



**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 MARCH 2017 (Unaudited)**

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.03.2017 RM'000	Comparative quarter ended 31.03.2016 RM'000	Current year ended 31.03.2017 RM'000	Comparative year ended 31.03.2016 RM'000 (Audited)
Revenue	218,861	150,000	704,764	422,183
Cost of sales	(139,081)	(88,345)	(451,538)	(259,492)
Gross profit	79,780	61,655	253,226	162,691
Other income	40,896	(4,614)	82,740	61,589
Administrative expenses	(18,917)	(25,680)	(72,572)	(84,515)
Selling and marketing expenses	(5,671)	(6,346)	(31,331)	(27,557)
Other expenses	(23,410)	(15,766)	(76,419)	(47,075)
Operating profit	72,678	9,249	155,644	65,133
Finance costs	(10,765)	(12,231)	(50,672)	(52,569)
Share of results of an associate	-	(656)	103	20,342
Share of results of joint ventures	(1,994)	3,583	21,255	21,849
Profit before tax	59,919	(55)	126,330	54,755
Income tax expense	(8,599)	(13,183)	(34,405)	(15,926)
Profit for the year	51,320	(13,238)	91,925	38,829
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):				
Foreign currency translation	(1,230)	(234)	(1,827)	(1,240)
Other comprehensive income for the year	(1,230)	(234)	(1,827)	(1,240)
Total comprehensive income for the year	50,090	(13,472)	90,098	37,589
Profit attributable to:				
Owners of the parent	49,438	(14,396)	87,581	37,191
Non-controlling interests	1,882	1,158	4,344	1,638
	51,320	(13,238)	91,925	38,829
Total comprehensive income attributable to:				
Owners of the parent	48,208	(14,630)	85,754	35,951
Non-controlling interests	1,882	1,158	4,344	1,638
	50,090	(13,472)	90,098	37,589
Earnings per stock unit attributable to owners of the parent:				
Basic (sen)	3.93	(1.15)	6.97	3.00
Diluted (sen)	3.92	(1.14)	6.95	2.98

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 31 MARCH 2017 (Unaudited)**

	AS AT 31.03.2017 RM'000	AS AT 31.03.2016 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	316,490	333,476
Land held for property development	1,229,360	1,082,576
Investment properties	528,143	495,391
Intangible assets	256	366
Investment in associate	-	6,341
Investment in joint ventures	144,332	107,738
Investment securities	2,929	2,382
Deferred tax assets	4,387	5,252
Trade and other receivables	3,795	39,515
	<u>2,229,692</u>	<u>2,073,037</u>
Current assets		
Property development costs	634,561	1,014,617
Inventories	456,947	212,357
Trade and other receivables	136,779	55,881
Prepayments	15,368	17,242
Tax recoverable	5,476	17,772
Accrued billings in respect of property development costs	103,061	116,256
Cash and bank balances	299,424	247,294
	<u>1,651,616</u>	<u>1,681,419</u>
Assets of disposal group classified as held for sale	18,281	4,269
TOTAL ASSETS	<u>3,899,589</u>	<u>3,758,725</u>
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	286,129	178,040
Provisions	4,304	15,643
Trade and other payables	212,543	134,304
Provision for retirement benefits	5	96
Income tax payable	5,334	2,935
	<u>508,315</u>	<u>331,018</u>
Liabilities directly associated with disposal group classified as held for sale	123	2,741
Net current assets	<u>1,161,459</u>	<u>1,351,929</u>

EASTERN & ORIENTAL BERHAD (555-K)



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017 (Unaudited)**

	AS AT 31.03.2017 RM'000	AS AT 31.03.2016 RM'000 (Audited)
EQUITY AND LIABILITIES (CONT'D)		
Non-current liabilities		
Provision for retirement benefits	395	405
Loans and borrowings	1,268,059	1,340,299
Provisions	156	278
Trade and other payables	328,314	354,482
Deferred tax liabilities	41,506	42,346
	<u>1,638,430</u>	<u>1,737,810</u>
TOTAL LIABILITIES	<u>2,146,868</u>	<u>2,071,569</u>
Net assets	<u>1,752,721</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	(5,031)	(4,557)
Reserves	429,778	372,357
	<u>1,699,626</u>	<u>1,638,405</u>
Non-controlling interests	<u>53,095</u>	<u>48,751</u>
Total Equity	<u>1,752,721</u>	<u>1,687,156</u>
TOTAL EQUITY AND LIABILITIES	<u>3,899,589</u>	<u>3,758,725</u>
Net assets per stock unit attributable to owners of the parent (RM)	<u>1.35</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 FINANCIAL YEAR ENDED 31 MARCH 2017 (Unaudited)

