

**EASTERN & ORIENTAL BERHAD (555-K)**

**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**For the Nine-Month Period Ended 31 December 2006 (Unaudited)**

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31/12/06 RM'000	Comparative quarter ended 31/12/05 RM'000	Current year to date 31/12/06 RM'000	Comparative year to date 31/12/05 RM'000
Revenue	289,874	141,979	738,054	190,959
Cost of sales	<u>(234,114)</u>	<u>(105,700)</u>	<u>(580,964)</u>	<u>(141,539)</u>
Gross profit	55,760	36,279	157,090	49,420
Other operating income	4,588	4,690	9,135	6,867
Selling and marketing expenses	(1,424)	(1,130)	(5,068)	(2,055)
Administrative expenses	(15,887)	(7,761)	(35,517)	(13,140)
Other operating expenses	<u>(2,602)</u>	<u>(3,546)</u>	<u>(9,781)</u>	<u>(6,501)</u>
Profit from operations	40,435	28,532	115,859	34,591
Finance cost	(8,577)	(10,262)	(29,801)	(18,027)
Share of (loss)/profit of associates	<u>(5,373)</u>	<u>567</u>	<u>(6,741)</u>	<u>7,328</u>
Profit before tax	26,485	18,837	79,317	23,892
Income tax expense	<u>(7,534)</u>	<u>(4,750)</u>	<u>(24,943)</u>	<u>(6,782)</u>
<b>Profit for the period</b>	<b><u>18,951</u></b>	<b><u>14,087</u></b>	<b><u>54,374</u></b>	<b><u>17,110</u></b>
Attributable to:				
Equity holders of the parent	10,181	8,736	30,234	11,714
Minority interest	<u>8,770</u>	<u>5,351</u>	<u>24,140</u>	<u>5,396</u>
	<b><u>18,951</u></b>	<b><u>14,087</u></b>	<b><u>54,374</u></b>	<b><u>17,110</u></b>
Earnings per share attributable to equity holders of the parent:				
Basic, for profit for the period	(sen) <u>2.64</u>	<u>3.96</u>	<u>7.85</u>	<u>5.30</u>
Diluted, for profit for the period	(sen) <u>2.47</u>	<u>-</u>	<u>7.33</u>	<u>-</u>

**The condensed consolidated income statements should be read in conjunction with the audited financial report for the year ended 31 March 2006 and accompanying explanatory notes attached to the interim financial statements.**

**EASTERN & ORIENTAL BERHAD (555-K)****CONDENSED CONSOLIDATED BALANCE SHEET**

As at 31 December 2006 (Unaudited)

	<b>As at 31/12/06 RM'000</b>	<b>Audited As at 31/03/06 RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	151,686	150,668
Investments in associates	10,758	18,054
Other investments	35,394	40,964
Land held for property development	972,599	914,524
Investment properties	10,656	10,906
Long term receivable	2,822	3,829
Deferred tax assets	15,460	16,429
	<u>1,199,375</u>	<u>1,155,374</u>
<b>Current assets</b>		
Property development costs	297,537	333,822
Inventories	41,870	44,132
Trade receivables	273,006	200,213
Other receivables	66,443	51,529
Tax recoverable	16,943	10,309
Amount due from customers on construction works	29,065	34,253
Accrued billings in respect of property development costs	126,973	47,195
Deposits with licensed banks and financial institutions	44,825	129,861
Cash and bank balances	90,247	74,829
	<u>986,909</u>	<u>926,143</u>
<b>TOTAL ASSETS</b>	<u>2,186,284</u>	<u>2,081,517</u>
 <b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	353,801	232,472
8% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") 2006/2011	103,084	-
Reserves		
Share premium	76,256	129,212
Revaluation reserves	25,396	26,757
Exchange reserves	90	66
Treasury stock units	(646)	(6,281)
Retained earnings	(8,637)	(35,105)
Stockholders' funds	<u>549,344</u>	<u>347,121</u>
Minority interests	<u>288,756</u>	<u>214,242</u>
<b>Total equity</b>	<u>838,100</u>	<u>561,363</u>

**EASTERN & ORIENTAL BERHAD (555-K)****CONDENSED CONSOLIDATED BALANCE SHEET**

As at 31 December 2006 (Unaudited)

