

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE FIRST QUARTER ENDED 30 JUNE 2007 (Unaudited)**

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.6.2007 RM'000	Comparative quarter ended 30.6.2006 RM'000 (Restated)	Current year to date 30.6.2007 RM'000	Comparative year to date 30.6.2006 RM'000 (Restated)
Revenue	171,487	114,865	171,487	114,865
Cost of sales	(107,913)	(81,258)	(107,913)	(81,257)
Gross profit	63,574	33,607	63,574	33,608
Other operating income	2,728	1,451	2,728	1,451
Selling and marketing expenses	(2,838)	(1,539)	(2,838)	(1,540)
Administrative expenses	(8,699)	(6,048)	(8,699)	(6,048)
Other operating expenses	(2,131)	(2,269)	(2,131)	(2,269)
Profit from operations	52,634	25,202	52,634	25,202
Finance cost	(7,088)	(10,931)	(7,088)	(10,931)
Share of results of jointly controlled entity	22	-	22	-
Share of results of associates	(181)	(652)	(181)	(652)
Profit before tax	45,387	13,619	45,387	13,619
Income tax expense	(14,409)	(4,496)	(14,409)	(4,496)
<b>Profit for the period from continuing operations</b>	<b>30,978</b>	<b>9,123</b>	<b>30,978</b>	<b>9,123</b>
<b>Discontinued Operation</b>				
Profit for the period from discontinuing operation	6,547	7,000	6,547	7,000
<b>Profit for the period</b>	<b>37,525</b>	<b>16,123</b>	<b>37,525</b>	<b>16,123</b>
Attributable to:				
Equity holders of the parent	15,237	10,144	15,237	10,144
Minority interest	22,288	5,979	22,288	5,979
	<b>37,525</b>	<b>16,123</b>	<b>37,525</b>	<b>16,123</b>
Earnings per share attributable to equity holders of the parent:				
Basic (sen)				
- profit from continuing operations	2.42	2.67	2.42	2.67
- profit from discontinuing operation	0.55	1.58	0.55	1.58
	<b>2.97</b>	<b>4.25</b>	<b>2.97</b>	<b>4.25</b>
Diluted (sen)				
- profit from continuing operations	2.23	2.55	2.23	2.55
- profit from discontinuing operation	0.50	1.52	0.50	1.52
	<b>2.73</b>	<b>4.07</b>	<b>2.73</b>	<b>4.07</b>

**The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2007 and accompanying explanatory notes attached to the interim financial statements.**

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

**CONDENSED CONSOLIDATED BALANCE SHEETS**

**AS AT 30 JUNE 2007 (Unaudited)**

	<b>AS AT 30.6.2007 RM'000</b>	<b>AS AT 31.3.2007 RM'000 (Restated)</b>
<b>Non-current assets</b>		
Property, plant and equipment	124,072	153,466
Land held for property development	966,126	1,038,849
Investment properties	4,673	4,678
Prepaid lease payments	1,124	1,187
Intangible assets	499	750
Investments in associates	24,489	24,670
Investments in joint controlled entities	120	99
Other investments	34,773	35,330
Long term receivable	-	2,822
Deferred tax assets	2,355	14,181
	<u>1,158,231</u>	<u>1,276,032</u>
<b>Current assets</b>		
Property development costs	200,783	263,268
Inventories	31,862	40,592
Trade receivables	153,870	373,602
Other receivables	99,782	35,991
Tax recoverable	16,249	13,858
Amount due from customers on construction work	-	30,382
Accrued billings in respect of property development costs	36,838	68,664
Cash and cash equivalents	281,718	344,882
	<u>821,102</u>	<u>1,171,239</u>
Assets of disposal group / non-current assets classified as held for sale	<u>448,285</u>	<u>14,205</u>
	<u>1,269,387</u>	<u>1,185,444</u>
<b>TOTAL ASSETS</b>	<u>2,427,618</u>	<u>2,461,476</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	383,079	358,961
8% Irredeemable Convertible Unsecured Loan Stocks 2006/2011	96,969	101,455
Reserves		
Share premium	76,468	76,266
Revaluation reserves	22,630	24,513
Exchange reserves	86	86
Share option reserves	1,935	2,017
Treasury stock units	(749)	(749)
Retained earnings	69,584	44,184
Stockholders' funds	<u>650,002</u>	<u>606,733</u>
Minority interests	<u>432,780</u>	<u>390,525</u>
<b>Total Equity</b>	<u>1,082,782</u>	<u>997,258</u>

