

EASTERN & ORIENTAL BERHAD (555-K)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2007 (Unaudited)**

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.9.2007 RM'000	Comparative quarter ended 30.9.2006 RM'000 (Restated)	Current year to date 30.9.2007 RM'000	Comparative year to date 30.9.2006 RM'000 (Restated)
Revenue	168,504	121,564	339,991	236,429
Cost of sales	(118,319)	(80,052)	(226,232)	(161,310)
Gross profit	50,185	41,512	113,759	75,119
Other operating income	4,308	1,223	7,036	2,674
Selling and marketing expenses	(2,784)	(2,103)	(5,622)	(3,642)
Administrative expenses	(10,233)	(7,689)	(18,932)	(13,737)
Other operating expenses	(5,817)	(3,220)	(7,948)	(5,489)
Profit from operations	35,659	29,723	88,293	54,925
Finance cost	(7,674)	(10,282)	(14,762)	(21,213)
Share of results of jointly controlled entity	7	-	29	-
Share of results of associates	(500)	(716)	(681)	(1,368)
Profit before tax	27,492	18,725	72,879	32,344
Income tax expense	(9,331)	(7,118)	(23,740)	(11,614)
Profit for the period from continuing operations	18,161	11,607	49,139	20,730
Discontinued Operation				
Profit for the period from discontinuing operation	13,895	7,693	20,442	14,693
Profit for the period	32,056	19,300	69,581	35,423
Attributable to:				
Equity holders of the parent	14,720	9,909	29,957	20,053
Minority interest	17,336	9,391	39,624	15,370
	32,056	19,300	69,581	35,423
Earnings per share attributable to equity holders of the parent:				
Basic (sen)				
- profit from continuing operations	1.49	1.85	3.85	3.77
- profit from discontinuing operation	1.30	1.13	1.84	2.27
	2.79	2.98	5.69	6.04
Diluted (sen)				
- profit from continuing operations	1.39	1.82	3.59	3.70
- profit from discontinuing operation	1.22	1.11	1.72	2.22
	2.61	2.93	5.31	5.92

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 SEPTEMBER 2007 (Unaudited)**

	AS AT 30.9.2007 RM'000	AS AT 31.3.2007 RM'000 (Restated)
Non-current assets		
Property, plant and equipment	125,116	153,466
Land held for property development	867,757	1,038,849
Investment properties	-	4,678
Prepaid lease payments	1,060	1,187
Intangible assets	3,609	750
Investments in associates	23,989	24,670
Investments in joint controlled entities	127	99
Other investments	24,770	35,330
Long term receivables	-	2,822
Deferred tax assets	281	14,181
	<u>1,046,709</u>	<u>1,276,032</u>
Current assets		
Property development costs	235,182	263,268
Inventories	28,300	40,592
Receivables	359,756	409,593
Tax recoverable	13,648	13,858
Amount due from customers on construction work	-	30,382
Accrued billings in respect of property development costs	28,499	68,664
Cash and cash equivalents	252,433	344,882
	<u>917,818</u>	<u>1,171,239</u>
Assets of disposal group / non-current assets classified as held for sale	<u>440,776</u>	<u>14,205</u>
	<u>1,358,594</u>	<u>1,185,444</u>
TOTAL ASSETS	<u>2,405,303</u>	<u>2,461,476</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	417,928	358,961
8% Irredeemable Convertible Unsecured Loan Stocks 2006/2011	84,084	101,455
Treasury Stock Units	(5,064)	(749)
Reserves	165,094	147,066
	<u>662,042</u>	<u>606,733</u>
Minority interests	445,920	390,525
Total Equity	<u>1,107,962</u>	<u>997,258</u>

EASTERN & ORIENTAL BERHAD (555-K)

