



**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2017 (Unaudited)**

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.06.2017 RM'000	Comparative quarter ended 30.06.2016 RM'000	Current three months ended 30.06.2017 RM'000	Comparative three months ended 30.06.2016 RM'000
Revenue	173,439	163,312	173,439	163,312
Cost of sales	(107,975)	(113,740)	(107,975)	(113,740)
Gross profit	65,464	49,572	65,464	49,572
Other income	16,731	17,390	16,731	17,390
Administrative expenses	(15,711)	(11,395)	(15,711)	(11,395)
Selling and marketing expenses	(5,469)	(10,397)	(5,469)	(10,397)
Other expenses	(12,620)	(26,412)	(12,620)	(26,412)
Operating profit	48,395	18,758	48,395	18,758
Finance costs	(14,852)	(12,002)	(14,852)	(12,002)
Share of results of an associate	-	50	-	50
Share of results of joint ventures	1,251	3,833	1,251	3,833
Profit before tax	34,794	10,639	34,794	10,639
Income tax expense	(12,055)	(6,827)	(12,055)	(6,827)
Profit for the period	22,739	3,812	22,739	3,812
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):				
Foreign currency translation	234	(847)	234	(847)
Other comprehensive income for the period	234	(847)	234	(847)
Total comprehensive income for the period	22,973	2,965	22,973	2,965
Profit attributable to:				
Owners of the parent	21,240	3,237	21,240	3,237
Non-controlling interests	1,499	575	1,499	575
	22,739	3,812	22,739	3,812
Total comprehensive income attributable to:				
Owners of the parent	21,474	2,390	21,474	2,390
Non-controlling interests	1,499	575	1,499	575
	22,973	2,965	22,973	2,965
Earnings per stock unit attributable to owners of the parent:				
Basic (sen)	1.66	0.26	1.68	0.26
Diluted (sen)	1.66	0.26	1.68	0.26

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017 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 JUNE 2017 (Unaudited)**

	AS AT 30.06.2017 RM'000	AS AT 31.03.2017 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	252,132	255,779
Land held for property development	1,321,072	1,229,360
Investment properties	529,237	528,143
Intangible assets	233	256
Investment in associate	-	-
Investment in joint ventures	143,304	141,856
Investment securities	6,160	2,929
Deferred tax assets	4,542	4,387
Trade and other receivables	4,612	3,610
	<u>2,261,292</u>	<u>2,166,320</u>
Current assets		
Property development costs	610,172	634,561
Inventories	460,053	456,639
Trade and other receivables	167,009	136,188
Prepayments	15,287	14,682
Tax recoverable	3,890	5,470
Accrued billings in respect of property development costs	59,555	103,061
Cash and bank balances	534,787	298,929
	<u>1,850,753</u>	<u>1,649,530</u>
Assets of disposal group classified as held for sale	<u>79,784</u>	<u>81,127</u>
TOTAL ASSETS	<u>4,191,829</u>	<u>3,896,977</u>
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	234,997	281,650
Provisions	4,263	4,303
Trade and other payables	277,379	208,739
Provision for retirement benefits	5	5
Income tax payable	15,666	5,334
	<u>532,310</u>	<u>500,031</u>
Liabilities directly associated with disposal group classified as held for sale	<u>22,723</u>	<u>24,214</u>
Net current assets	<u>1,375,504</u>	<u>1,206,412</u>

EASTERN & ORIENTAL BERHAD (555-K)



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (Unaudited)**

	AS AT 30.06.2017 RM'000	AS AT 31.03.2017 RM'000 (Audited)
EQUITY AND LIABILITIES (CONT'D)		
Non-current liabilities		
Loans and borrowings	1,378,834	1,250,699
Provisions	152	152
Trade and other payables	325,218	328,111
Provision for retirement benefits	406	395
Deferred tax liabilities	41,399	41,481
	<u>1,746,009</u>	<u>1,620,838</u>
TOTAL LIABILITIES	<u>2,301,042</u>	<u>2,145,083</u>
Net assets	<u>1,890,787</u>	<u>1,751,894</u>
Equity attributable to owners of the parent		
Share capital	1,390,799	1,274,879
Share premium	-	-
Treasury stock units	(5,031)	(5,031)
Reserves	450,457	428,983
	<u>1,836,225</u>	<u>1,698,831</u>
Non-controlling interests	54,562	53,063
Total Equity	<u>1,890,787</u>	<u>1,751,894</u>
TOTAL EQUITY AND LIABILITIES	<u>4,191,829</u>	<u>3,896,977</u>
Net assets per stock unit attributable to owners of the parent (RM)	<u>1.39</u>	<u>1.35</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 2017 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 QUARTER ENDED 30 JUNE 2017 (Unaudited)