	<b>As at 31/12/06 RM'000</b>	<b>Audited As at 31/03/06 RM'000</b>
<b>Non-current liabilities</b>		
Provision for retirement benefits	37	49
8% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") 2006/2011	49,545	-
Borrowings	395,210	659,275
Long term liabilities	-	3,188
Deferred tax liabilities	68,537	69,113
	<u>513,329</u>	<u>731,625</u>
<b>Current liabilities</b>		
Trade payables	291,534	266,549
Payables	108,218	63,797
Amount due to customers on construction works	2,165	2,054
Progress billing in respect of property development costs	80	268
Provisions	33,268	41,914
Provision for retirement benefits	12	82
Borrowings	380,616	408,766
Taxation	18,962	5,099
	<u>834,855</u>	<u>788,529</u>
<b>Total Liabilities</b>	<u>1,348,184</u>	<u>1,520,154</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,186,284</u>	<u>2,081,517</u>
<b>Net assets per stock unit attributable to ordinary equity holders of the parent (RM)</b>	<u>1.56</u>	<u>1.55</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial report for the year ended 31 March 2006 and accompanying explanatory notes attached to the interim financial statements.

## EASTERN &amp; ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the Nine-Month Period Ended 31 December 2006 (Unaudited)

	Attributable to Equity Holders of the Parent						Distributable Retained Profits/ (Accumulated Loss)	Total	Minority Interests	Total Equity
	Share Capital	ICULS 2006/2011	Share Premium	Non-Distributable Treasury Stock Units	Revaluation Reserve	Exchange Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Period ended 31 December 2005</b>										
<b>At 1 April 2005</b>	232,472	-	128,004	(9,968)	8,610	-	29,053	388,171	(13,047)	375,124
Net profit for the period	-	-	-	-	-	-	11,714	11,714	5,396	17,110
Total recognised income and expenses for the period	-	-	-	-	-	-	11,714	11,714	5,396	17,110
Acquisition of subsidiary	-	-	-	-	22,108	130	-	22,238	218,411	240,649
Sale of treasury stock units	-	-	896	2,655	-	-	-	3,551	-	3,551
Goodwill written off	-	-	-	-	-	-	(87,633)	(87,633)	-	(87,633)
Dividend paid	-	-	-	-	-	-	(3,160)	(3,160)	-	(3,160)
<b>At 31 December 2005</b>	<b>232,472</b>	<b>-</b>	<b>128,900</b>	<b>(7,313)</b>	<b>30,718</b>	<b>130</b>	<b>(50,026)</b>	<b>334,881</b>	<b>210,760</b>	<b>545,641</b>
<b>Period ended 31 December 2006</b>										
<b>At 1 April 2006</b>	232,472	-	129,212	(6,281)	26,757	66	(35,105)	347,121	214,242	561,363
Currency translation differences	-	-	-	-	-	24	-	24	-	24
Net profit for the period	-	-	-	-	-	-	30,234	30,234	24,140	54,374
Total recognised income and expenses for the period	-	-	-	-	-	24	30,234	30,258	24,140	54,398
Issuance of ordinary stock units	121,329	-	(52,362)	-	-	-	-	68,967	-	68,967
Issuance of ICULS 2006/2011	-	103,084	45	-	-	-	-	103,129	-	103,129
Sale of treasury stock units	-	-	3,061	6,067	-	-	-	9,128	-	9,128
Purchase of treasury stock units	-	-	-	(432)	-	-	-	(432)	-	(432)
Transfer from revaluation reserve	-	-	-	-	(1,361)	-	1,361	-	-	-
Dilution arising from additional shares issued by subsidiary company	-	-	-	-	-	-	(427)	(427)	427	-
Issuance securities expenses	-	-	(3,700)	-	-	-	-	(3,700)	(567)	(4,267)
Adjustment due to changes in equity in subsidiaries by parent	-	-	-	-	-	-	-	-	91,307	91,307
Issuance of additional ordinary shares pursuant to Restricted Issue in subsidiary	-	-	-	-	-	-	-	-	12,000	12,000
Acquisition of subsidiary	-	-	-	-	-	-	-	-	4,514	4,514
Dividend paid	-	-	-	-	-	-	(4,700)	(4,700)	(57,307)	(62,007)
<b>At 31 December 2006</b>	<b>353,801</b>	<b>103,084</b>	<b>76,256</b>	<b>(646)</b>	<b>25,396</b>	<b>90</b>	<b>(8,637)</b>	<b>549,344</b>	<b>288,756</b>	<b>838,100</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial report for the year ended 31 March 2006 and accompanying explanatory notes attached to the interim financial statements.