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

**CONDENSED CONSOLIDATED BALANCE SHEETS  
AS AT 30 JUNE 2007 (Unaudited)**

	<b>AS AT 30.6.2007 RM'000</b>	<b>AS AT 31.3.2007 RM'000 (Restated)</b>
<b>Non-current liabilities</b>		
Provision for retirement benefits	39	39
8% Irredeemable Convertible Unsecured Loan Stocks 2006/2011	48,542	49,731
Borrowings	499,838	506,143
Deferred tax liabilities	61,092	78,339
	<u>609,511</u>	<u>634,252</u>
<b>Current liabilities</b>		
Trade payables	32,288	339,357
Payables	73,693	83,578
Amount due to customers on construction works	-	7,331
Progress billing in respect of property development costs	4,714	7,711
Provisions	2,019	31,641
Provision for retirement benefits	-	38
Borrowings	328,861	347,483
Taxation	18,340	12,827
	<u>459,915</u>	<u>829,966</u>
Liabilities directly associated with assets classified as held for sale	275,410	-
	<u>735,325</u>	<u>829,966</u>
<b>Total Liabilities</b>	<u>1,344,836</u>	<u>1,464,218</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,427,618</u>	<u>2,461,476</u>
<b>Net assets per stock unit attributable to ordinary equity holders of the parent (RM)</b>	<u>1.45</u>	<u>1.41</u>

Based on number of stock units net of treasury stock units

**The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 31 March 2007 and accompanying explanatory notes attached to the interim financial statements.**

EASTERN & ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2007 (Unaudited)

	Attributable to Equity Holders of the Parent								Minority Interests	Total Equity	
	Share Capital	ICULS 2006/2011	Share Premium	Non-Distributable Treasury Stock Units	Revaluation Reserve	Share Option Reserve	Exchange Reserve	Distributable Retained Earnings/ (Accumulated Loss)			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Period ended 30 June 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	-	-	-	-	-	-	-	10,144	10,144	5,979	16,123
Total recognised income and expenses for the period	-	-	-	-	-	-	24	10,144	10,168	5,979	16,147
Issuance of ordinary stock units	9,479	-	-	-	-	-	-	-	9,479	-	9,479
Sale of treasury stock units	-	-	3,061	6,067	-	-	-	-	9,128	-	9,128
Transfer from revaluation reserve	-	-	-	-	(78)	-	-	78	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(12,096)	(12,096)
Acquisition of equity interest by equity holders of parent	-	-	-	-	-	-	-	-	-	(151)	(151)
<b>At 30 June 2006</b>	<b>241,951</b>	<b>-</b>	<b>132,273</b>	<b>(214)</b>	<b>26,679</b>	<b>-</b>	<b>90</b>	<b>(24,883)</b>	<b>375,896</b>	<b>207,974</b>	<b>583,870</b>

EASTERN & ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2007 (Unaudited)