	Attributable to owners of the parent					Retained Profits	Total	Non-controlling Interests	Total Equity
	Non-Distributable		Distributable						
	Share Capital	Treasury Stock Units	LTIP Reserve	Foreign Currency Translation Reserve	Other Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial quarter ended 30 June 2017									
At 1 April 2017	1,274,879	(5,031)	4,644	(2,808)	956	426,191	1,698,831	53,063	1,751,894
Profit for the financial quarter	-	-	-	-	-	21,240	21,240	1,499	22,739
Other comprehensive income	-	-	-	234	-	-	234	-	234
Total comprehensive income for the financial quarter	-	-	-	234	-	21,240	21,474	1,499	22,973
Transactions with owners									
Issue of ordinary stock units:									
- New issuance	115,920	-	-	-	-	-	115,920	-	115,920
Redemption of preference shares	-	-	-	-	1	(1)	-	-	-
Total transactions with owners	115,920	-	-	-	1	(1)	115,920	-	115,920
At 30 June 2017	1,390,799	(5,031)	4,644	(2,574)	957	447,430	1,836,225	54,562	1,890,787

EASTERN & ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016 (Unaudited)

	Attributable to owners of the parent							Total	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Treasury Stock Units	Non-Distributable		Distributable				
				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 quarter ended 30 June 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 quarter	-	-	-	-	-	-	3,237	3,237	575	3,812
Other comprehensive income	-	-	-	-	(847)	-	-	(847)	-	(847)
Total comprehensive income for the financial quarter	-	-	-	-	(847)	-	3,237	2,390	575	2,965
Transactions with owners										
Purchase of treasury stock units	-	-	(221)	-	-	-	-	(221)	-	(221)
LTIP expenses	-	-	-	476	-	-	-	476	-	476
Total transactions with owners	-	-	(221)	476	-	-	-	255	-	255
At 30 June 2016	1,259,784	10,821	(4,778)	8,308	(3,332)	956	369,291	1,641,050	49,326	1,690,376

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017 (Unaudited)**

	Quarter ended 30.06.2017 RM'000	Quarter ended 30.06.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	34,794	10,639
Adjustments for:-		
Net of impairment loss on financial assets:		
trade receivables	91	(469)
property, plant and equipment	-	(118)
Amortisation of intangible assets	23	31
Depreciation of property, plant and equipment	4,408	4,799
Bad debts written off	-	467
Inventories written off	99	-
Interest expense	14,779	11,958
Property, plant and equipment written off	6	-
Net (gain)/loss on disposal of:		
property, plant and equipment	(106)	81
Unrealised (gain)/loss on foreign exchange	(3,100)	14,249
Net gain from fair value adjustment of investment properties	(1,674)	(2,909)
Unwinding of discounts - net	(917)	(313)
Fair value (gain)/loss on investment securities at fair value through profit or loss	(3,231)	141
Interest income	(2,951)	(2,197)
Share of results of an associate	-	(50)
Share of results of joint ventures	(1,251)	(3,833)
Long-term Stock Incentive Plan expenses	-	503
Provision for retirement benefits	23	18
Operating profit before changes in working capital	40,993	32,997
Changes in working capital:-		
Land held for property development	(90,413)	(12,904)
Property development cost	10,314	55,043
Inventories	14,468	15,037
Receivables	12,394	(57,734)
Payables	73,020	(25,026)
Cash flows from operations	60,776	7,413
Interest received	3,903	1,646
Interest paid	(19,980)	(13,218)
Income taxes refunded	23	-
Income taxes paid	(376)	(7,018)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	44,346	(11,177)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017 (Unaudited)**