	Attributable to owners of the parent						Total	Non-controlling Interests	Total Equity	
	Non-Distributable			Distributable						
	Share Capital	Share Premium	Treasury Stock Units	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	
Financial year ended 31 March 2017										
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 year	-	-	-	-	-	-	87,581	87,581	4,344	91,925
Other comprehensive income	-	-	-	-	(1,827)	-	-	(1,827)	-	(1,827)
Total comprehensive income for the financial year	-	-	-	-	(1,827)	-	87,581	85,754	4,344	90,098
Transactions with owners										
Issue of ordinary stock units:										
- Pursuant to LTIP	2,535	1,739	-	(4,274)	-	-	-	-	-	-
Purchase of treasury stock units	-	-	(474)	-	-	-	-	(474)	-	(474)
Disposal of subsidiaries	-	-	-	-	1,504	-	(1,504)	-	-	-
LTIP expenses	-	-	-	1,086	-	-	-	1,086	-	1,086
Dividend on ordinary stock units	-	-	-	-	-	-	(25,145)	(25,145)	-	(25,145)
Total transactions with owners	2,535	1,739	(474)	(3,188)	1,504	-	(26,649)	(24,533)	-	(24,533)
At 31 March 2017	1,262,319	12,560	(5,031)	4,644	(2,808)	956	426,986	1,699,626	53,095	1,752,721

EASTERN & ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Audited)

	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
Financial year ended 31 March 2016										
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 year	-	-	-	-	-	-	37,191	37,191	1,638	38,829
Other comprehensive income	-	-	-	-	(1,240)	-	-	(1,240)	-	(1,240)
Total comprehensive income for the financial year	-	-	-	-	(1,240)	-	37,191	35,951	1,638	37,589
Transactions with owners										
Issue of ordinary stock units:										
- pursuant to LTIP	7,689	1,539	-	(9,228)	-	-	-	-	-	-
Purchase of treasury stock units	-	-	(1)	-	-	-	-	(1)	-	(1)
Arising from redemption of preference shares	-	-	-	-	-	956	(956)	-	-	-
LTIP expenses	-	-	-	2,481	-	-	-	2,481	-	2,481
Stock dividend distributed to stockholders	-	(23,164)	23,164	-	-	-	-	-	-	-
Total transactions with owners	7,689	(21,625)	23,163	(6,747)	-	956	(956)	2,480	-	2,480
At 31 March 2016	1,259,784	10,821	(4,557)	7,832	(2,485)	956	366,054	1,638,405	48,751	1,687,156

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 FINANCIAL YEAR ENDED 31 MARCH 2017 (Unaudited)**

	Year ended 31.03.2017 RM'000	Year ended 31.03.2016 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	126,330	54,755
Adjustments for:-		
Net of impairment loss on financial assets:		
trade receivables	292	420
other receivables	3	9
property, plant and equipment	2,010	2,130
property development costs	15,136	-
Amortisation of intangible assets	110	154
Depreciation of property, plant and equipment	18,463	20,163
Bad debts written off	643	11
Inventories written off	543	67
Interest expense	50,580	50,446
Property, plant and equipment written off	1,925	1,155
Gain on winding up of associate	(906)	-
Net loss/(gain) on disposal of:		
property, plant and equipment	107	(81)
subsidiaries	(4)	-
investment property	(10,785)	-
Unrealised loss/(gain) on foreign exchange	4,373	(4,352)
Net gain from fair value adjustment of investment properties	(14,297)	(20,434)
Unwinding of discounts - net	(3,077)	1,218
Fair value (gain)/loss on investment securities at fair value		
through profit or loss	(547)	471
Interest income	(9,254)	(10,844)
Dividend income	(11)	(11)
Share of results of an associate	(103)	(20,342)
Share of results of joint ventures	(21,255)	(21,849)
Long-term Stock Incentive Plan expenses	1,328	2,812
Provision for retirement benefits	(90)	45
Operating profit before changes in working capital	161,514	55,943
Changes in working capital:-		
Land held for property development	(195,373)	(586,078)
Property development cost	85,827	(65,258)
Inventories	56,086	7,943
Receivables	(29,548)	140,921
Payables	64,759	330,130
Cash flows from/(used in) operations	143,265	(116,399)
Interest received	6,442	11,784
Interest paid	(64,444)	(62,005)
Income taxes refunded	290	706
Income taxes paid	(19,636)	(39,429)
Retirement benefits paid	(11)	(14)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	65,906	(205,357)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (Unaudited)**

