------------------------|----------------------------|
| Total retained profits of the Company and its subsidiaries | | |
| Realised | 158,182 | 145,197 |
| Unrealised | 69,787 | 67,227 |
| | <u>227,969</u> | <u>212,424</u> |
| Share of retained profits of an associate | | |
| Realised | 959 | 859 |
| Share of retained profits from joint ventures | | |
| Realised | 42,669 | 27,315 |
| Unrealised | 1,133 | 1,031 |
| | <u>272,730</u> | <u>241,629</u> |
| Add: Consolidated adjustments | 73,744 | 124,425 |
| Total Group's retained profits as per consolidated accounts | <u>346,474</u> | <u>366,054</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 30.09.2016 | Comparative quarter ended 30.09.2015 | Current six months ended 30.09.2016 | Comparative six months ended 30.09.2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | 2,039 | 2,753 | 4,236 | 5,396 |
| Reversal of/(Impairment) loss on receivables | (326) | (6) | 143 | (134) |
| Interest expense | (12,496) | (12,709) | (24,454) | (25,166) |
| Depreciation and amortisation | (4,689) | (4,986) | (9,519) | (10,176) |
| Bad debts written off | - | - | (467) | - |
| Property, plant and equipment written off | (1,853) | - | (1,853) | (146) |
| Reversal of impairment loss on property, plant and equipment | 1,680 | - | 1,798 | - |
| Unrealised (loss)/gain on foreign exchange | (996) | 31,926 | (15,245) | 47,643 |
| Net (loss)/gain on disposal of property, plant and equipment | (45) | 17 | (126) | 22 |
| Gain from fair value movement of investment properties | (97) | - | 2,812 | - |
| Gain from disposal of subsidiaries | 551 | - | 551 | - |
| Unwinding of discounts - net | (229) | (1,724) | 84 | (2,494) |
| Fair value loss on investment securities | 112 | (234) | (29) | (555) |

8. Status of Corporate Proposals

There were no corporate proposal announced but not completed as at 10 November 2016.

9. Group Borrowings

a) The Group borrowings were as follows:-

| | As at 30.09.2016 RM'000 |
|----------------------|--|
| Short Term - Secured | 299,192 |
| Long Term - Secured | 1,243,191 |

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

| | |
|---|--------|
| Short Term - Secured Denominated in Pound Sterling (£'000) | 11,298 |
| Long Term - Secured Denominated in Pound Sterling (£'000) | 67,000 |

10. Material Litigation

There were no material litigation which affect the financial position or business of the Group as at 10 November 2016.

11. Dividend

The Board of Directors do not recommend any interim dividend for the 6-month financial period ended 30 September 2016.

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

12. Earnings Per Stock Unit

| | Individual Quarter | | Cumulative Quarter | |
|--|---------------------------------|-------------------------------------|------------------------------------|--|
| | Current quarter ended 30.9.2016 | Comparative quarter ended 30.9.2015 | Current six months ended 30.9.2016 | Comparative six months ended 30.9.2015 |
| a) Basic earnings per stock unit | | | | |
| Profit attributable to owners of the parent (RM'000) | 3,832 | 24,447 | 7,069 | 47,706 |
| Weighted average number of ordinary stock units in issue (unit '000) | 1,256,416 | 1,230,344 | 1,255,658 | 1,226,499 |
| Adjusted weighted average number of ordinary stock units (unit '000) | 1,256,416 | 1,230,344 | 1,255,658 | 1,226,499 |
| Basic earnings per stock unit for the period (sen) | 0.30 | 1.99 | 0.56 | 3.89 |
| b) Diluted earnings per stock unit | | | | |
| Profit attributable to owners of the parent (RM'000) | 3,832 | 24,447 | 7,069 | 47,706 |
| Weighted average number of ordinary stock units in issue (unit '000) | 1,256,416 | 1,230,344 | 1,255,658 | 1,226,499 |
| Effect of dilution of LTIP (unit '000) | 2,409 | 6,859 | 4,078 | 10,046 |
| | 1,258,825 | 1,237,203 | 1,259,736 | 1,236,545 |
| Diluted earnings per stock unit for the period (sen) | 0.30 | 1.98 | 0.56 | 3.86 |

The outstanding warrants and Redeemable Convertible Medium Term Notes ("RCMTNs") have been excluded from the computation of fully diluted earnings per stock unit as the exercise of warrants and RCMTNs to ordinary stock units would be anti-dilutive.

BY ORDER OF THE BOARD

Ang Hong Mai
Company Secretary

Kuala Lumpur
17 November 2016