	Quarter ended 30.06.2017 RM'000	Quarter ended 30.06.2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(134)	(262)
Purchase of investment properties:		
- subsequent expenditure	1,672	(8,720)
Proceeds from disposal of property, plant and equipment	105	309
Profit distribution from a joint ventures	-	2
Additional investment in a joint ventures	-	(10,000)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	1,643	(18,671)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of stock units	115,920	-
Purchase of treasury stock units	-	(221)
Drawdown of borrowings	101,282	22,186
Repayment of borrowings	(27,613)	(15,908)
Repayment of obligations under finance lease	(115)	(96)
Withdrawal of deposits with licensed banks	(2,124)	448
NET CASH FLOWS FROM FINANCING ACTIVITIES	187,350	6,409
Effects of exchange rate changes	234	(847)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	233,573	(24,286)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	285,826	237,057
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL QUARTER	519,399	212,771

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

Cash and bank balances	534,787	223,184
Assets of disposal group classified as held for sale	440	559
Less: Restricted cash and bank balances	(15,828)	(10,972)
	519,399	212,771

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017 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 2017 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 2017.

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 2017, 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 2017, as disclosed below:

Adoption of FRSs and Amendments to FRSs

		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
Annual Improvements to FRSs 2014 - 2016 Cycle	: Amendments to FRS 12 Disclosure of Interests in Other Entities	1 January 2017

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 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 128 Investments in Associates and Joint Ventures	1 January 2018
MFRS 15	: Revenue from Contracts with Customers	1 January 2018
MFRS 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 ending 31 March 2018. 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, except as discussed below:

FRS 9: Financial Instruments

FRS 9 reflects all the phases of the financial instruments project and replaces FRS 139: Financial Instruments - Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but 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 of which it will supersede current revenue recognition guidance. 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 when a performance obligation is satisfied. The Group plans to adopt the new standard on the required effective date.

MFRS 16 : Leases

MFRS 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.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and depreciation expense on the right-of-use asset.

Lessor accounting is substantially the same as the accounting under FRS 117. Lessors will continue to classify all leases using the same classification principle as in FRS 117 and distinguish between two types of leases: operating and finance leases. The Group 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 2017 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 financial quarter ended 30 June 2017.

6. Changes in estimates

There were no material changes in estimates that have had a material effect in the financial quarter ended 30 June 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 quarter ended 30 June 2017.

Ordinary stock units

On 18 May 2017, the Company issued 63,000,000 ordinary stock units of RM1.84 each pursuant to the Restricted Issue to Kumpulan Wang Persaraan (Diperbadankan) ("KWAP").

8. Dividends paid

No dividend was paid during the current financial quarter.

9. Segmental information by business segment

<u>Quarter ended</u> <u>30 June 2017</u>	Property	Hospitality	Investments and others	Elimination	Total
RM'000					
REVENUE					
External sales	148,886	23,795	758	-	173,439
Inter-segment sales	187	-	1,598	(1,785)	-
Total revenue	<u>149,073</u>	<u>23,795</u>	<u>2,356</u>		<u>173,439</u>
RESULTS					
Segment results	48,821	1,041	222	(1,689)	48,395
Share of results of an associate	-	-	-	-	-
Share of results of joint ventures	1,251	-	-	-	1,251
Finance cost					(14,852)
Profit before tax					<u>34,794</u>

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

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

<u>Quarter ended</u> <u>30 June 2016</u> RM'000	Property	Hospitality	Investments and others	Elimination	Total
REVENUE					
External sales	137,088	25,619	605	-	163,312
Inter-segment sales	414	-	788	(1,202)	-
Total revenue	<u>137,502</u>	<u>25,619</u>	<u>1,393</u>		<u>163,312</u>
RESULTS					
Segment results	37,696	(1,270)	(14,493)	(3,175)	18,758
Share of results of an associate	50	-	-	-	50
Share of results of joint ventures	3,833	-	-	-	3,833
Finance cost					(12,002)
Profit before tax					<u>10,639</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 current financial quarter as compared to the previous period's corresponding financial quarter

(i) **Property**

During the financial quarter ended 30 June 2017, the property segment recorded a revenue of RM148.886 million as compared to RM137.088 million recorded in the financial quarter ended 30 June 2016, an increase of RM11.798 million or 8.61%. The increase in revenue was mainly due to higher revenue recognition from the ongoing projects namely The Tamarind, the Amaris Terraces and the Ariza Seafront Terrace 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 RM32.215 million in the financial quarter ended 30 June 2017 as compared to total revenue of RM40.511 million in the financial quarter ended 30 June 2016. The lower revenue recognised is mainly due to the completion of Avira Garden Terraces in the previous financial year and The Mews project which is nearing its completion.