**EASTERN & ORIENTAL BERHAD (555-K)**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**For the Nine-Month Period Ended 31 December 2006 (Unaudited)**

	<b>9 mths ended 31/12/06 RM'000</b>	<b>9 mths ended 31/12/05 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	79,316	27,430
Depreciation and amortisation	6,636	3,500
Non-cash items	(93,326)	16,085
Non-operation items	25,531	(12,462)
Operating profit before working capital changes	18,157	34,553
Changes in working capital:		
Land held for property development	(54,775)	(27,868)
Property development cost	(167,395)	(25,750)
Changes in inventories	2,265	1,347
Changes in receivables	165,672	14,930
Changes in payables	56,807	15,095
Interest received	3,342	1,508
Interest paid	(46,691)	(18,027)
Payment for retirement benefits	(12)	(34)
Tax refunded	31	258
Income tax paid	(19,049)	(5,600)
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(41,648)</b>	<b>(9,588)</b>
<b>NET CASH FLOWS GENERATED FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>51,798</b>	<b>(147,266)</b>
<b>NET CASH FLOWS (USED IN)/GENERATED FROM FROM FINANCING ACTIVITIES</b>	<b>(65,324)</b>	<b>306,146</b>
Exchange translation differences	24	-
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(55,150)</b>	<b>149,292</b>
<b>CASH AND CASH EQUIVALENTS AT 1 APRIL</b>	<b>170,489</b>	<b>(19,812)</b>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>115,339</b>	<b>129,480</b>

**EASTERN & ORIENTAL BERHAD (555-K)**  
**For the Nine-Month Period Ended 31 December 2006**

**A. Explanatory Notes Pursuant to FRS 134**

**1. Basis of preparation**

This interim report is unaudited and has been prepared in accordance with the requirements of FRS134, 'Interim Financial Reporting' and paragraph 9.22 of the Bursa Malaysia's Listing Requirements.

This interim report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2006.

The following 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 2006.

**2. Changes in Accounting Policies**

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 March 2006 except for the adoption of the new and revised Financial Reporting Standards ("FRS") issued by MASB that are effective for the Groups financial period beginning 1 April 2006:

The principal effect of the changes in accounting policies resulting from the adoption of the new and revised FRS are summarised as below:

a) FRS 101 - Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

b) FRS 3 - Business Combinations

The adoption of FRS 3 required that, after reassessment, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition (previously referred to as "negative goodwill"), should be recognised immediately in the consolidated income statements. Previously, the Group had reflected the negative goodwill as reserve on consolidation.

**3. Auditors' report**

The auditors' report for the annual financial statements of the Group for the financial year ended 31 March 2006 was not subject to any qualification.

**EASTERN & ORIENTAL BERHAD (555-K)**  
**For the Nine-Month Period Ended 31 December 2006**

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

**4. Seasonality or cyclical 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. Material and unusual items**

There were no material or unusual items during the financial period ended 31 December 2006 except as disclosed in Note 2 and Note 6.

**6. Changes in estimates**

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of each component of property, plant and equipment at least at each financial year end. The Group revised the estimated useful lives of certain plant and equipment from fifty years to a range of ten to twenty years, with effect from 1 April 2006.

The revisions were accounted for, as changes in accounting estimates, and have been applied for prospectively. As a result, the depreciation charges for the current financial period increased by RM2,000,000.

There were no other changes in estimates that have had material effect in the current financial period results.

**7. Debt and equity securities**

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the Company:

**a) Employee Share Options Scheme ("ESOS")**

During the financial period ended 31 December 2006, the Company ("EOB") issued 2,184,645 ordinary stock units of RM1.00 each for cash pursuant to the Company's ESOS at an exercise price of RM1.05 per ordinary stock unit.

**b) Special Bumi Issue**

As of 31 December 2006, the Company allotted and issued 33.709 million new ordinary stock units of RM1.00 pursuant to the full subscription of the allocated 33.709 million new ordinary stock units, at an issue price of RM1.00 per new ordinary stock unit to Bumiputera investors approved by Ministry of International Trade and Industry.