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

	AS AT 30.9.2007 RM'000	AS AT 31.3.2007 RM'000 (Restated)
Non-current liabilities		
Provision for retirement benefits	39	39
8% Irredeemable Convertible Unsecured Loan Stocks 2006/2011	32,940	49,731
Borrowings	526,325	506,143
Deferred tax liabilities	58,383	78,339
	<u>617,687</u>	<u>634,252</u>
Current liabilities		
Payables	136,768	422,935
Amount due to customers on construction works	-	7,331
Progress billing in respect of property development costs	6,882	7,711
Provisions	2,075	31,641
Provision for retirement benefits	-	38
Borrowings	256,436	347,483
Taxation	18,002	12,827
Dividends payable	12,151	-
	<u>432,314</u>	<u>829,966</u>
Liabilities directly associated with assets classified as held for sale	247,340	-
	<u>679,654</u>	<u>829,966</u>
Total Liabilities	<u>1,297,341</u>	<u>1,464,218</u>
TOTAL EQUITY AND LIABILITIES	<u>2,405,303</u>	<u>2,461,476</u>
Net assets per stock unit attributable to ordinary equity holders of the parent (RM)	<u>1.38</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 SEPTEMBER 2007 (Unaudited)

	Attributable to Equity Holders of the Parent								Minority Interests	Total Equity	
	<----->			Non-Distributable		----->		Distributable			Total
	Share Capital	ICULS 2006/2011	Share Premium	Treasury Stock Units	Revaluation Reserve	Share Option Reserve	Exchange Reserve	Retained Earnings/ (Accumulated Loss)			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Period ended 30 September 2006											
At 1 April 2006	232,472	-	129,212	(6,281)	26,757	-	66	(35,105)	347,121	214,242	561,363
Currency translation differences	-	-	-	-	-	-	14	-	14	-	14
Net profit for the period	-	-	-	-	-	-	-	20,053	20,053	15,370	35,423
Total recognised income and expenses for the period	-	-	-	-	-	-	14	20,053	20,067	15,370	35,437
Issuance of ordinary stock units	90,036	-	(52,362)	-	-	-	-	-	37,674	-	37,674
Issuance of ICULS 2006/2011	-	106,320	-	-	-	-	-	-	106,320	-	106,320
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	-	-	-	-	(193)	-	-	193	-	-	-
Dilution arising from additional shares issued by subsidiary company	-	-	-	-	-	-	-	(551)	(551)	551	-
Issuance securities expenses	-	-	(3,542)	-	-	-	-	-	(3,542)	(574)	(4,116)
Adjustment due to changes in equity in subsidiaries by parent	-	-	-	-	-	-	-	-	-	52,219	52,219
Issuance of additional ordinary shares pursuant to Restrictive Issue in subsidiary	-	-	-	-	-	-	-	-	-	12,000	12,000
Dividend paid	-	-	-	-	-	-	-	-	-	(20,583)	(20,583)
At 30 September 2006	322,508	106,320	76,369	(646)	26,564	-	80	(15,410)	515,785	273,225	789,010

EASTERN & ORIENTAL BERHAD (555-K)