After incorporating revenue recognised for the JV, the Group's property segment recorded an adjusted revenue of RM181.101 million in the financial quarter ended 30 June 2017 as compared to an adjusted revenue of RM177.599 million in the financial quarter ended 30 June 2016.

The property segment recorded an operating profit of RM48.821 million for the financial quarter ended 30 June 2017 as compared to the operating profit of RM37.696 million in the financial quarter ended 30 June 2016. This represented an increase in profit of RM11.125 million or 29.51% on the back of higher revenue recognised with higher margin achieved.

The JV contributed RM1.251 million profit for the financial quarter ended 30 June 2017 as compared to the financial quarter ended 30 June 2016 of RM3.833 million, a decrease of RM2.582 million.



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

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

Segment performance for the current financial quarter as compared to the previous period's corresponding financial quarter (cont'd)

(ii) Hospitality

The hospitality segment recorded a revenue of RM23.795 million for the financial quarter ended 30 June 2017 as compared to RM25.619 million in the financial quarter ended 30 June 2016, a decrease of RM1.824 million or 7.12%. The decrease is mainly due to the disposal of The Delicious Group Sdn. Bhd. ("TDG") in the previous financial year.

The segment recorded an operating profit of RM1.041 million for the financial quarter ended 30 June 2017 as compared to operating loss of RM1.270 million for the financial quarter ended 30 June 2016 showing an increase of RM2.311 million.

(iii) Investments and others

The investments and others segment recorded an operating profit of RM0.222 million for the financial quarter ended 30 June 2017 as compared to an operating loss of RM14.493 million in the financial quarter ended 30 June 2016. The results of this segment for the current quarter included the fair value gain on investment securities of RM3.231 million as compared to the fair value loss of RM0.141 million in the financial quarter ended 30 June 2016. In addition, the strengthening of Sterling Pound against Ringgit Malaysia has resulted in an unrealised foreign exchange gain of RM3.100 million in the financial quarter ended 30 June 2017 as compared to an unrealised foreign exchange loss of RM14.294 million in the financial quarter ended 30 June 2016.

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 quarter, there was a fair value gain in one of the investment properties of RM1.674 million which was recognised as profit in the statement of comprehensive income.

11. Material subsequent events

As at 22 August 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 quarter ended 30 June 2017.

12. Changes in composition of the Group

Prime-Lite Sdn. Bhd. and Senna Sdn. Bhd., both indirect wholly-owned subsidiaries of Eastern & Oriental Berhad which were placed under Members' Voluntary Winding-Up on 1 July 2016 and have held their Final Meetings on 23 January 2017, were dissolved on 23 April 2017, i.e. 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.

Major Liberty Sdn. Bhd., a wholly-owned subsidiary of Eastern & Oriental Berhad, which was placed under Members' Voluntary Winding-Up on 1 July 2016 and had held its Final Meeting on 27 March 2017, was dissolved on 27 June 2017, i.e. 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.



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

13. Contingent Liabilities

There were no contingent liabilities as at 22 August 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	1,162,309

14. Capital Commitments

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

	As at 30.06.2017 RM'000	As at 31.03.2017 RM'000
Capital expenditure		
Approved and contracted for		
Land reclamation	864,663	901,992
Investment property	4,782	3,461
Acquisition of freehold land	17,642	21,170
Approved but not contracted for		
Property, plant and equipment	2,976	3,033
Share of joint venture's capital commitments in relation to:		
- Acquisition of land	125,241	125,241
- Property, plant and equipment	-	804

15. Significant Related Party Transactions

Recurrent related party transactions conducted during the current financial quarter ended 30 June 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 RM173.439 million for the financial quarter ended 30 June 2017 as compared to RM163.312 million recorded in the financial quarter ended 30 June 2016. This represented an increase of RM10.127 million or 6.20%. The increase in revenue was mainly due to the property segment which registered an increase of RM11.798 million and contributed to an increase in operating profit of RM11.125 million.