**c) EOB Fund Raising Exercise**

On 3 August 2006, the Company completed the EOB Fund Raising Exercise which comprise of:

- i) Renounceable two-call rights issue of 80,556,964 new ordinary stock units of RM1.00 each in EOB ("Rights Stock Units") at an issue price of RM1.00 each ("Rights Issue") together with an offer for sale of 80,556,964 E & O Property Development Berhad ("E&OPROP") shares by EOB at an offer price of RM0.65 per share on the basis of one (1) Rights Stock Unit and one (1) E&OPROP share for every three (3) existing stock units held;
- ii) Renounceable rights issue of RM120,835,446 nominal value of ICULS in EOB at 100% of its nominal value on the basis of RM1.00 nominal value of ICULS for every two (2) existing EOB stock units held.
- iii) Restricted Issue of RM35,000,000 nominal value of ICULS to the eligible management staff of EOB at 100% of its nominal value.

Pursuant to the EOB Fund Raising Exercise, the Company allotted and issued 80,556,964 Rights Stock Units and issued 155,835,446 of 5 year 8% ICULS at nominal value of RM1.00 each. The Company also issued 11,786,357 additional warrants pursuant to adjustments arising from the Exercise.

The new securities of 80,556,964 Rights Stock Units, 155,835,446 ICULS and an additional 11,786,357 new warrants issued were granted listing and quotation on the 3 August 2006.

**EASTERN & ORIENTAL BERHAD (555-K)**  
**For the Nine-Month Period Ended 31 December 2006**

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

**7. Debt and equity securities (cont'd)**

**d) Warrants**

On 29 May 2006, 10,000 units of warrant were converted into ordinary stock units at the exercise price of RM1.03 per ordinary stock unit. On 9 June 2006, an additional 11,786,357 were issued and allotted to each entitled warrant holder pursuant to adjustment arising from the EOB Fund Raising Exercise. The new exercise price was adjusted to RM1.00 per ordinary stock unit.

During the financial quarter ended 31 December 2006, 125,500 units of warrant were converted into ordinary stock units at the exercise price of RM1.00 per ordinary stock unit. The number of outstanding warrants as at 31 December 2006 after the adjustment was 72,827,155.

**e) Treasury Shares**

During the financial period ended 31 December 2006, the Company bought back 439,900 of its issued ordinary stock units and sold 7,920,400 units of its treasury stock units in the open market for a consideration of RM431,276 and RM9,128,716 respectively.

**f) 8% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") 2006/2011**

As of 31 December 2006, a total of 4,743,650 ICULS at nominal value of RM1.00 each were converted into 4,743,650 new ordinary stock units of RM1.00 each. The balance of outstanding ICULS in issue as at 31 December 2006 was 151,091,796.

**8. Dividends paid**

On 28 September 2006, the stockholders have approved the payment of a first and final dividend of 2% less income tax of 27% on the ordinary stock unit in issue at book closure date on 20 October 2006 in respect of the financial year ended 31 March 2006. The dividend was paid on 20 November 2006.

**9. Segmental information**

<u>9 month ended</u> <u>31 December 2006</u> RM'000	<b>Construction and related activities</b>	<b>Properties</b>	<b>Hotel Operations</b>	<b>Investment Holding and others</b>	<b>Total</b>	<b>Elimination</b>	<b>Consolidated</b>
<b>REVENUE</b>							
External sales	354,209	362,377	20,259	1,210	738,055	-	738,055
Inter-segment sales	6,692	-	221	173,688	180,601	(180,601)	-
Total revenue	<u>360,901</u>	<u>362,377</u>	<u>20,480</u>	<u>174,898</u>	<u>918,656</u>		<u>738,055</u>
<b>RESULT</b>							
Segment profit	35,229	95,064	361	(14,163)	116,491	(632)	115,859
Finance cost							(29,801)
Share of results of associated companies							<u>(6,741)</u>
Profit before tax							<u>79,317</u>



**EASTERN & ORIENTAL BERHAD (555-K)**  
**For the Nine-Month Period Ended 31 December 2006**

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

**9. Segmental information (cont'd)**

<b>9 month ended</b>	<b>Construction</b>		<b>Hotel</b>		<b>Investment</b>			
<b>31 December 2005</b>	<b>and related</b>	<b>Properties</b>	<b>Operations</b>	<b>and others</b>	<b>Total</b>	<b>Elimination</b>	<b>Consolidated</b>	
<b>RM'000</b>	<b>activities</b>							
<b>REVENUE</b>								
External sales	62,762	111,134	16,874	189	190,959	-	190,959	
Inter-segment sales	19,533	-	216	5,276	25,025	(25,025)	-	
Total revenue	<u>82,295</u>	<u>111,134</u>	<u>17,090</u>	<u>5,465</u>	<u>215,984</u>		<u>190,959</u>	
<b>RESULT</b>								
Segment profit	12,393	24,467	492	(2,328)	35,024	(433)	34,591	
Finance cost							(18,027)	
Share of results of associated companies							<u>7,328</u>	
Profit before tax							<u>23,892</u>	

Analysis of geographical location is not applicable as the Group operates in a single geographical segment, namely Malaysia.