	Attributable to Equity Holders of the Parent								Minority Interests	Total Equity	
	Share Capital	Non-Distributable			Distributable		Total	Total			
		ICULS 2006/2011	Share Premium	Treasury Stock Units	Revaluation Reserve	Share Option 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 30 June 2007</b>											
<b>At 1 April 2007</b>	358,961	101,455	76,266	(749)	24,513	2,017	86	44,184	606,733	390,525	997,258
Net profit for the period	-	-	-	-	-	-	-	15,237	15,237	22,288	37,525
Total recognised income and expenses for the period	-	-	-	-	-	-	-	15,237	15,237	22,288	37,525
Issuance of ordinary stock units											
- Pursuant to ESOS	310	-	-	-	-	-	-	-	310	-	310
- Warrants exercised	17,234	-	-	-	-	-	-	-	17,234	-	17,234
Conversion of ICULS (equity portion)	4,486	(4,486)	-	-	-	-	-	-	-	-	-
Conversion of ICULS (liability portion)	2,088	-	138	-	-	-	-	-	2,226	-	2,226
Transfer from revaluation reserve	-	-	-	-	(1,883)	-	-	1,883	-	-	-
Dilution arising from additional shares issued by subsidiary company	-	-	-	-	-	-	-	8,280	8,280	22,390	30,670
Shares issuance cost	-	-	(15)	-	-	-	-	-	(15)	-	(15)
Share options granted under EOB ESOS											
- Share options lapsed	-	-	-	-	-	(3)	-	-	(3)	-	(3)
- Share options exercised	-	-	79	-	-	(79)	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(2,423)	(2,423)
<b>At 30 June 2007</b>	<b>383,079</b>	<b>96,969</b>	<b>76,468</b>	<b>(749)</b>	<b>22,630</b>	<b>1,935</b>	<b>86</b>	<b>69,584</b>	<b>650,002</b>	<b>432,780</b>	<b>1,082,782</b>

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 2007 and accompanying explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2007 (Unaudited)**

	<b>3 mths ended 30.6.2007 RM'000</b>	<b>3 mths ended 30.6.2006 RM'000 (Restated)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax		
Continuing operations	45,387	13,619
Discontinuing operation	8,995	9,743
Adjustments for:		
Depreciation and amortisation	2,493	2,057
Non-cash items	256	(31,305)
Non-operation items	4,543	9,739
Operating profit before working capital changes	61,674	3,853
Changes in working capital:		
Land held for property development	(5,872)	(19,796)
Property development cost	59,459	(44,537)
Changes in inventories	432	1,162
Changes in receivables	(52,084)	61,395
Changes in payables	(85,422)	(24,305)
Amount due from customers on construction contracts	4,969	-
Interest received	1,955	-
Interest paid	(11,248)	(18,963)
Payment for retirement benefits	-	(12)
Income tax refund	723	-
Income tax paid	(15,494)	(7,828)
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(40,908)</b>	<b>(49,031)</b>
<b>NET CASH FLOWS GENERATED FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>1,603</b>	<b>(13,320)</b>
<b>NET CASH FLOWS GENERATED FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>13,681</b>	<b>(14,340)</b>
Exchange translation differences	-	24
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(25,624)</b>	<b>(76,667)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 APRIL</b>	<b>344,583</b>	<b>170,489</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>318,959</b>	<b>93,822</b>
For purpose of cash flow statements, cash and cash equivalents comprised of the follow:		
<u>Continuing Operations</u>		
Deposits with financial institutions	169,609	44,232
Cash on hand and at banks	112,109	56,426
Bank overdrafts	(9,315)	(27,673)
	272,403	72,985
<u>Discontinuing Operation</u>		
Deposits with financial institutions	5,852	19,801
Cash on hand and at banks	40,704	1,036
	46,556	20,837
	318,959	93,822

The condensed consolidated cash flow statement should be read in conjunction with the audited financial Statements for the financial year ended 31 March 2007 and accompanying explanatory notes attached to the interim financial statements.

**EASTERN & ORIENTAL BERHAD (555-K)  
FOR THE PERIOD ENDED 30 JUNE 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 Financial Reporting Standard ("FRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the 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 2007 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 2007.

**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 audited financial statements for the financial year ended 31 March 2007 except for the adoption of the following new and revised FRSs that are effective for the Groups financial period beginning 1 April 2007:

- |                                            |                                                                             |
|--------------------------------------------|-----------------------------------------------------------------------------|
| (i) FRS 117                                | Leases                                                                      |
| (ii) FRS 124                               | Related Party Disclosures                                                   |
| (iii) Amendment to FRS 119 <sup>2004</sup> | Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures |

Apart from the effect of change in accounting policies resulting from the adoption of FRS 117 below, the adoption of the other new and revised FRSs above do not have significant financial impact on the Group.

