

EASTERN & ORIENTAL BERHAD (555-K)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2007 (Unaudited)**

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31/03/07 RM'000	Comparative quarter ended 31/03/06 RM'000	Current year to date 31/03/07 RM'000	Comparative year to date 31/03/06 RM'000 (Audited)
Revenue	320,129	308,958	1,058,183	500,015
Cost of sales	<u>(259,721)</u>	<u>(263,185)</u>	<u>(840,685)</u>	<u>(401,577)</u>
Gross profit	60,408	45,773	217,498	98,438
Other operating income	33,902	3,755	43,037	10,507
Selling and marketing expenses	(1,383)	(1,786)	(6,451)	(3,841)
Administrative expenses	(18,268)	(15,117)	(53,785)	(28,002)
Other operating expenses	<u>(3,384)</u>	<u>(1,386)</u>	<u>(13,165)</u>	<u>(10,974)</u>
Profit from operations	71,275	31,239	187,134	66,128
Finance cost	(8,616)	(11,073)	(38,417)	(29,100)
Share of results of jointly controlled entity	(26)	-	(26)	-
Share of results of associates	<u>(2,919)</u>	<u>(2,955)</u>	<u>(9,660)</u>	<u>4,817</u>
Profit before tax	59,714	17,211	139,031	41,845
Income tax expense	<u>(11,387)</u>	<u>(3,963)</u>	<u>(36,330)</u>	<u>(9,898)</u>
Profit for the period	<u>48,327</u>	<u>13,248</u>	<u>102,701</u>	<u>31,947</u>
Attributable to:				
Equity holders of the parent	30,695	10,329	60,929	23,058
Minority interest	<u>17,632</u>	<u>2,919</u>	<u>41,772</u>	<u>8,889</u>
	<u>48,327</u>	<u>13,248</u>	<u>102,701</u>	<u>31,947</u>
Earnings per share attributable to equity holders of the parent:				
Basic, for profit for the period	(sen) <u>7.39</u>	<u>4.65</u>	<u>14.67</u>	<u>10.39</u>
Diluted, for profit for the period	(sen) <u>6.88</u>	<u>-</u>	<u>13.66</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 SHEETS

AS AT 31 MARCH 2007 (Unaudited)

	AS AT 31/03/07 RM'000	(Audited) AS AT 31/03/06 RM'000
Non-current assets		
Property, plant and equipment	154,646	150,668
Investments in associates	21,782	18,054
Investments in joint controlled entities	99	-
Other investments	40,070	40,964
Land held for property development	1,042,307	914,524
Investment properties	4,678	10,906
Intangible assets	749	-
Long term receivable	2,822	3,829
Deferred tax assets	12,108	16,429
	<u>1,279,261</u>	<u>1,155,374</u>
Current assets		
Property development costs	262,639	333,822
Inventories	40,640	44,132
Trade receivables	353,043	200,213
Other receivables	61,509	51,529
Tax recoverable	13,847	10,309
Amount due from customers on construction works	26,513	34,253
Accrued billings in respect of property development costs	68,668	47,195
Deposits with licensed banks and financial institutions	124,362	129,861
Cash and bank balances	212,972	74,829
	<u>1,164,193</u>	<u>926,143</u>
Non-current assets classified as held for sale	13,627	-
	<u>1,177,820</u>	<u>926,143</u>
TOTAL ASSETS	<u>2,457,081</u>	<u>2,081,517</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	358,961	232,472
8% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") 2006/2011	101,455	-
Reserves		
Share premium	76,266	129,212
Revaluation reserves	24,513	26,757
Exchange reserves	86	66
Share option reserves	2,017	-
Treasury stock units	(749)	(6,281)
Retained earnings	43,613	(35,105)
Stockholders' funds	<u>606,162</u>	<u>347,121</u>
Minority interests	<u>389,092</u>	<u>214,242</u>
Total Equity	<u>995,254</u>	<u>561,363</u>