	Year ended 31.03.2017 RM'000	Year ended 31.03.2016 RM'000 (Audited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,453)	(7,227)
Purchase of intangible assets	-	(52)
Purchase of investment properties: - subsequent expenditure	(26,839)	(87,657)
Proceeds from disposal of property, plant and equipment	488	167
Proceeds from disposal of investment properties	17,607	-
Net cash outflows from disposal of subsidiaries	(580)	-
Profit distribution from a joint ventures	2	2,035
Additional investment in a joint ventures	(15,000)	(56)
Distribution from an associate	7,350	-
Dividends from an associate	-	31,150
Other dividends received	11	11
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(21,414)	(61,629)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury stock units	(474)	(1)
Drawdown of borrowings	219,852	630,515
Repayment of borrowings	(185,394)	(312,899)
Repayment of obligations under finance lease	(451)	(602)
Withdrawal of deposits with licensed banks	533	22,316
Dividend paid	(25,145)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	8,921	339,329
Effects of exchange rate changes on cash and cash equivalents	(1,827)	(1,240)
NET INCREASE IN CASH AND CASH EQUIVALENTS	51,586	71,103
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	237,057	165,954
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	288,643	237,057

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

Cash and bank balances	299,424	247,294
Assets of disposal group classified as held for sale	106	1,183
Less: Restricted cash and bank balances	(10,887)	(11,420)
	288,643	237,057

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	1 January 2016
FRS 11	1 January 2016
FRS 14	1 January 2016
FRS 101	1 January 2016
FRS 116 and FRS 138	1 January 2016
FRS 127	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 interpretation 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 2	: Classification and Measurement of Share-based Payment Transactions (Amendments to FRS 2)	1 January 2018
FRS 9	: Financial Instruments	1 January 2018
FRS 4	: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts	1 January 2018
FRS 140	: Transfers of Investment Property	1 January 2018
IC Interpretation 22	: Foreign Currency Transactions and Advance Consideration	1 January 2018
Annual Improvements to FRSs 2014 - 2016 Cycle	: Amendments to FRS 1 First-time Adoption of Financial Reporting Standards	1 January 2018
	: Amendments to FRS 12 Disclosure of Interest in Other Entities	1 January 2018
	: Amendments to FRS 128 Investments in Associates and Joint Ventures	1 January 2018
MFRS 15	: Revenue from Contracts with Customers	1 January 2018
FRS 16	: Leases	1 January 2019
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, Amendment to FRSs and Interpretation were issued but not yet effective and have not been applied by the Group for the financial year ended 31 March 2017. The Group expects that the adoption of the standards and interpretation 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 plans to adopt the new standard on the required effective date.

FRS 16 : Leases

FRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under FRS 117. The Group is currently assessing the impact of adopting FRS 16 and plans to adopt the new standard on the required effective date.

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

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

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

5. Exceptional or unusual items

There were no unusual items during the financial year ended 31 March 2017.

6. Changes in estimates

There were no material changes in estimates that have had a material effect in the financial year ended 31 March 2017.

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 financial year ended 31 March 2017.

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 second tranche of 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 financial year ended 31 March 2017, the Company bought back 281,866 of its issued ordinary stock units in the open market for a consideration of RM474,148. As at 31 March 2017, the total stock units repurchased and held as treasury stock units amount to 5,120,647 ordinary stock units of RM1.00 each at a total costs of RM5,030,907.

8. Dividends paid

On 25 August 2016, the stockholders have 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 8 September 2016 in respect of the financial year ended 31 March 2016. The dividends were paid out on 28 September 2016.