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

	Attributable to Equity Holders of the Parent								Minority Interests	Total Equity	
	<----->			Non-Distributable		----->		Distributable			Total
	Share Capital	ICULS 2006/2011	Share Premium	Treasury Stock Units	Revaluation Reserve	Share Option Reserve	Exchange Reserve	Retained Earnings/ (Accumulated Loss)			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Period ended 30 September 2007											
At 1 April 2007	358,961	101,455	76,266	(749)	24,513	2,017	86	44,184	606,733	390,525	997,258
Currency translation differences	-	-	-	-	-	-	(4)	-	(4)	-	(4)
Net profit for the period	-	-	-	-	-	-	-	29,957	29,957	39,624	69,581
Total recognised income and expenses for the period	-	-	-	-	-	-	(4)	29,957	29,953	39,624	69,577
Issuance of ordinary stock units											
- Pursuant to ESOS	2,695	-	-	-	-	-	-	-	2,695	-	2,695
- Warrants exercised	30,811	-	-	-	-	-	-	-	30,811	-	30,811
Conversion of ICULS (equity portion)	17,371	(17,371)	-	-	-	-	-	-	-	-	-
Conversion of ICULS (liability portion)	8,090	-	(861)	-	-	-	-	-	7,229	-	7,229
Purchase of treasury stock units	-	-	-	(4,315)	-	-	-	-	(4,315)	-	(4,315)
Transfer from revaluation reserve	-	-	-	-	(2,652)	-	-	2,652	-	-	-
Dilution arising from additional shares issued by subsidiary company	-	-	-	-	-	-	-	9,326	9,326	32,161	41,487
Effect of acquisition of additional equity interest in subsidiary	-	-	-	-	-	-	-	(8,124)	(8,124)	(13,645)	(21,769)
Shares issuance cost	-	-	(112)	-	-	-	-	-	(112)	-	(112)
Share options granted under EOB ESOS											
- Share options lapsed	-	-	-	-	-	(3)	-	-	(3)	-	(3)
- Share options exercised	-	-	649	-	-	(649)	-	-	-	-	-
Share options granted under PPB ESOS	-	-	-	-	-	-	-	-	-	(322)	(322)
Dividend paid/ payable	-	-	-	-	-	-	-	(12,151)	(12,151)	(2,423)	(14,574)
At 30 September 2007	417,928	84,084	75,942	(5,064)	21,861	1,365	82	65,844	662,042	445,920	1,107,962

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 SEPTEMBER 2007 (Unaudited)**

	6 mths ended 30.9.2007 RM'000	6 mths ended 30.9.2006 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		
Continuing operations	72,879	32,344
Discontinuing operation	27,754	20,488
Adjustments for:		
Depreciation and amortisation	7,161	4,133
Non-cash items	(10,623)	2,498
Non-operation items	7,910	18,304
Operating profit before working capital changes	<u>105,081</u>	<u>77,767</u>
Changes in working capital:		
Land held for property development	27,207	(41,539)
Property development cost	91,535	33,021
Changes in inventories	4,677	2,935
Changes in receivables	(156,352)	(63,652)
Changes in payables	(82,632)	8,257
Interest received	5,118	2,016
Interest paid	(32,898)	(33,330)
Payment for retirement benefits	-	(12)
Income tax refund	840	-
Income tax paid	(25,821)	(14,580)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(63,245)</u>	<u>(29,117)</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(11,705)	(23,920)
NET CASH FLOWS (USED IN)/ GENERATED FROM FINANCING ACTIVITIES	(10,713)	37,888
Exchange translation differences	(4)	14
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(85,667)</u>	<u>(15,135)</u>
CASH AND CASH EQUIVALENTS AT 1 APRIL	344,583	170,489
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	<u><u>258,916</u></u>	<u><u>155,354</u></u>

For purpose of cash flow statements, cash and cash equivalents comprised of the follow:

Continuing Operations

Deposits with financial institutions	114,438	62,570
Cash on hand and at banks	137,995	81,556
Bank overdrafts	(10,253)	(21,768)
	<u>242,180</u>	<u>122,358</u>

Discontinuing Operation

Deposits with financial institutions	14,903	8,241
Cash on hand and at banks	1,833	24,755
	<u>16,736</u>	<u>32,996</u>
	<u><u>258,916</u></u>	<u><u>155,354</u></u>

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 SEPTEMBER 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 ²⁰⁰⁴ | 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 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 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 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.