EASTERN & ORIENTAL BERHAD (555-K)**CONDENSED CONSOLIDATED BALANCE SHEETS****AS AT 31 MARCH 2007 (Unaudited)**

	AS AT 31/03/07 RM'000	(Audited) AS AT 31/03/06 RM'000
Non-current liabilities		
Provision for retirement benefits	40	49
8% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") 2006/2011	49,731	-
Borrowings	567,694	659,275
Long term liabilities	-	3,188
Deferred tax liabilities	78,842	69,113
	<u>696,307</u>	<u>731,625</u>
Current liabilities		
Trade payables	335,745	266,549
Payables	88,425	63,797
Amount due to customers on construction works	7,331	2,054
Progress billing in respect of property development costs	7,711	268
Provisions	29,681	41,914
Provision for retirement benefits	-	82
Borrowings	285,936	408,766
Taxation	10,691	5,099
	<u>765,520</u>	<u>788,529</u>
Total Liabilities	<u>1,461,827</u>	<u>1,520,154</u>
TOTAL EQUITY AND LIABILITIES	<u>2,457,081</u>	<u>2,081,517</u>
Net assets per stock unit attributable to ordinary equity holders of the parent (RM)	<u>1.69</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 & ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2007 (Unaudited)

	←		← Attributable to Equity Holders of the Parent →					→		Minority Interests	Total Equity
	Share Capital	ICULS 2006/2011	Non-Distributable			Exchange Reserve	Distributable Retained Profits/ (Accumulated Loss)	Total			
	RM'000	RM'000	Share Premium	Treasury Stock Units	Revaluation Reserve	Share Option Reserve	RM'000	RM'000	RM'000	RM'000	
Period ended 31 March 2006											
At 1 April 2005	232,472	-	128,004	(9,968)	8,610	-	-	29,053	388,171	(13,047)	375,124
Net profit for the period	-	-	-	-	-	-	-	23,058	23,058	8,889	31,947
Total recognised income and expenses for the period	-	-	-	-	-	-	-	23,058	23,058	8,889	31,947
Acquisition of subsidiary	-	-	-	-	22,101	-	66	-	22,167	218,400	240,567
Sale of treasury stock units	-	-	1,208	3,687	-	-	-	-	4,895	-	4,895
Goodwill written off	-	-	-	-	-	-	-	(87,969)	(87,969)	-	(87,969)
Dividend paid	-	-	-	-	-	-	-	(3,201)	(3,201)	-	(3,201)
Transfer from revaluation reserve	-	-	-	-	(3,954)	-	-	3,954	-	-	-
At 31 March 2006	232,472	-	129,212	(6,281)	26,757	-	66	(35,105)	347,121	214,242	561,363
Period ended 31 March 2007											
At 1 April 2006	232,472	-	129,212	(6,281)	26,757	-	66	(35,105)	347,121	214,242	561,363
Currency translation differences	-	-	-	-	-	-	20	-	20	-	20
Net profit for the period	-	-	-	-	-	-	-	60,929	60,929	41,772	102,701
Total recognised income and expenses for the period	-	-	-	-	-	-	20	60,929	60,949	41,772	102,721
Issuance of ordinary stock units	121,623	-	(52,282)	-	-	-	-	-	69,341	-	69,341
Issuance of ICULS 2006/2011	-	106,321	-	-	-	-	-	-	106,321	-	106,321
Conversion of ICULS	4,866	(4,866)	-	-	-	-	-	-	-	-	-
Sale of treasury stock units	-	-	3,061	6,067	-	-	-	-	9,128	-	9,128
Purchase of treasury stock units	-	-	-	(535)	-	-	-	-	(535)	-	(535)
Transfer from revaluation reserve	-	-	-	-	(2,244)	-	-	2,244	-	-	-
Dilution arising from additional shares issued by subsidiary company	-	-	-	-	-	-	-	(427)	(427)	427	-
Issuance securities expenses	-	-	(3,725)	-	-	-	-	-	(3,725)	(567)	(4,292)
Adjustment due to changes in equity in subsidiaries by parent	-	-	-	-	-	-	-	20,672	20,672	171,485	192,157
Issuance of additional ordinary shares pursuant to Restricted Issue in subsidiary	-	-	-	-	-	-	-	-	-	12,000	12,000
Acquisition of equity interest by equity holders of parent	-	-	-	-	-	-	-	-	-	7,040	7,040
Share options granted under ESOS	-	-	-	-	-	2,017	-	-	2,017	-	2,017
Dividend paid	-	-	-	-	-	-	-	(4,700)	(4,700)	(57,307)	(62,007)
At 31 March 2007	358,961	101,455	76,266	(749)	24,513	2,017	86	43,613	606,162	389,092	995,254

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 YEAR ENDED 31 MARCH 2007 (Unaudited)**