9. Segmental information by business segment

<u>12 months ended</u> <u>31 March 2017</u> RM'000	Property	Hospitality	Investments and others	Elimination	Total
REVENUE					
External sales	593,655	108,968	2,141	-	704,764
Inter-segment sales	1,335	-	23,905	(25,240)	-
Total revenue	<u>594,990</u>	<u>108,968</u>	<u>26,046</u>		<u>704,764</u>
RESULTS					
Segment results	182,201	4,374	(19,978)	(10,953)	155,644
Share of results of an associate	103	-	-	-	103
Share of results of joint ventures	21,255	-	-	-	21,255
Finance cost					<u>(50,672)</u>
Profit before tax					<u>126,330</u>

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

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

<u>12 months ended</u> <u>31 March 2016</u>	Property	Hospitality	Investments and others	Elimination	Total
RM'000					
REVENUE					
External sales	302,454	116,275	3,454	-	422,183
Inter-segment sales	1,067	-	34,943	(36,010)	-
Total revenue	<u>303,521</u>	<u>116,275</u>	<u>38,397</u>		<u>422,183</u>
RESULTS					
Segment results	90,735	4,031	5,521	(35,154)	65,133
Share of results of an associate	20,342	-	-	-	20,342
Share of results of joint ventures	21,849	-	-	-	21,849
Finance cost					(52,569)
Profit before tax					<u>54,755</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 financial year as compared to the previous corresponding financial year

(i) **Property**

During the financial year ended 31 March 2017, the property segment recorded a revenue of RM593.655 million as compared to RM302.454 million recorded in the financial year ended 31 March 2016, a significant increase of RM291.201 million or 96.28%. The increase in revenue was mainly due to higher revenue recognition from the ongoing projects namely The Tamarind, the Amaris Terraces and the Andorra Skyloft Terraces in Seri Tanjung Pinang ("STP"). 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 RM160.695 million in the financial year ended 31 March 2017 as compared to total revenue of RM182.570 million in the financial year ended 31 March 2016. The revenue recognised from the locked-in sales on the JV projects reflected the percentage of work progress during the financial year.

After incorporating revenue recognised for the JV, the Group's property segment recorded an adjusted revenue of RM754.350 million in the financial year ended 31 March 2017 as compared to an adjusted revenue of RM485.024 million in the financial year ended 31 March 2016.

The property segment recorded an operating profit of RM182.201 million for the financial year ended 31 March 2017 as compared to the operating profit of RM90.735 million in the financial year ended 31 March 2016. This represented an increase in profit of RM91.466 million or 100.81% due to higher revenue recognition.

The JV contributed RM21.255 million profit for the financial year ended 31 March 2017 as compared to the financial year ended 31 March 2016 of RM21.849 million, a slight decrease of RM0.594 million.

The share of results of an associate was minimal with a profit of RM0.103 million for the financial year ended 31 March 2017 as compared to RM20.342 million in the financial year ended 31 March 2016. The higher share of results in the previous financial year ended 31 March 2016 was due to a gain from the sale of a piece of land held for development.



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

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

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

(ii) Hospitality

The hospitality segment recorded a revenue of RM108.968 million for the financial year ended 31 March 2017 as compared to RM116.275 million in the financial year ended 31 March 2016. The hotel division recorded a revenue of RM103.258 million in the financial year showing an increase of RM6.060 million while the food & beverage division recorded a revenue of RM5.710 million in the financial year with a decrease of RM13.367 million following the disposal of The Delicious Group Sdn. Bhd. ("TDG").

The segment recorded an operating profit of RM4.374 million for the financial year ended 31 March 2017 as compared to RM4.031 million for the financial year ended 31 March 2016 showing an increase of RM0.343 million.

(iii) Investments and others

The investments and others segment recorded an operating loss of RM19.978 million for the financial year ended 31 March 2017 as compared to an operating profit of RM5.521 million in the financial year ended 31 March 2016. The results of this segment for the current financial year was affected by lower dividend income received from subsidiaries which amounted to approximately RM14.6 million as compared to dividend of RM31.7 million in the previous financial year. Furthermore, the exchange rate volatility of Sterling Pound resulted in an unrealised foreign exchange loss of RM4.373 million in the financial year ended 31 March 2017 as compared to an unrealised foreign exchange gain of RM4.352 million in the financial year ended 31 March 2016 which account for a variance of RM8.725 million to 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 financial year, there were indicative changes in the value of two investment properties from the last financial year end that has resulted in a net fair value gain of RM14.297 million which was recognised as profit or loss in the statement of comprehensive income.

11. Material subsequent events

As at 16 May 2017 (the latest practicable date which is not earlier than 7 days from the issue of this quarterly report), there were no material subsequent events at the end of the financial year ended 31 March 2017.

12. Changes in composition of the Group

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, has on 9 September 2016 completed the disposal of its entire equity interest in TDG comprising of two million nine hundred and twenty five thousand (2,925,000) ordinary shares of RM1.00 each.