The Group posted profit before tax of RM34.794 million for the financial quarter ended 30 June 2017 as compared to profit before tax of RM10.639 million in the financial quarter ended 30 June 2016. This represented an increase in profit before tax of RM24.155 million or 227.04%.

Overall, the higher profit before tax is mainly contributed by the property and investments & others segments. However, the increase was dampened by higher finance costs and lower contribution from joint ventures.

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

	Immediate preceding quarter ended 31.03.2017 RM'000	Current quarter ended 30.06.2017 RM'000	Variance RM'000
Revenue	218,861	173,439	(45,422)
Operating profit	72,678	48,395	(24,283)
Profit before tax	59,919	34,794	(25,125)

The Group recorded a revenue of RM173.439 million and profit before tax of RM34.794 million for the current financial quarter ended 30 June 2017 as compared to a revenue of RM218.861 million and profit before tax of RM59.919 million in the preceding financial quarter ended 31 March 2017. Lower revenue in the current quarter is mainly due to lower revenue recognised in the property segment. The profit before tax of preceding quarter included the net fair value gain from the investment properties of RM11.510 million as compared to RM1.674 million in the current quarter.

3. Group's prospects

While property market conditions continue to be challenging, we have achieved encouraging take-up rates with our projects in Seri Tanjung Pinang. This includes the positive response received for The Tamarind and Ariza Seafront Terraces Phase 2. Looking ahead, we are monitoring the market closely to time our new launches.

In the meantime, the reclamation of Seri Tanjung Pinang Phase 2A ("STP2A") is progressing well with more than 75% of the island being reclaimed above the 2.0 meter chart datum (CD) level. This will enable the application for titles and subsequently, facilitate progressive payments from Kumpulan Wang Persaraan (Diperbadankan) (KWAP) for their purchase of land in STP2A.

The quarter under review saw us initiating the disposal of the Lone Pine Hotel in line with efforts to generate cashflow and reduce gearing. We continue to evaluate existing assets as part of ongoing efforts to monitor cashflow whilst maintaining a manageable gearing level.

Going forward, we continue to pursue the sale of completed properties and the reclamation of STP2A in preparation for the launch of projects in 2019.

4. Variance in profit forecast/profit guarantee

The Group did not issue any profit forecast/profit guarantee for the current financial quarter ended 30 June 2017.

5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.06.2017 RM'000	Comparative quarter ended 30.06.2016 RM'000	Current three months ended 30.06.2017 RM'000	Comparative three months ended 30.06.2016 RM'000
Malaysian income tax				
- current	12,291	8,610	12,291	8,610
Deferred tax	(236)	(1,783)	(236)	(1,783)
	<u>12,055</u>	<u>6,827</u>	<u>12,055</u>	<u>6,827</u>

The effective tax rate of the Group for the current financial quarter ended 30 June 2017 under review is higher than the statutory rate of 24% mainly due to certain expenses of the Group are not deductible.



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

6. Retained profits

	As at 30.06.2017 RM'000	As at 31.03.2017 RM'000
Total retained profits of the Company and its subsidiaries		
Realised	305,337	289,698
Unrealised	96,254	90,465
	<u>401,591</u>	<u>380,163</u>
Share of retained profits of an associate		
Realised	962	962
Share of retained profits from joint ventures		
Realised	47,698	46,447
Unrealised	1,214	1,017
	<u>451,465</u>	<u>428,589</u>
Add: Consolidated adjustments	(4,035)	(2,398)
Total Group's retained profits as per consolidated accounts	<u>447,430</u>	<u>426,191</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 30.06.2017 RM'000	Comparative quarter ended 30.06.2016 RM'000	Current three months ended 30.06.2017 RM'000	Comparative three months ended 30.06.2016 RM'000
Interest income	2,951	2,197	2,951	2,197
Net of impairment loss on receivables	(91)	469	(91)	469
Impairment/write off of inventories	(99)	-	(99)	-
Interest expense	(14,779)	(11,958)	(14,779)	(11,958)
Depreciation and amortisation	(4,431)	(4,830)	(4,431)	(4,830)
Bad debts written off	-	(467)	-	(467)
Property, plant and equipment written off	(6)	-	(6)	-
Impairment loss on property, plant and equipment	-	118	-	118
Unrealised gain/(loss) on foreign exchange	3,100	(14,249)	3,100	(14,249)
Net gain/(loss) on disposal of property, plant and equipment	106	(81)	106	(81)
Gain from fair value movement of investment properties	1,674	2,909	1,674	2,909
Unwinding of discounts - net	917	313	917	313
Fair value gain/(loss) on investment securities	3,231	(141)	3,231	(141)