	12 mths ended 31/03/07 RM'000	12 mths ended 31/03/06 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	139,031	41,845
Depreciation and amortisation	7,410	5,175
Non-cash items	(167,429)	(75,458)
Non-operation items	<u>34,114</u>	<u>25,685</u>
Operating profit before working capital changes	13,126	(2,753)
Changes in working capital:		
Land held for property development	(145,475)	(75,418)
Property development cost	(185,713)	(142,295)
Changes in inventories	5,425	5,740
Changes in receivables	294,718	226,662
Changes in payables	74,632	44,914
Interest received	2,986	2,716
Interest paid	(69,879)	(39,109)
Payment for retirement benefits	(21)	(766)
Tax refunded	2,449	92
Income tax paid	<u>(35,709)</u>	<u>(15,163)</u>
NET CASH FLOWS (USED IN)/GENERATE FROM OPERATING ACTIVITIES	(43,461)	4,620
NET CASH FLOWS GENERATED FROM/(USED IN) INVESTING ACTIVITIES	51,432	(146,911)
NET CASH FLOWS GENERATED FROM FROM FINANCING ACTIVITIES	158,518	332,526
Exchange translation differences	20	66
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>166,509</u>	<u>190,301</u>
CASH AND CASH EQUIVALENTS AT 1 APRIL	170,489	(19,812)
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u><u>336,998</u></u>	<u><u>170,489</u></u>

**EASTERN & ORIENTAL BERHAD (555-K)
FOR THE YEAR ENDED 31 MARCH 2007**

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 2 - Share-based Payment

Prior to 1 April 2006, no compensation expense was recognised in profit or loss for share options granted. The Group and the Company recognised an increase in share capital and share premium when the options were exercised. Upon the adoption of FRS 2, the fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within the equity over the vesting period.

The Group has applied FRS 2 in accordance with its transitional provisions which allow this change in accounting policy to be applied to the modification of the share options on 28 Septemehr 2006. These share options were initially granted and vested prior to 1 April 2006.

c) 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.

d) FRS 116 : Property, Plant and Equipment

The adoption of FRS 116 has resulted in the review of residual value and remaining useful life of each componenet of property, plant and equipment at each financial year end. The Group revised the estimated useful life of certain plant and equipment from fifty years to a range of ten to twenty years with effect from 1 April 2006 and the residual value of the Group's motor vehicles. The revision was accounted for as a prospective change in accounting estimates and comparatives of the previous financial year ended 31 March 2006 are not restated.

**EASTERN & ORIENTAL BERHAD (555-K)
FOR THE YEAR ENDED 31 MARCH 2007**

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

2. Changes in Accounting Policies (contd.)

e) FRS 138 : Intangible Assets

Prior to the current fourth quarter of the current financial year, the application software was classified as Property, Plant and Equipment. With the adoption of FRS138 in the current quarter, application software is classified as an intangible assets and is measured on initial recognition at cost. Following initial recognition, it is carried at cost less any accumulated amortisation and any accumulated impairment losses. The application software's useful life is finite and is amortised over its estimated economic useful life and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method for the aforesaid asset with finite useful life are reviewed each financial year end.

e) FRS 140 : Investment Properties

FRS 140 defines an investment property as property held by the Company for rental yield and/or for capital appreciation. The Group has adopted the cost model as a basis of measurement for its investment properties and stated at cost less accumulated and impairment losses.

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.

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. Material and unusual items

There were no material or unusual items during the financial year ended 31 March 2007 except as disclosed in Note A2.

6. Changes in estimates

There were no other changes in estimates that have had material effect in the current financial period results other than the changes as disclosed in Note A2(d).

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")

For the financial year ended 31 March 2007, the Company ("EOB") issued 4,496,745 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

During the financial year ended 31 March 2007, the Company allotted and issued 33.709 million new ordinary stock units of RM1.00 each 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 Buminputera investors approved by Ministry of International Trade and Industry.

**EASTERN & ORIENTAL BERHAD (555-K)
FOR THE YEAR ENDED 31 MARCH 2007**

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

7. Debt and equity securities (cont'd)

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.

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.

For the second half of the financial year ended 31 March 2007, 585,562 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 March 2007 after the adjustment was 72,367,093.

e) Treasury Shares

During the financial year ended 31 March 2007, the Company bought back 492,900 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 RM534,086 and RM9,128,716 respectively.

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

As of 31 March 2007, a total of 7,131,400 ICULS at nominal value of RM1.00 each were converted into 7,131,400 new ordinary stock units of RM1.00 each. The balance of outstanding ICULS in issue as at 31 March 2007 was 148,704,046.