**10. Valuation of property, plant and equipment**

Valuation of property, plant and equipment have been brought forward without amendment from the previous annual financial statements as the Group has availed itself to the transitional provision covered under IAS 16 (revised), Property, Plant and Equipment.

**11. Material subsequent event**

There were no material events subsequent to the end of the financial period ended 31 December 2006 other than the following:-

- i) On 10 January 2007, the Company has entered into a share sale agreement with Pinjaya Sdn Bhd ("Pinjaya") to acquire 1,470,000 ordinary shares of RM1.00 each, representing 49% equity interest in Dynamic Degree Sdn Bhd ("DDSB"), for a total cash consideration of RM1,470,000. DDSB is an existing 51% owned subsidiary of the Company. Following the acquisition, DDSB will become a wholly owned subsidiary of the Company.

The acquisition is not subject to the approval of the stockholders of the Company or any regulatory authority.

- ii) On 24 January 2007, the Company ("EOB") has disposed of 32,000,000 ordinary shares of RM1.00 each in E&OPROP, a subsidiary of the Company ("Disposed Shares") to a strategic international investor, Capital International, via a direct business transaction for a gross consideration of RM64.0 million ("Share Disposal"). The Disposed shares represent approximately 5.2% of the issued and paid-up share capital of E&OPROP as at 23 January 2007.

The cost of the Disposed Shares was approximately RM39.2 million and the Share Disposal would result in a gain of approximately RM24.8 million at Company level for the financial year ending 31 March 2007. At Group level, the gain

- iii) E&O Property (Penang) Sdn Bhd ("EOPP"), a subsidiary of E&OPROP, has on 15 February 2007 issued RM350 million nominal value of Bank Guaranteed Commercial Papers/ Medium Term Notes Programme ("BG CP/MTN"). The issuance of BG CP/MTN is intended to reduce EOPP's borrowing costs by using cheaper source of funds from the private debts securities market.

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

**12. Changes in composition of the Group**

- i) KCB Holdings Sdn Bhd ("KCB Holdings"), a wholly-owned subsidiary of E&OPROP had on 3 April 2006 entered into a Share Sale Agreement for the acquisition of the remaining 150,000 ordinary shares of RM1.00 each representing 30% equity interest in KCB Geotechnics Sdn Bhd ("KCB Geotechnics"), a subsidiary of E&OPROP for a cash consideration of RM145,000 and accordingly, KCB Geotechnics became a wholly-owned subsidiary of KCB Holdings.
- ii) E&OPROP has on 9 May 2006 entered into a Share Sale Agreement with Tinggi Murni Sdn Bhd ("TMSB"), to dispose off its entire equity interest in Samudra Pelangi Sdn Bhd ("SPSB") for a consideration of RM120,486,000 to be satisfied via the issuance of 120,486 redeemable preference shares of nominal value of RM1.00 each ("RPS") in TMSB at an issue price of RM1,000 per RPS. TMSB and SPSB are wholly-owned subsidiary companies of E&OPROP.
- iii) Ribuan Imbang Sdn Bhd ("RISB"), a wholly-owned subsidiary of E&OPROP has on 16 May 2006 entered into a conditional Joint Venture Agreement for Joint Venture Company with Lion Courts Sdn Bhd ("LCSB") to establish Mergexcel Property Development Sdn Bhd ("MPDSB") on a 50:50 basis. Accordingly, MPDSB ceased to be a subsidiary of E&OPROP.
- iv) On 4 October 2006, the Company and its subsidiary, Dynamic Degree Sdn Bhd received 33,306,021 and 10,218,253 ordinary shares of RM0.50 each in Putrajaya Perdana Berhad ("PPB Shares") pursuant to the implementation of a special dividend by E&OPROP, that a holder of 100 ordinary shares of RM0.50 each in E&OPROP would entitle to 4.8274 PPB shares.