8. Status of Corporate Proposals

- a) There were no corporate proposal announced but not completed as at 22 August 2017.
- b) Utilisation of proceeds from Restricted Issue as at 22 August 2017.

On 18 May 2017, the restricted issue of 63,000,000 E&O stock units ("Restricted Issue") at the issue price of RM1.84 per stock unit amounted to RM115.920 million was subscribed by Kumpulan Wang Persaraan (Diperbadankan) ("KWAP").

The cash proceeds from the Restricted Issue was partially utilised as follows:

	Proposed utilisation	Utilised to date	Deviations *	Balance to utilised	Estimated Timeframe for utilisation
	RM'000	RM'000	RM'000	RM'000	
Loan repayment	30,000	20,000	-	10,000	Within 12 months
Working capital	34,296	10,983	238	23,551	Within 12 months
Acquisition of properties	50,374	47,235	-	3,139	Within 36 months
Estimated expenses for Restricted Issue and disposal of STP2A Development Land	1,250	1,012	(238)	-	Within 3 months
	<u>115,920</u>	<u>79,230</u>	<u>-</u>	<u>36,690</u>	

* All the estimated expenses for Restricted Issue and disposal of STP2A Development Land have been fully paid. Accordingly, the balance of RM0.238 million will be utilised for working capital of the Group.

9. Group Borrowings

- a) The Group borrowings were as follows:-

	As at 30.06.2017	As at 31.03.2017
	RM'000	RM'000
Short Term - Secured		
- Revolving credit	60,000	110,000
- Term loan	174,558	171,199
- Obligations under finance leases	439	451
	<u>234,997</u>	<u>281,650</u>
Long Term - Secured		
- Revolving credit	211,509	129,009
- Term loan	852,123	811,304
- Obligations under finance leases	1,094	1,197
	<u>1,064,726</u>	<u>941,510</u>
Long Term - Unsecured - RCMTNs	<u>314,108</u>	<u>309,189</u>
	<u>1,378,834</u>	<u>1,250,699</u>



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

9. Group Borrowings (cont'd)

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

Short Term Term Loan - Secured Denominated in Pound Sterling (£'000)	9,534
Long Term Term Loan - Secured Denominated in Pound Sterling (£'000)	57,181

10. Material Litigation

There were no material litigation which affect the financial position or business of the Group as at 22 August 2017.

11. Dividend

The Board of Directors does not recommend any interim dividend for the financial quarter ended 30 June 2017.

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 30.06.2017	Comparative quarter ended 30.06.2016	Current three months ended 30.06.2017	Comparative three months ended 30.06.2016
a) Basic earnings per stock unit				
Profit attributable to owners of the parent (RM'000)	21,240	3,237	21,240	3,237
Weighted average number of ordinary stock units in issue (unit '000)	1,278,197	1,254,900	1,262,447	1,254,900
Adjusted weighted average number of ordinary stock units (unit '000)	1,278,197	1,254,900	1,262,447	1,254,900
Basic earnings per stock unit for the period (sen)	1.66	0.26	1.68	0.26



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 30.06.2017	Comparative quarter ended 30.06.2016	Current three months ended 30.06.2017	Comparative three months ended 30.06.2016
b) Diluted earnings per stock unit				
Profit attributable to owners of the parent (RM'000)	21,240	3,237	21,240	3,237
Weighted average number of ordinary stock units in issue (unit '000)	1,278,197	1,254,900	1,262,447	1,254,900
Effect of dilution of LTIP (unit '000)	1,388	5,720	1,388	5,720
	1,279,585	1,260,620	1,263,835	1,260,620
Diluted earnings per stock unit for the period (sen)	1.66	0.26	1.68	0.26

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
29 August 2017