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.

**EASTERN & ORIENTAL BERHAD (555-K)
FOR THE YEAR ENDED 31 MARCH 2007**

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

9. Segmental information

<u>12 month ended</u> <u>31 March 2007</u> RM'000	Construction and related activities	Properties	Hotel Operations	Investment Holding and others	Total	Elimination	Consolidated
REVENUE							
External sales	530,289	494,983	28,557	4,354	1,058,183	-	1,058,183
Inter-segment sales	23,980	-	-	941	24,921	(24,921)	-
Total revenue	<u>554,269</u>	<u>494,983</u>	<u>28,557</u>	<u>5,295</u>	<u>1,083,104</u>		<u>1,058,183</u>
RESULT							
Segment profit	50,065	123,979	71	12,830	186,945	189	187,134
Finance cost							(38,417)
Share of results of jointly controlled entity							(26)
Share of results of associated companies							<u>(9,660)</u>
Profit before tax							<u>139,031</u>

<u>12 month ended</u> <u>31 March 2006</u> RM'000	Construction and related activities	Properties	Hotel Operations	Investment Holding and others	Total	Elimination	Consolidated
REVENUE							
External sales	223,453	252,386	23,598	578	500,015	-	500,015
Inter-segment sales	179,666	-	-	642	180,308	(180,308)	-
Total revenue	<u>403,119</u>	<u>252,386</u>	<u>23,598</u>	<u>1,220</u>	<u>680,323</u>		<u>500,015</u>
RESULT							
Segment profit	25,543	59,894	959	(5,935)	80,461	(14,333)	66,128
Finance cost							(29,100)
Share of results of associated companies							<u>4,817</u>
Profit before tax							<u>41,845</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 year ended 31 March 2007 other than the following:-

- i) On 5 April 2007, KCB Trading Sdn Bhd, a wholly-owned subsidiary of E&OPROP which in turn is a subsidiary of the Company entered into a conditional Sale and Purchase Agreement with Mezon Development Sdn Bhd for the acquisition of all that freehold development land held under HS(D) 111939 for PT 56, Seksyen 43, Bandar Kuala Lumpur, Daerah Kuala Lumpur measuring approximately 5,219 square meters for a cash consideration of RM47,760,000 ("Proposed Acquisition")

The Proposed Acquisition is subject to the approval of the Foreign Investment Committee.

**EASTERN & ORIENTAL BERHAD (555-K)
FOR THE YEAR ENDED 31 MARCH 2007**

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

11. Material subsequent event (contd.)

- ii) On 12 April 2007, E&O Restaurants Sdn Bhd, a wholly-owned subsidiary of the Company entered into a Share Sale Agreement with Mr Benjamin Yong Kwet Yue for the acquisition of 51,000 ordinary shares of RM1.00 each representing 51% equity interest in The Delicious Group (M) Sdn Bhd (formerly known as Delicious By Ms Read (M) Sdn Bhd) ("DGM") for a purchase consideration of up to RM3,060,000 ("Proposed Acquisition"). Upon the completion of the Proposed Acquisition, DGM will be a 51% owned subsidiary of the Company.

The completion of the Proposed Acquisition is subject to the approval of the Directors of DGM and the approval of the Foreign Investment Committee and any other relevant authority (if required).

- iii) On 27 April 2007, Hexon Housing Development Sdn Bhd, a wholly-owned subsidiary of E&OPROP entered into a conditional Sale and Purchase Agreement with Graphics Divide Sdn Bhd for the acquisition of two (2) pieces of freedhold land identified as GM 3011, Lot No.55502 and GM 3012, Lot No. 55503 both in the Mukim of Kuala Lumpur, Tempat Swttenham Road, Daerah Kuala Lumpur, Wilayah Persekutuan (formerly held under HSM 4621 Lot No. PT 6838 and HSM 4622 Lot No. PT 6839 respectively) measuring approximately 12,312 square metres for a cash consideration of RM33,793,875 ("Proposed Acquisition").

The Proposed Acquisition is subject to the approval of the Foreign Investment Committee.

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.

- v) 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 has become a wholly owned subsidiary of the Company.