EASTERN & ORIENTAL BERHAD (555-K)
FOR THE PERIOD ENDED 30 SEPTEMBER 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
At 31 March 2007	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 comparatives of the Discontinued Operation in the preceding year corresponding quarter and year to date have been reclassified and restated as follow:

(a) **Condensed Consolidated Income Statements**

(i) **Individual Quarter Ended 30.9.2006**

	As Previously Stated RM'000	Reclassi- fication RM'000	As Restated RM'000
Revenue	255,343	(133,779)	121,564
Cost of sales	(199,292)	119,240	(80,052)
Gross profit	56,051	(14,539)	41,512
Other operating income	2,218	(995)	1,223
Selling and marketing expenses	(2,103)	-	(2,103)
Administrative expenses	(11,010)	3,321	(7,689)
Other operating expenses	(4,678)	1,458	(3,220)
Profit from operations	40,478	(10,755)	29,723
Finance cost	(10,292)	10	(10,282)
Share of results of associates	(716)	-	(716)
Profit before tax	29,470	(10,745)	18,725
Income tax expense	(10,170)	3,052	(7,118)
Profit for the period from continuing operations	19,300	(7,693)	11,607
Profit for the period from discontinuing operation	-	7,693	7,693
Profit for the period	19,300	-	19,300

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

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

3. Comparative (contd)

(ii) (a) **Condensed Consolidated Income Statements (contd)**

(ii) **Cumulative Quarter Ended 30.9.2006**

	As Previously Stated RM'000	Reclassi- fication RM'000	As Restated RM'000
Revenue	448,180	(211,751)	236,429
Cost of sales	(346,850)	185,540	(161,310)
Gross profit	101,330	(26,211)	75,119
Other operating income	4,547	(1,873)	2,674
Selling and marketing expenses	(3,644)	2	(3,642)
Administrative expenses	(19,630)	5,893	(13,737)
Other operating expenses	(7,179)	1,690	(5,489)
Profit from operations	75,424	(20,499)	54,925
Finance cost	(21,224)	11	(21,213)
Share of results of associates	(1,368)	-	(1,368)
Profit before tax	52,832	(20,488)	32,344
Income tax expense	(17,409)	5,795	(11,614)
Profit for the period from continuing operations	35,423	(14,693)	20,730
Profit for the period from discontinuing operation	-	14,693	14,693
Profit for the period	35,423	-	35,423

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.

5. 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.

6. Material and unusual items

There were no material or unusual items during the current financial period ended 30 September 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.

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

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

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 period ended 30 September 2007, the Company ("EOB") issued 2,695,560 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

During the financial period ended 30 September 2007, 30,811,296 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 September 2007 was 41,555,797.

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

As of 30 September 2007, a total of 25,460,377 ICULS at nominal value of RM1.00 each were converted into 25,460,377 new ordinary stock units of RM1.00 each. The balance of outstanding ICULS in issue as at 30 September 2007 was 123,243,669.

d) Treasury Shares

During the financial period ended 30 September 2007, the Company bought back 1,737,400 of its issued ordinary stock units in the open market for a consideration of RM4,315,803.

9. Dividends paid

On 28 September 2007, the stockholders have approved the payment of a first and final dividend of 4.0% less 27% taxation amounting to approximately RM12.151 million in respect of the financial year ended 31 March 2007. The dividend was paid on 22 November 2007.

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 13 of Part A below.

The disposal of the PPB was completed on 31 October 2007. 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 SEPTEMBER 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	
	30.9.2007	30.9.2006	30.9.2007	30.9.2006
	RM'000	RM'000	RM'000	RM'000
Revenue	105,183	133,779	218,257	211,751
Cost of sales	(92,966)	(119,240)	(194,624)	(185,540)
Gross profit	12,217	14,539	23,633	26,211
Other operating income	10,546	995	11,654	1,873
Selling and marketing expenses	(100)	-	(346)	(2)
Administrative expenses	(3,759)	(3,321)	(6,935)	(5,893)
Other operating expenses	(121)	(1,458)	(220)	(1,690)
Profit from operations	18,783	10,755	27,786	20,499
Finance cost	(24)	(10)	(32)	(11)
Profit before tax	18,759	10,745	27,754	20,488
Income tax expense	(4,864)	(3,052)	(7,312)	(5,795)
Profit for the period from discontinuing operation	13,895	7,693	20,442	14,693