On 10 October 2016, Renown Heritage Sdn. Bhd., an associated company of Eastern & Oriental Berhad held an Extraordinary General Meeting to voluntarily wind-up the company.

On 27 March 2017, E&O Ventures Sdn Bhd and Staboc Marketing Sdn Bhd, both wholly-owned subsidiaries of Eastern & Oriental Berhad, were dissolved after expiration of three months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Companies Commission of Malaysia.

On 29 March 2017, Tanjung Pinang Development Sdn Bhd, a subsidiary of Eastern & Oriental Berhad, acquired 100% equity interest in two (2) shelf companies, namely Persada Mentari Sdn Bhd and Junjung Angkasa Sdn Bhd.

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

13. Contingent Liabilities

There were no contingent liabilities as at 16 May 2017 (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>1,032,272</u>

14. Capital Commitments

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

	As at 31.03.2017 RM'000	As at 31.03.2016 RM'000
Capital expenditure		
Approved and contracted for		
Land reclamation	901,992	1,059,741
Investment property under construction	3,461	17,853
Acquisition of freehold land	<u>21,170</u>	<u>32,440</u>
Approved but not contracted for		
Property, plant and equipment	<u>3,033</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>804</u>	<u>844</u>

15. Significant Related Party Transactions

Recurrent related party transactions conducted during the financial year ended 31 March 2017 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 RM704.764 million for the financial year ended 31 March 2017 as compared to RM422.183 million recorded in the financial year ended 31 March 2016. This represented an increase of RM282.581 million or 66.93%. The increase in revenue was mainly due to the property segment which registered an increase of RM291.201 million and contributed to an increase in operating profit of RM91.466 million.

After incorporating revenue recognised for the joint ventures projects, the Group recorded an adjusted revenue of RM865.459 million as compared to the financial year ended 31 March 2016 of RM604.753 million, an increase of RM260.706 million or 43.11%.

The significantly higher operating profit in the property segment has cushioned the impact of lower contribution of share of profit from an associate.

Overall, the Group posted profit before tax of RM126.330 million for the financial year ended 31 March 2017 as compared to profit before tax of RM54.755 million in the financial year ended 31 March 2016. This represented an increase in profit before tax of RM71.575 million or 130.72%.

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 RM218.861 million and profit before tax of RM59.919 million for the current financial quarter ended 31 March 2017 as compared to a revenue of RM243.316 million and profit before tax of RM49.287 million in the preceding financial quarter ended 31 December 2016. The higher profit recognition in the current quarter were due to higher property sales and steady progress from ongoing projects in STP.

3. Current year prospects

The subdued retail sales performance is consistent with the market conditions. For the current year, we are expecting that property sales will remain weak. We continue to be cautious in our launches while take-up rate of our remaining landed properties in STP is encouraging due to our sought after location and limited supply.

The construction progress of Tamarind Executive Apartments is on schedule and provides steady revenue/profit recognition to the Group. Going forward, we will monitor market conditions to time our future launches of suitable types of development units.

4. Variance in profit forecast/profit guarantee

The Group did not issue any profit forecast/profit guarantee for the financial year ended 31 March 2017.

5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current quarter ended	Comparative quarter ended	Current year ended	Comparative year ended
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- current	10,380	11,019	34,946	20,148
- in respect of prior years	(525)	995	(567)	(1,809)
Deferred tax	(1,256)	1,169	26	(2,413)
	<u>8,599</u>	<u>13,183</u>	<u>34,405</u>	<u>15,926</u>