**(a) FRS 117 : Leases**

Prior to 1 April 2007, leasehold land and building held for own use was classified as property, plant and equipment was stated at cost less accumulated depreciation and impairment loss. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leasehold land and building. Leases of land and building are classified as operating or finance leases in the same way as leases of other assets. The land and building elements are considered separately for the purposes of lease classification. The upfront payments of leasehold interests are allocated between the land and buildings elements in proportion to their relative values at the inception of the leases. The upfront-payments made for leasehold land and building represents prepaid lease payments and are amortised on a straight-line basis over the remaining lease term.

Upon adoption of the revised FRS 117 at 1 April 2007, the unamortised amounts of leasehold land and building are retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land and building as prepaid lease payments has been accounted for retrospectively and certain comparative amounts as at 31 March 2007 have been restated as in Note 3 of Part A below.

**EASTERN & ORIENTAL BERHAD (555-K)**  
**FOR THE PERIOD ENDED 30 JUNE 2007**

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

**3. Comparative**

- (i) The following comparatives have been restated due to the adoption of new and revised FRSs as disclosed in Note 2 of Part A above which have restropective impact on the preceding periods financial statements:

(a) **Condensed Consolidated Balance Sheet**

	<-----As At 31.3.2007 ----->		
	As Previously Stated RM'000	Adoption of FRS 117 RM'000	As Restated RM'000
<b>At 31 March 2007</b>	Audited		
Property, plant and equipment	154,653	(1,187)	153,466
Prepaid lease payments	-	1,187	1,187

- (ii) As disclosed in Note 10 of Part A, in accordance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations, Putrajaya Perdana Berhad is a disposal group held for sale and accordingly was classified as Discontinued Operation. The comparative of the Discontinued Operation in the preceding year corresponding quarter have been reclassified and restated as follows:

(a) **Condensed Consolidated Income Statements**

	Individual/Cumulative Quarter Ended 30.6.2006		
	As Previously Stated RM'000	Reclassi- fication RM'000	As Restated RM'000
Revenue	192,837	(77,972)	114,865
Cost of sales	(147,558)	66,300	(81,258)
Gross profit	45,279	(11,672)	33,607
Other operating income	2,329	(878)	1,451
Selling and marketing expenses	(1,541)	2	(1,539)
Administrative expenses	(8,620)	2,572	(6,048)
Other operating expenses	(2,501)	232	(2,269)
Profit from operations	34,946	(9,744)	25,202
Finance cost	(10,932)	1	(10,931)
Share of results of associates	(652)	-	(652)
Profit before tax	23,362	(9,743)	13,619
Income tax expense	(7,239)	2,743	(4,496)
Profit for the period from continuing operations	16,123	(7,000)	9,123
Profit for the period from discontinuing operations	-	7,000	7,000
Profit for the period	16,123	-	16,123

**4. 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 2007 was not subject to any qualification.



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

**5. Seasonality or cyclical nature 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.

**6. Material and unusual items**

There were no material or unusual items during the current financial quarter ended 30 June 2007 except for the restatement of comparatives due to changes in accounting policies as disclosed in Note 2 of Part A above.

**7. Changes in estimates**

There were no material changes in estimates that have had a material effect in the current financial quarter.

**8. 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 quarter ended 30 June 2007, the Company ("EOB") issued 309,960 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) Warrants**

For the financial quarter ended 30 June 2007, 17,233,596 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 30 June 2007 was 55,133,497.

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

As of 30 June 2007, a total of 6,574,604 ICULS at nominal value of RM1.00 each were converted into 6,574,604 new ordinary stock units of RM1.00 each. The balance of outstanding ICULS in issue as at 30 June 2007 was 142,129,442.

**9. Dividends paid**

There were no dividend paid during the financial period under review.

**10. Discontinued Operation**

The Company has on 8 August 2007 entered into a conditional Sale and Purchase Agreement with Swan Symphony Sdn Bhd to divest its entire equity interest of 68,604,274 ordinary shares of RM0.50 each in Putrajaya Perdana Berhad ("PPB") as disclosed in Note 8 of Part B below.

The disposal of the PPB is expected to be completed in the third quarter of the current financial year ending 31 March 2008. In accordance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations, PPB is a disposal group held for sale and accordingly was classified as "Disposal Group Held for Sale" in the Balance Sheet and as "Discontinued Operation" in the Income Statement.