**EASTERN & ORIENTAL BERHAD (555-K)
FOR THE YEAR ENDED 31 MARCH 2007**

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

12. Changes in composition of the Group (contd.)

- vi) On 15 January 2007, Kamunting Tin Dredging Limited, a wholly-owned subsidiary of E&OPROP has acquired a shelf company namely Goldtap Services Limited with an issued and paid-up share capital of £1.00 comprising of one ordinary share of £1.00.
- vii) On 7 March 2007, Kamunting Mangement Services Sdn Bhd, a subsidiary of E&OPROP has completed the the acquisition of 21,000 ordinary shares of RM1.00 each representing 60% of equity interest in KGN-PDC Holdings Sdn Bhd ("KGN-PDC") for a purchase consideration of RM37 million and accordingly, KGN-PDC became a subsidiary of E&OPROP.
- viii) On 23 March 2007, E&OPROP has completed the 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 RM8.3 million from E&O Developers Sdn Bhd, a wholly-owned subsidiary of the Company and Budaya Berjasa Sdn Bhd. Accordingly, TWSB became a wholly-owned subsidiairy of E&OPROP.

13. Contingent Liabilities

Details of contingent liabilities as at 23 May 2007 (the latest practicable date which is not earlier than 7 days from the issue of this quarterly report) are as follows:

	Company	
	23/05/07	31/03/06
	RM'000	RM'000
i) Guarantees issued to financial institutions for banking facilities granted to subsidiaries:		
- Secured	30,348	34,346

**EASTERN & ORIENTAL BERHAD (555-K)
FOR THE YEAR ENDED 31 MARCH 2007**

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

1. Review of performance

The Group achieved a revenue of RM1,058.183 million for the financial year ended 31 March 2007 as compared to RM500.015 million recorded in the previous year corresponding period ended 31 March 2006.

The substantial increase in revenue of RM558.168 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 21.0% increase in revenue compared to the previous year.

The Group recorded a profit before tax of RM139.031 million which represented an increase of RM97.186 million for the financial year ended 31 March 2007 compared to the profit before taxation of RM41.845 million in 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 fourth quarter ended 31 March 2007, the Group recorded a revenue of RM320.129 million and a profit before tax of RM59.714 million as compared to the immediate preceding quarter where Group revenue was RM289.874 million and a profit before tax of RM26.485 million.

The pre-tax profit of the Group has increased by RM33.229 million or 125.46% as compared to the pre-tax profit of the immediate preceding quarter due to better performance from all activities, gain on disposal of investments and write back of impairment loss in other investments

3. Current year prospects

The existing and on-going launches of development projects as well as the value of outstanding order book from its construction activities shall contribute positively to the earnings of the Group in the forthcoming financial quarter.

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 .

For the financial year ended 31 March 2007, PPB has achieved a net profit of RM38.5 million.

5. Taxation

	Current quarter ended 31/3/07 RM'000	Current financial year to date 31/3/07 RM'000
Malaysian income tax		
- current	9,880	37,192
- in respect of prior years	2,532	2,564
Deferred tax	(1,064)	(3,465)
Real property gain tax	39	39
	<u>11,387</u>	<u>36,330</u>

The effective tax rate for the current quarter and financial year end was lower than the statutory tax rate of 27% mainly due to certain capital gains which are not taxable.

**EASTERN & ORIENTAL BERHAD (555-K)
FOR THE YEAR ENDED 31 MARCH 2007**

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 year, 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 31/3/07 RM'000	Current financial year to date 31/3/07 RM'000
(a) Purchases / disposals		
Total Purchases	178	178
Total Sale Proceeds	811	8,316
Total Profit/(Loss) on Disposal	545	2,174
(b) Balances as at 31 March 2007		
Total investments at cost		<u>31,476</u>
Total investments at carrying value/book value (after impairment loss)		<u>18,747</u>
Total investment at market value at end of reporting period		<u>22,395</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 23 May 2007

i) Proposed issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of Islamic Securities up to RM150.0 million in nominal value via issuance of bank guarantee commercial papers ("CP")/Medium Term Notes ("MTN") based on the principals of Murabah ("Bank Guaranteed Murabahah CP/MTN Programme")

The Company had on 14 May 2007 acquired the approval from the Securities Commission ("SC") in relation to the proposed issuance of up to RM150.0 million nominal value of Bank Guarantee Murabahah CP/MTN Programme via the SC's letter dated 10 May 2007. The approval by the SC is subject to certain terms and conditions. Details of the proposal are in the announcement made to the Bursa Securities on 14 May 2007.

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

On 11 January 2007, AmInvestment Bank Berhad on behalf of E&OPROP, a subsidiary of the Company 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 Private Placement have been obtained.