The effective tax rate of the Group for the financial year ended 31 March 2017 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 31.03.2017	As at 31.03.2016
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
Realised	290,380	145,197
Unrealised	90,465	67,227
	<u>380,845</u>	<u>212,424</u>
Share of retained profits of an associate		
Realised	962	859
Share of retained profits from joint ventures		
Realised	48,570	27,315
Unrealised	1,371	1,031
	<u>431,748</u>	<u>241,629</u>
Add: Consolidated adjustments	(4,762)	124,425
Total Group's retained profits as per consolidated accounts	<u>426,986</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 31.03.2017	Comparative quarter ended 31.03.2016	Current year ended 31.03.2017	Comparative year ended 31.03.2016
	RM'000	RM'000	RM'000	RM'000
Interest income	2,605	2,672	9,254	10,844
Impairment loss on receivables	(329)	(237)	(295)	(429)
Interest expense	(10,865)	(12,491)	(50,580)	(50,446)
Depreciation and amortisation	(4,375)	(4,919)	(18,573)	(20,317)
Bad debts written off	(176)	(11)	(643)	(11)
Property, plant and equipment written off	(52)	(1,009)	(1,925)	(1,155)
Impairment loss on property, plant and equipment	(325)	(2,130)	(2,010)	(2,130)
Impairment loss on property development costs	(10,940)	-	(15,136)	-
Unrealised gain/(loss) on foreign exchange	2,547	(38,564)	(4,373)	4,352
Net gain/(loss) on disposal of property, plant and equipment	47	4	(107)	81
Gain/(loss) from fair value movement of investment properties	11,510	20,458	14,297	20,434
Gain from disposal of investment property	10,785	-	10,785	-
Loss from disposal of subsidiaries	-	-	4	-
Unwinding of discounts - net	1,549	865	3,077	(1,218)
Fair value gain/(loss) on investment securities	791	(166)	547	(471)

8. Status of Corporate Proposals

This was the corporate proposal announced but not completed as at 16 May 2017.

- a) On 30 March 2017, the Company announced that Tanjung Pinang Development Sdn Bhd ("TPD"), which the Company has 78.78% effective equity interest, entered into a sale and purchase agreement ("SPA") with Kumpulan Wang Persaraan (Diperbadankan) ("KWAP") for the disposal of 20% of the Seri Tanjung Pinang Phase 2A Development Land, which is undergoing reclamation process, measuring approximately 1,445,325.11 square feet, together with Agreed Infrastructure to KWAP for a cash consideration of RM766,022,310. The completion of SPA shall be conditional upon approval of the Board of Directors and shareholders of TPD and the approval of the shareholders of Eastern & Oriental Berhad, being the ultimate holding company of TPD, in general meeting.

A shareholders' agreement has been entered into on 30 March 2017 between TPD, KWAP and Persada Mentari Sdn Bhd ("PMSB"), currently a wholly-owned subsidiary of TPD to regulate TPD's and KWAP's equity participation in PMSB of 80% and 20% respectively, to develop the STP2A Development Land.

The Company also proposes to undertake a proposed restricted issue of up to 66,100,000 new ordinary stock unit in Eastern & Oriental Berhad to KWAP at an issue price within the range of RM1.84 to RM1.94. On 9 May 2017, the Company has fixed the issue price at RM1.84 per restricted stock unit.

9. Group Borrowings

- a) The Group borrowings were as follows:-

	As at
	31.03.2017
	RM'000
Short Term - Secured	286,129
Long Term - Secured	1,268,059

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

9. Group Borrowings (contd')

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

Short Term - Secured Denominated in Pound Sterling (£'000)	11,681
Long Term - Secured Denominated in Pound Sterling (£'000)	57,188

10. Material Litigation

There were no material litigation which affect the financial position or business of the Group as at 16 May 2017.

11. Dividend

At the forthcoming Annual General Meeting, a first and final single-tier dividend of 3.0 sen per stock units in issue, in respect of financial year ended 31 March 2017, will be proposed for stockholders' approval.

12. Earnings Per Stock Unit

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.03.2017	Comparative quarter ended 31.03.2016	Current year ended 31.03.2017	Comparative year ended 31.03.2016
a) Basic earnings per stock unit				
Profit attributable to owners of the parent (RM'000)	49,438	(14,396)	87,581	37,191
Weighted average number of ordinary stock units in issue (unit '000)	1,257,199	1,254,945	1,256,430	1,240,722
Adjusted weighted average number of ordinary stock units (unit '000)	1,257,199	1,254,945	1,256,430	1,240,722
Basic earnings per stock unit for the period (sen)	3.93	(1.15)	6.97	3.00

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

12. Earnings Per Stock Unit (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.03.2017	Comparative quarter ended 31.03.2016	Current year ended 31.03.2017	Comparative year ended 31.03.2016
b) Diluted earnings per stock unit				
Profit attributable to owners of the parent (RM'000)	49,438	(14,396)	87,581	37,191
Weighted average number of ordinary stock units in issue (unit '000)	1,257,199	1,254,945	1,256,430	1,240,722
Effect of dilution of LTIP (unit '000)	2,607	3,373	3,157	6,664
	1,259,806	1,258,318	1,259,587	1,247,386
Diluted earnings per stock unit for the period (sen)	3.92	(1.14)	6.95	2.98

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
23 May 2017