**EASTERN & ORIENTAL BERHAD (555-K)**  
**FOR THE PERIOD ENDED 30 JUNE 2007**

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

**10. Discontinued Operation (contd.)**

The revenue and results of the disposal group are as follows:

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
	RM'000	RM'000	RM'000	RM'000
Revenue	113,074	77,972	113,074	77,972
Cost of sales	(101,658)	(66,300)	(101,658)	(66,300)
Gross profit	11,416	11,672	11,416	11,672
Other operating income	1,108	878	1,108	878
Selling and marketing expenses	(246)	(2)	(246)	(2)
Administrative expenses	(3,176)	(2,572)	(3,176)	(2,572)
Other operating expenses	(99)	(232)	(99)	(232)
Profit from operations	9,003	9,744	9,003	9,744
Finance cost	(8)	(1)	(8)	(1)
Profit before tax	8,995	9,743	8,995	9,743
Income tax expense	(2,448)	(2,743)	(2,448)	(2,743)
Profit for the period from discontinuing operation	6,547	7,000	6,547	7,000

The major classes of assets and liabilities of the disposal group held for sale as at 30 June 2007 are as follows:

	RM'000
<b>Assets:</b>	
Property, plant and equipment	29,562
Land held for property development	81,003
Prepaid lease payments	84
Intangible assets	225
Other investments	378
Long term receivable	2,892
Deferred tax assets	11,827
Property development costs	4,846
Inventories	7,951
Trade receivables	233,202
Other receivables	10,164
Tax recoverable	1,085
Amount due from customers on construction work	16,663
Accrued billings in respect of property development costs	1,847
Cash and cash equivalents	46,556
Assets of disposal group classified as held for sale	448,285
<b>Liabilities</b>	
Trade payables	220,746
Payables	9,850
Amount due to customers on construction works	212
Provisions	27,368
Taxation	3,661
Deferred tax liabilities	13,573
Liabilities of disposal group classified as held for sale	275,410
Net assets attributable to discontinued operations	172,875

**EASTERN & ORIENTAL BERHAD (555-K)  
FOR THE PERIOD ENDED 30 JUNE 2007**

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

**11. Segmental information**

<u>3-month ended</u> <u>30 June 2007</u> RM'000	Properties	Hotel Operations	Investment Holding and others	Elimination	Total	Discontinued Operation	Consolidated
<b>REVENUE</b>							
External sales	163,434	7,079	974	-	171,487	113,074	284,561
Inter-segment sales	-	-	193	(193)	-	-	-
Total revenue	<u>163,434</u>	<u>7,079</u>	<u>1,167</u>		<u>171,487</u>	<u>113,074</u>	<u>284,561</u>
<b>RESULT</b>							
Segment profit	56,334	966	(3,880)	(786)	52,634	9,003	61,637
Finance cost					(7,088)	(8)	(7,096)
Share of results of jointly controlled entity					22	-	22
Share of results of associates					(181)	-	(181)
Profit before tax					<u>45,387</u>	<u>8,995</u>	<u>54,382</u>

<u>3-month ended</u> <u>30 June 2006</u> RM'000	Properties	Hotel Operations	Investment Holding and others	Elimination	Total	Discontinued Operation	Consolidated
<b>REVENUE</b>							
External sales	108,440	5,926	499	-	114,865	77,972	192,837
Inter-segment sales	-	-	39,394	(39,394)	-	-	-
Total revenue	<u>108,440</u>	<u>5,926</u>	<u>39,893</u>		<u>114,865</u>	<u>77,972</u>	<u>192,837</u>
<b>RESULT</b>							
Segment profit	28,998	(324)	35,996	(39,468)	25,202	9,744	34,946
Finance cost					(10,931)	(1)	(10,932)
Share of results of associates					(652)	-	(652)
Profit before tax					<u>13,619</u>	<u>9,743</u>	<u>23,362</u>

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

**12. 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.

**EASTERN & ORIENTAL BERHAD (555-K)  
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**A. Explanatory Notes Pursuant to FRS 134 (cont'd)**

**13. Material subsequent event**

There were no material events subsequent to the end of the financial quarter ended 30 June 2007 other than the following:-