As of 3 April 2007, the first tranche of 36,000,000 new ordinary shares of RM1.00 each in the Company has been issued pursuant to the Proposed Private Placement. Details of the first tranche of the Proposed Private Placement are in the announcement made to the Bursa Securities on 26 March 2007.

**EASTERN & ORIENTAL BERHAD (555-K)
FOR THE YEAR ENDED 31 MARCH 2007**

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 18% Equity Interest in Permaijana Ribu (M) Sdn Bhd

On 12 March 2007, E&OPROP has entered into a Share Sale Agreement with Mechmar Corporation (Malaysia) Sdn Bhd for the acquisition of 900,000 ordinary shares of RM1.00 each representing 18% equity interest in Permaijana Ribu (M) Sdn Bhd for the purchase consideration of RM22.5 million.

All conditions precedent have been met on 15 May 2007. The agreement became unconditional on the same date. The agreement shall be completed upon settlement of the purchase consideration. Details of the proposal are in the announcement made to the Bursa Securities on 12 March 2007.

b) Utilisation of proceeds from corporate proposals

i) EOB Fund Raising

As at 23 May 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:

	RM'000
Repayment of borrowings	153,500
Exercise of warrants in E&OPROP	52,394
Expenses for corporate proposal	3,135
Working capital	<u>27,363</u>
	<u>236,392</u>

ii) EOB Special Bumi Issue

As at 23 May 2007, the utilisation of the cash proceeds arising from the Special Bumi Issue of RM33.709 million are as follows:

	RM'000
Working capital	18,169
Expenses for Corporate proposals	<u>160</u>
	<u>18,329</u>

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

As at 23 May 2007, the discounted net cash proceeds of RM346.689 million raised from the issuance of BG CP/MTN of RM350 million by EOPP have been fully utilised as follows :

	RM'000
Expenses for corporate proposal	1,198
Repayment of the Existing Credit Facilities	244,393
Working capital of EOPP and repayment of shareholders' advances	<u>101,098</u>
	<u>346,689</u>

iv) Private Placement of New Ordinary Shares In E&OPROP

As at 23 May 2007, the utilisation of the cash proceeds arising from the Private Placement of RM92.16 million are as follows:

	RM'000
Working capital purposes	12,566
Repayment of bank borrowings	490
Payment of expenses for the Proposed Placement	<u>320</u>
	<u>13,376</u>

**EASTERN & ORIENTAL BERHAD (555-K)
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9. Group Borrowings

a) The Group borrowings were as follows:-	As at 31/3/07 RM'000
Short Term - Secured	284,436
- Unsecured	1,500
Long Term - Secured	517,694
- 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 23 May 2007.

11. Material Litigation

There was no material litigation which affects the financial position or business of the Group as at 23 May 2007.

12. Dividend

The Board of Directors propose the payment of a first and final dividend of 4% less income tax in respect of the financial year ended 31 March 2007 subject to the approval of stockholders at the forthcoming Annual General Meeting. The book closure and payment date will be determined at a later date (2006: 2%).

**EASTERN & ORIENTAL BERHAD (555-K)
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B. Explanatory Notes required by the Bursa Malaysia's Listing Requirements (cont'd)

13. Earnings Per Stock Unit

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31/03/07	Comparative quarter ended 31/03/06	Current year to date 31/03/07	Comparative year to date 31/03/06
a) Basic earnings per stock units				
Profit from continuing operations attributable to equity holders of the parent (RM'000)	30,695	10,329	60,929	23,058
Weighted average number of ordinary stock units in issue (unit '000)	313,714	221,920	313,714	221,920
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS 2006/2011 (unit '000)	101,538	-	101,538	-
Adjusted weighted average number of ordinary stock units (unit '000)	415,252	221,920	415,252	221,920
Basic earnings per stock unit for profit from continuing operations for the period (sen)	7.39	4.65	14.67	10.39
b) Diluted earnings per stock units				
Profit from continuing operations attributable to equity holders of the parent (RM'000)	30,695	-	60,929	-
Weighted average number of ordinary stock units in issue (unit '000)	313,714	-	313,714	-
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS 2006/2011 (unit '000)	101,538	-	101,538	-
Effect of dilution of ESOS (unit '000)	4,104	-	4,104	-
Effect of dilution of Warrants (unit '000)	26,541	-	26,541	-
	445,897	-	445,897	-
Diluted earnings per stock unit for profit from continuing operations for the period (sen)	6.88	-	13.66	-