The distribution of the special dividend by E&OPROP of its entire holding in PPB was deemed as a disposal of PPB and resulted in PPB ceasing to be a subsidiary of E&OPROP. However, PPB will continue to be a subsidiary of the Group via the Company's direct and indirect equity interest of 50.8% in PPB.

On 18 October 2006, the entire paid-up and issued share capital of PPB were granted listing and quotation on the Main Board of Bursa Malaysia Securities Berhad.

**13. Contingent Liabilities**

Details of contingent liabilities as at 21 February 2007 (the latest practicable date which is not earlier than 7 days from the issue of this quarterly report) are as follows:

	Company	
	21/02/07	31/03/06
	RM'000	RM'000
i) Guarantees issued to financial institutions for banking facilities granted to subsidiaries:		
- Secured	30,388	34,346

**B. Explanatory Notes required by the Bursa Malaysia's Listing Requirements**

**1. Review of performance**

The Group achieved a revenue of RM738.054 million for the 9 months period ended 31 December 2006 as compared to RM190.959 million recorded in the previous year corresponding period ended 31 December 2005.

The substantial increase in revenue of RM547.095 million was largely due to the consolidation of revenue generated by E & O Property Development Berhad ("E&OPROP") which became a subsidiary since 6 September 2005 after the completion of the mandatory takeover offer. The Properties and Construction divisions both reflected substantial increase in revenue. The hotel division generated a 20.0% increase in revenue compared to the previous year corresponding quarter.

The Group recorded a profit before tax of RM79.317 million which represented an increase of RM55.425 million for the 9 months period ended 31 December 2006 compared to the previous year corresponding period. This is primarily due to contribution from its subsidiaries, E&OPROP from its continuing operation in property development activities and Putrajaya Perdana Berhad ("PPB") from its construction activities. PPB was a subsidiary of E&OPROP and became a subsidiary of the Company after the special dividend distribution by E&OPROP on 4 October 2006. Prior to 6 September 2005, E&OPROP was accounted for as an associated company.

**2. Variation of results against preceding quarter**

For the third quarter ended 31 December 2006, the Group recorded a revenue of RM289.874 million and a profit before tax of RM26.485 million as compared to the immediate preceding quarter where Group revenue was RM255.343 million and a profit before tax of RM29.470 million.

The pre-tax profit of the Group has decreased by RM2.985 million or 10.13% as compared to the pre-tax profit of the immediate preceding quarter mainly due to higher Group's share of losses in the associated companies.

**3. Current year prospects**

The Group will emerge as a complete real estate group with direct interest in its complementary businesses of property development, construction, hospitality and property investment/commercial. This allows the Group to build up its market presence which will enhance the Group's earnings potential.

With the completion of PPB listing, the Group now has two public listed subsidiaries with focused business activities, E&OPROP in property development and PPB in construction.

The Group expects improvement in its results for the financial year ending 31 March 2007 with improvement in contribution from all its business activities which includes consolidation of a full year's earnings from its subsidiary, E&OPROP.

**4. Variance in profit forecast/profit guarantee**

The Group and Company did not issue any profit forecast/profit guarantee during the current financial year to date, other than the projected net profit of RM36 million by Putrajaya Perdana Berhad ("PPB") as disclosed in the prospectus of PPB pursuant to the listing and quotation of its entire paid up capital on the Main Board of Bursa Malaysia Securities Berhad on 18 October 2006. PPB is a subsidiary of the Company .

**5. Taxation**

	Current quarter ended 31/12/06 RM'000	Current financial year to date 31/12/06 RM'000
Malaysian income tax		
- current	9,643	27,312
- in respect of prior years	32	32
Deferred tax	<u>(2,141)</u>	<u>(2,401)</u>
	<u>7,534</u>	<u>24,943</u>

The effective tax rate for the current quarter and financial period was higher than the statutory tax rate of 27% mainly due to certain expenses which are not deductible for tax expenses.

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

**6. Sale of unquoted investments and or properties**

During the current financial quarter, the Group disposed an investment property for a consideration of RM190,000 which give rise to a loss of RM62,000.