- i) On 16 August 2007, Puncak Madu Sdn Bhd ("PMSB") a 40% associate of E&O Property Development Berhad ("E&OProp") which in turn is a subsidiary of the Company entered into a conditional Sale and Purchase Agreement to acquire a portion of a freehold land measuring in area of approximately 120,355 square feet held under H.S.(D) 100360 PT 5781 in the Mukim of Kuala Lumpur, District of Kuala Lumpur State of Wilayah Persekutuan together with a sixteen (16) storey office building also known as "Wisma Damansara" bearing address Wisma Damansara, Jalan Samantan, 50490 Kuala Lumpur for a total cash purchase consideration of RM100,000,000.

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

There were no changes to the composition of the Group during the financial period under review.

**13. Contingent Liabilities**

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

	Company	
	23.8.2007	31.3.2007
	RM'000	RM'000
i) Guarantees issued to financial institutions for banking facilities granted to subsidiaries:		
- Secured	30,348	30,135

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

**1. Review of performance**

As explained in Note 10 of Part A, in accordance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations, PPB is a disposal group held for sale and accordingly was classified as Discontinued Operation.

(a) Continuing Operations

Continuing operations of the Group are comprised of the property, hotel operations and investment holding divisions. The Group achieved a revenue of RM171.487 million for the financial quarter ended 30 June 2007 as compared to RM114.865 million recorded in the previous year corresponding quarter ended 30 June 2006.

The increase in revenue of RM56.622 million was largely due to the higher revenue generated from the property division of its on-going property development projects including Dua Residency, Idamansara and Seri Tanjung Pinang. The revenue generated by the hotel division has improved by 19.5% as compared to the previous year corresponding quarter.

The profit before tax of the Group has increased by RM31.768 million to RM45.387 million for the financial quarter ended 30 June 2007 compared to the profit before tax of RM13.619 million in the preceding year corresponding quarter. This is primarily due to higher contribution from the property development activities.

(b) Discontinuing Operation

The discontinuing operation of the Group are comprised of the construction and related activities from Putrajaya Perdana Berhad Group ("PPB Group"), the details of which are disclosed in Note 10 Part A above.

The PPB Group achieved a revenue of RM113.074 million for the financial quarter ended 30 June 2007 as compared to RM77.972 million recorded in the previous year corresponding quarter ended 30 June 2006. The improvement in revenue was mainly contributed by projects secured during the last financial year.

The PPB Group posted a profit before tax of RM8.995 million which represented a slight decrease of RM748,000 for the financial quarter ended 30 June 2007 as compared to RM9.743 million posted in the preceding year corresponding quarter ended 30 June 2006. The higher revenue in the current quarter did not translate into improvement in profits as there were additional profit recognised from the finalisation of accounts for a few projects in the preceding corresponding quarter.

Overall, the Group achieved a profit before tax of RM54.382 million from the continuing and discontinuing operations as compared to RM23.362 million achieved during the previous year corresponding quarter. This represent an increase of 133%.

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

The Group recorded a revenue of RM284.561 million and a profit before tax of RM54.382 million (contributed by continuing and discontinuing operations) as compared to the immediate preceding quarter where Group revenue was RM320.129 million and a profit before tax of RM59.714 million.

The pre-tax profit of the Group has marginally decreased by RM5.332 million or 8.9% as compared to the pre-tax profit of the immediate preceding quarter due to certain construction projects were nearing completion during the current financial quarter.

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**FOR THE PERIOD ENDED 30 JUNE 2007**

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

**3. Current year prospects**

As disclosed in Note 8 of Part B below, the Company has on 8 August 2007 entered into a conditional Sale and Purchase Agreement with Swan Symphony Sdn Bhd to divest its entire equity interest in Putrajaya Perdana Berhad ("PPB") which was approved by the stockholders of the Company on 25 July 2007 and expected to be completed in the third quarter of the financial year ending 31 March 2008.

Upon completion of the aforementioned divestment in PPB, the Group plans to utilise the funds to establish the Property Investment Division as well as further expanding its Hospitality/Lifestyle division. The Property Investment Division's core mandate is the acquisition of select landbanks and properties that will provide the Group with steady, recurring income through rental contributions and opportunities for capital appreciation in the longer term.