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

	RM'000
Assets:	
Property, plant and equipment	31,819
Land held for property development	81,314
Prepaid lease payments	84
Intangible assets	224
Other investments	378
Long term receivable	2,892
Deferred tax assets	7,927
Property development costs	6,571
Inventories	7,734
Trade receivables	248,249
Other receivables	3,454
Tax recoverable	1,085
Amount due from customers on construction work	30,278
Accrued billings in respect of property development costs	2,031
Cash and cash equivalents	16,736
Assets of disposal group classified as held for sale	440,776
Liabilities	
Trade payables	197,382
Payables	11,917
Amount due to customers on construction works	337
Provisions	22,052
Taxation	2,079
Deferred tax liabilities	13,573
Liabilities of disposal group classified as held for sale	247,340
Net assets attributable to discontinued operation	193,436

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

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

11. Segmental information

<u>6-month ended</u> <u>30 September 2007</u> RM'000	Properties	Hospitality	Investment Holding and others	Elimination	Total	Discontinued Operation	Consolidated
REVENUE							
External sales	319,131	18,686	2,174	-	339,991	218,257	558,248
Inter-segment sales	-	-	395	(395)	-	-	-
Total revenue	<u>319,131</u>	<u>18,686</u>	<u>2,569</u>		<u>339,991</u>	<u>218,257</u>	<u>558,248</u>
RESULT							
Segment profit	96,069	122	(7,164)	(734)	88,293	27,786	116,079
Finance cost					(14,762)	(32)	(14,794)
Share of results of jointly controlled entity					29	-	29
Share of results of associates					(681)	-	(681)
Profit before tax					<u>72,879</u>	<u>27,754</u>	<u>100,633</u>

<u>6-month ended</u> <u>30 September 2006</u> RM'000	Properties	Hospitality	Investment Holding and others	Elimination	Total	Discontinued Operation	Consolidated
REVENUE							
External sales	223,154	12,390	885	-	236,429	211,751	448,180
Inter-segment sales	-	-	67,087	(67,087)	-	-	-
Total revenue	<u>223,154</u>	<u>12,390</u>	<u>67,972</u>		<u>236,429</u>	<u>211,751</u>	<u>448,180</u>
RESULT							
Segment profit	63,322	(121)	62,899	(71,175)	54,925	20,499	75,424
Finance cost					(21,213)	(11)	(21,224)
Share of results of associates					(1,368)	-	(1,368)
Profit before tax					<u>32,344</u>	<u>20,488</u>	<u>52,832</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.

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 period ended 30 September 2007 other than the following:-

- i) On 26 October 2007, Ribuan Imbang Sdn Bhd ("RISB") a wholly-owned subsidiary of E&O Property Development Berhad ("E&OProp") which in turn is a subsidiary of the Company acquired one "A" class ordinary share of RM1.00 each in Mergexcel Property Development Sdn Bhd ("MPDSB") from Lion Courts Sdn Bhd for a cash consideration of RM1.00. The paid-up share capital of MPDSB is RM250,000 comprising 125,000 "A" class of ordinary shares of RM1.00 each and 125,000 "B" class ordinary shares of RM1.00 each. Following the above acquisition, RISB now holds one "A" class ordinary share and 125,000 "B" class ordinary shares in MPDSB. Hence, MPDSB is now a subsidiary of E&OProp which in turn is a subsidiary of the Company.
- ii) On 29 May 2007, the Company announced to undertake a proposed disposal by the Company and its wholly-owned subsidiaries, namely Matrix Promenade Sdn Bhd and Dynamic Degree Sdn Bhd of up to 68,604,274 ordinary shares of RM0.50 each in Putrajaya Perdana Berhad (PPB Sale Shares") representing 50.8% of the issued and paid-up share capital of PPB as at 28 May 2007 ("Proposed Disposal").

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 volume weighted average market price 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.

The Proposed Disposal was completed on 31 October 2007.

- iii) On 29 May 2007, Kamunting Management Services Sdn Bhd, a wholly-owned subsidiary of E&OProp has entered into a Share Sale Agreement ("SPA") 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 the conditions precedent in the SPA have been met on 14 August 2007 and the acquisition was completed on 13 November 2007.