**7. Investment in quoted securities**

Particulars of investment in quoted securities:	Current quarter ended 31/12/06 RM'000	Current financial year to date 31/12/06 RM'000
(a) Purchases / disposals		
Total Purchases	-	-
Total Sale Proceeds	7,231	7,505
Total Profit/(Loss) on Disposal	1,655	1,629
(b) Balances as at 31 December 2006		
Total investments at cost		<u>32,268</u>
Total investments at carrying value/book value (after impairment loss)		<u>13,313</u>
Total investment at market value at end of reporting period		<u>16,705</u>

**8. Status of corporate proposals and utilisation of proceeds raised from corporate proposals**

**a) Status of corporate proposals announced but not completed as at 21 February 2007**

**i) E&OPROP Proposed Special Issue**

On 20 December 2006, Hwang-DBS Securities Berhad on behalf of E&OPROP announced that the 30% Bumiputera equity condition ("Bumiputera Condition") imposed on the E&OPROP are deemed met on the ground of the special issuance of ordinary stock units by the Company. The Company's special issue was fully completed based on its announcement on 15 December 2006.

Accordingly, E&OPROP has decided to abort the special issue of 95,000,000 new ordinary shares of RM0.50 each which was originally proposed primarily to comply with the Bumiputera Condition.

**ii) Joint Venture Between E & O Property (Penang) Sdn Bhd ("EOPP") and K.L.Park City Sdn Bhd ("KLPC")**

On 21 September 2006, E&OPROP announced that its subsidiary, EOPP has entered into a Joint Venture Agreement ("JVA") with KLPC for the establishment of an unincorporated joint-venture shared on a 50:50 basis to develop 82 plots of bungalow land beneficially owned by EOPP and forming part of Phase 1 of Seri Tanjung Pinang development in Penang.

The Joint Venture is not subject to any regulatory approval but the JVA is conditional upon the shareholders' agreement between CMREF 1 Sdn Bhd and Al Salam Bank- Bahrain B.S.C., shareholders of KLPC procuring the requisite approvals from the Foreign Investment Committee, Bank Negara Malaysia and any other relevant authorities, if required. Further details of the Joint Venture are in the announcement made to the Bursa Securities on 21 September 2006.

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

**8. Status of corporate proposals and utilisation of proceeds raised from corporate proposals (cont'd)**

**a) Status of corporate proposals announced but not completed as at 21 February 2007 (cont'd)**

**(iii) Proposed Acquisition Of 60% Equity Interest in KGN-PDC Holdings Sdn Bhd**

On 11 October 2006, E&OPROP announced that it has entered into a Share Sale Agreement with Koperasi Gabungan Negeri Pulau Pinang Berhad ("KGN") for the proposed acquisition of 21,000 ordinary shares of RM1.00 each representing 60% of equity interest in KGN-PDC Holdings Sdn Bhd for a purchase consideration of RM37million. The purchase consideration is to be satisfied in cash of RM2 million upon execution of the Share Sale Agreement and the balance of RM35 million to be paid on completion of the Share Sale Agreement comprising of RM29 million cash and RM6 million by assuming KGN's indebtedness to Permaisjara Ribu (M) Sdn Bhd, a subsidiary of E&OPROP.

The proposal is subject to the relevant conditions precedent. Details of the proposal are in the announcement made to the Bursa Securities on 11 October 2006.

**(iv) Proposed Acquisition of 100% Equity Interest in Teratak Warisan Sdn Bhd by E&OPROP**

On 22 December 2006, the E&OPROP announced that it has entered into a conditional Share Sale Agreement with E&O Developers Sdn Bhd ("EODSB"), a subsidiary of the Company, and Budaya Berjaya Sdn Bhd ("BBSB") for the proposed acquisition of 100 ordinary shares of RM1.00 each representing 100% of equity interest in Teratak Warisan Sdn Bhd ("TWSB") for a purchase consideration of RM8.3million.

EODSB proposed to dispose 50 ordinary shares of RM1.00 each representing 50% of the equity interest in TWSB for a consideration of RM4.15 million.

E&OPROP shall settle all loans and advances made by EODSB and BBSB to TWSB prior to the date of the Agreement, on completion of the Share Sale Agreement. The purchase consideration shall be paid by the E&OPROP to the vendors by cash of which a deposit of 10% of the purchase consideration is to be paid upon execution of the Share Sale Agreement and the balance purchase consideration to be paid on completion of the Share Sale Agreement.

The proposal is not subject to the approval of shareholders but it is conditional upon the approval of the Foreign Investment Committee being obtained. Details of the proposal are in the announcement made to the Bursa Securities on 22 December 2006.