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

The Group did not issue any profit forecast/profit guarantee for the financial quarter under review.

**5. Taxation**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- current	17,722	5,653	17,722	5,653
- in respect of prior years	(9)	-	(9)	-
Deferred tax	(3,304)	(1,157)	(3,304)	(1,157)
	<u>14,409</u>	<u>4,496</u>	<u>14,409</u>	<u>4,496</u>

The effective tax rate for the current quarter was higher than the statutory tax rate of 26% mainly due to certain expenses which are not deductible for tax purposes.

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

During the current financial quarter, the Group has disposed of an investment property for a consideration of RM5.5 million which gave rise to a loss of RM110,000.

**7. Investment in quoted securities**

Particulars of investment in quoted securities:	Current	Current financial
	quarter ended	year to date
(a) Purchases / disposals	30.6.2007	30.6.2007
	RM'000	RM'000
Total Sale Proceeds	765	765
Total Profit/(Loss) on Disposal	523	523
(b) Balances as at 30 June 2007		
Total investments at cost		<u>27,263</u>
Total investments at carrying value/book value (after impairment loss)		<u>13,962</u>
Total investment at market value at end of reporting period		<u>16,505</u>

**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**

**a) Status of corporate proposals announced but not completed as at 23 August 2007**

**i) Proposed disposal of EOB Group's holding of 90,000,000 ordinary shares of RM1.00 each in E&O Property Development Berhad ("E&OProp") and 68,604,274 ordinary shares of RM0.50 each in Putrajaya Perdana Berhad ("PPB")**

On 29 May 2007, the Company ("EOB") announced to undertake the following proposals:

- (i) proposed disposal of up to 90,000,000 ordinary shares of RM1.00 each in E&OProp ("E&OProp Sale Shares") representing 13.8% of the issued and paid-up share capital of E&OProp as at 28 May 2007 ("Proposed E&OProp Disposal"); and
- (ii) proposed disposal by the Company and its wholly owned subsidiaries, namely Dynamic Degree Sdn Bhd and Matrix Promenade Sdn Bhd of up to 68,604,274 ordinary shares of RM0.50 each in PPB ("PPB Sale Shares") representing 50.8% of the issued and paid-up share capital of PPB as at 28 May 2007 ("Proposed PPB Disposal").

The disposal price per E&OProp Sale Shares and PPB Sale Shares will be set at a price not lower than 90% of the five (5)-day volume weighted average market price (5-Days VWAP") of E&OProp Shares and PPB Shares immediately prior to the date to the date on which the disposal price for each tranche of the E&OProp Sale Shares and PPB Sale Shares are determined respectively. The disposal consideration will be guided by market based principles and will be determined a level or levels which is/are in the best interests of the Company.

The Proposed Disposal was approved by the stockholders and ICULS holders of the Company at an Extraordinary General Meeting held on 25 July 2007. The Proposed Disposal is subject to the approval from the relevant authorities, where required.

On 8 August 2007, the Company has entered into a conditional Sale and Purchase Agreement ("SPA") with Swan Symphony Sdn Bhd to dispose of 68,604,274 PPB Shares at RM2.90 per PPB Share for a total cash consideration of RM198,952,394. The disposal price, which was arrived at on a willing-buyer and willing-seller basis, represents a premium of 6.65% to the 5-Days VWAP of PPB Shares up to 7 August 2007 (being the market day immediately prior to the date of the SPA) of RM2.7191 per share.

**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**

**a) Status of corporate proposals announced but not completed as at 23 August 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.

On 19 July 2007, AmInvestment Bank Berhad on behalf of the Company announced that Securities Commission has via its letter dated 18 July 2007, approved the application of E&OProp for an extension of time of six months for placement of the balance up to 25,026,623 Placement Shares.

**(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.

**(iv) Proposed Acquisition of 24% Equity Interest in Bridgecrest Resources Sdn Bhd**

On 29 May 2007, Kamunting Management Services Sdn Bhd ("KMS") a subsidiary of E&OProp has entered into a Share Sale Agreement with North Zest Sdn Bhd for the acquisition of 24 ordinary shares of RM1.00 each representing 24% equity interest in Bridgecrest Resources Sdn Bhd for the purchase consideration of RM25 million.