**(v) Proposed Private Placement of Up To 61,026,623 New Ordinary Shares of RM1.00 Each in E&OPROP**

On 11 January 2007, AmInvestment Bank Berhad on behalf of E&OPROP announced that E&OPROP proposed to undertake a private placement of up to 61,026,623 new ordinary shares of RM1.00 each in E&OPROP, representing up to 10% of the issued and paid-up share capital of E&OPROP as at 28 September 2006, being the date when E&OPROP's shareholders approved the resolution for the empowerment of the Directors of E&OPROP to allot and issue the E&OPROP's shares not exceeding 10% of the total issued capital of E&OPROP.

The issue price of the Placement Shares will be determined based on market-based principles and shall be determined by the Board of E&OPROP at a price-fixing date after all relevant approvals for the Proposed Placement have been obtained. On 31 January 2007, Bursa Malaysia Securities Berhad has approved in principle the listing of the new ordinary shares arising from this Proposed Private Placement. Details of the proposal are in the announcement made to the Bursa Securities on 31 January 2007.

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

**8. Status of corporate proposals and utilisation of proceeds raised from corporate proposals (cont'd)**

**b) Utilisation of proceeds from corporate proposals**

**i) EOB Fund Raising**

As at 21 February 2007, cash proceeds amounting to RM236.392 million arising from completion of the EOB Fund Raising Exercise as disclosed in Note A7c, was partially utilised as follows:

	<b>RM'000</b>
Repayment of borrowings	153,500
Exercise of warrants in E&OPROP	52,394
Expenses for corporate proposal	3,135
Working capital	<u>22,694</u>
	<u>231,723</u>

**ii) EOB Special Bumi Issue**

As at 21 February 2007, the utilisation of the cash proceeds arising from the Special Bumi Issue of RM33.709 million are as follows:

	<b>RM'000</b>
Working capital:	
- Financing expenses	7,440
- Expenses for Corporate proposals	565
- Others	<u>295</u>
	<u>8,300</u>

**iii) Bank Guaranteed Commercial Papers/ Medium Term Notes Programme ("BG CP/MTN) issued by EOPP**

As at 21 February 2007, the status of the utilisation of the discounted net cash proceeds of RM346.689 million raised from the issuance of BG CP/MTN of RM350 million by EOPP are as follows :

	<b>RM'000</b>
Expenses for corporate proposal	1,198
Repayment of the Existing Credit Facilities	244,393
Working capital of EOPP and repayment of shareholders' advances	<u>68,000</u>
	<u>313,591</u>

**9. Group Borrowings**

a) The Group borrowings were as follows:-

	<b>As at</b>
	<b>31/12/06</b>
	<b>RM'000</b>
Short Term - Secured	379,116
- Unsecured	1,500
Long Term - Secured	345,210
- Unsecured	50,000

b) All the borrowings were denominated in Ringgit Malaysia.

**10. Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk as at 21 February 2007.

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

**11. Material Litigation**

There was no material litigation which affects the financial position or business of the Group as at 21 February 2007.

**12. Dividend**

The Board of Directors do not recommend any dividend for the financial period under review (2005: Nil).

**13. Earnings Per Stock Unit**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	<b>Comparative</b>	<b>Current</b>	<b>Comparative</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
	<b>31/12/06</b>	<b>31/12/05</b>	<b>31/12/06</b>	<b>31/12/05</b>
<b>a) Basic earnings per stock units</b>				
Profit from continuing operations attributable to equity holders of the parent (RM'000)	10,181	8,736	30,234	11,714
Weighted average number of ordinary stock units in issue (unit '000)	299,635	220,863	299,635	220,863
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS 2006/2011 (unit '000)	85,545	-	85,545	-
Adjusted weighted average number of ordinary stock units (unit '000)	385,180	220,863	385,180	220,863
Basic earnings per stock unit for profit from continuing operations for the period (sen)	2.64	3.96	7.85	5.30
<b>b) Diluted earnings per stock units</b>				
Profit from continuing operations attributable to equity holders of the parent (RM'000)	10,181	-	30,234	-
Weighted average number of ordinary stock units in issue (unit '000)	299,635	-	299,635	-
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS 2006/2011 (unit '000)	85,545	-	85,545	-
Effect of dilution of ESOS (unit '000)	3,901	-	3,901	-
Effect of dilution of Warrants (unit '000)	23,328	-	23,328	-
	412,409	-	412,409	-
Diluted earnings per stock unit for profit from continuing operations for the period (sen)	2.47	-	7.33	-