All conditions precedent have been met on 14 August 2007. The agreement shall be completed upon settlement of the balance purchase consideration within three months from 14 August 2007. Details of the proposal are in the announcement made to the Bursa Securities on 29 May 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 (contd.)**

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

**i) EOB Special Bumi Issue**

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

	RM'000
Working capital	33,459
Expenses for Corporate proposals	160
	<u>33,619</u>

**ii) Private Placement of New Ordinary Shares In E&OProp**

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

	RM'000
Working capital purposes	47,593
Repayment of bank borrowings	1,225
Payment of expenses for the Proposed Placement	320
	<u>49,138</u>

**9. Group Borrowings**

a) The Group borrowings were as follows:-

	<b>As at</b>
	<b>30.6.2007</b>
	<b>RM'000</b>
Short Term - Secured	317,731
- Unsecured	1,815
Long Term - Secured	449,838
- 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 August 2007.

**11. Material Litigation**

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

**12. Dividend**

The Board of Directors do not recommend any interim dividend for the financial quarter ended 30 June 2007.

At the forthcoming Annual General Meeting, a first and final dividend in respect of financial year ended 31 March 2007, of 4.0% less 27% taxation on the ordinary stock units in issue at book closure date which was declared in previous quarter, will be proposed for stockholders' approval.

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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 30.6.2007	Comparative quarter ended 30.6.2006	Current year to date 30.6.2007	Comparative year to date 30.6.2006
<b>a) Basic earnings per stock units</b>				
(i) Profit from continuing operations attributable to equity holders of the parent (RM'000)	12,420	6,365	12,420	6,364
Weighted average number of ordinary stock units in issue (unit '000)	370,118	238,504	370,118	238,504
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS 2006/2011 (unit '000)	143,879	-	143,879	-
Adjusted weighted average number of ordinary stock units (unit '000)	513,997	238,504	513,997	238,504
Basic earnings per stock unit for profit from continuing operations for the period (sen)	2.42	2.67	2.42	2.67
(ii) Profit from discontinuing operation attributable to equity holders of the parent (RM'000)	2,817	3,779	2,817	3,779
Weighted average number of ordinary stock units in issue (unit '000)	370,118	238,504	370,118	238,504
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS 2006/2011 (unit '000)	143,879	-	143,879	-
Adjusted weighted average number of ordinary stock units (unit '000)	513,997	238,504	513,997	238,504
Basic earnings per stock unit for profit from discontinuing operation for the period (sen)	0.55	1.58	0.55	1.58

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

**13. Earnings Per Stock Unit (contd.)**

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.6.2007	Comparative quarter ended 30.6.2006	Current year to date 30.6.2007	Comparative year to date 30.6.2006
<b>b) Diluted earnings per stock units</b>				
(i) Profit from continuing operations attributable to equity holders of the parent (RM'000)	12,420	6,365	12,420	6,364
Weighted average number of ordinary stock units in issue (unit '000)	370,118	238,504	370,118	238,504
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS 2006/2011 (unit '000)	143,879	-	143,879	-
Effect of dilution of ESOS (unit '000)	4,675	2,217	4,675	2,217
Effect of dilution of Warrants (unit '000)	39,501	8,602	39,501	8,602
	558,173	249,323	558,173	249,323
Diluted earnings per stock unit for profit from continuing operations for the period (sen)	2.23	2.55	2.23	2.55
(ii) Profit from discontinuing operation attributable to equity holders of the parent (RM'000)	2,817	3,779	2,817	3,779
Weighted average number of ordinary stock units in issue (unit '000)	370,118	238,504	370,118	238,504
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS 2006/2011 (unit '000)	143,879	-	143,879	-
Effect of dilution of ESOS (unit '000)	4,675	2,217	4,675	2,217
Effect of dilution of Warrants (unit '000)	39,501	8,602	39,501	8,602
	558,173	249,323	558,173	249,323
Diluted earnings per stock unit for profit from discontinuing operation for the period (sen)	0.50	1.52	0.50	1.52