14. Changes in composition of the Group

- (i) E&OProp had on 12 March 2007, entered into a Share Sale Agreement with Mechmar Corporation (Malaysia) Berhad for the acquisition of 900,000 ordinary shares of RM1.00 each representing 18% equity interest in Permaisjara Ribu (M) Sdn Bhd ("PRSB") for the purchase consideration of RM22,500,000. Following the full settlement of the purchase consideration on 10 September 2007, the equity interest in PRSB held by E&OProp has increased from 50.4% to 68.4%.
- (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"). The Proposed Acquisition was completed on 16 July 2007 and accordingly, DGM has become a 51% owned subsidiary of the Company.

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

14. Changes in composition of the Group (cont'd)

(ii) The acquisition of DGM had the following effects on the Group's results for the period:

	RM'000
Revenue	3,874
Net loss for the period	<u>(700)</u>

The fair values of the assets acquired and liabilities assumed from the acquisition (equivalent to acquiree's carrying amount) are as follows:

	RM'000
Non-current assets	2,671
Current assets	783
Current liabilities	<u>(3,164)</u>
Fair value of total net assets	290
Less: Minority interest	(142)
Goodwill on acquisition	<u>2,912</u>
Cost of acquisition	<u>3,060</u>

Purchase consideration satisfied by:

Cash	<u>2,000</u>
Balance payable (Note a)	<u>1,060</u>

Cash outflow arising from acquisition:

Purchase consideration satisfied by cash	2,000
Cash and cash equivalents of subsidiary acquired	<u>(242)</u>
Net cash outflow from the group	<u>1,758</u>

Note (a):

Balance payable subject to attaining an audited profit after tax from operations of no less than RM1.2 million in any of the three financial years ending immediately following the completion of the Proposed Acquisition.

15. Contingent Liabilities

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

	Company	
	21.11.2007	31.3.2007
	RM'000	RM'000
i) Guarantees issued to financial institutions for banking facilities granted to subsidiaries:		
- Secured	<u>30,348</u>	<u>30,135</u>

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 comprised the property, hospitality and investment holding divisions. The Group achieved a revenue of RM339.991 million for the financial period ended 30 September 2007 as compared to RM236.429 million recorded in the previous year corresponding period ended 30 September 2006.

The increase in revenue of RM103.562 million was largely due to the higher revenue generated from its on-going property development projects which includes Dua Residency, Idamansara and Seri Tanjung Pinang. The revenue from the hospitality division increased by RM6.296 million showing an improvement of 50.81%. The increase is contributed by the hotel operations and the newly acquired subsidiary, The Delicious Group (M) Sdn Bhd.

The profit before tax of the Group has increased by RM40.535 million to RM72.879 million for the financial period ended 30 September 2007 compared to the profit before tax of RM30.344 million in the preceding year corresponding period. This is primarily due to higher contribution from the property division on the back of higher revenue achieved.

(b) Discontinuing Operation

The discontinuing operation of the Group comprised 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 RM218.257 million for the financial period ended 30 September 2007 as compared to RM211.751 million recorded in the previous year corresponding period ended 30 September 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 RM27.754 million which represented an increase of RM7.266 million for the financial period ended 30 September 2007 as compared to RM20.488 million posted in the preceding year corresponding period ended 30 September 2006. The increase was mainly due to the doubtful debts written back which mitigated the lower profit recognition for certain construction projects which were nearing completion during the current financial period.

Overall, the Group achieved a profit before tax of RM100.633 million from the continuing and discontinuing operations as compared to RM52.832 million achieved during the previous year corresponding period. This represents an increase of 90.5%.

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

2. Variation of results against preceding quarter

The Group recorded a revenue of RM273.687 million and a profit before tax of RM46.251 million as compared to the immediate preceding quarter where Group revenue was RM284.561 million and a profit before tax of RM54.382 million (contributed by continuing and discontinuing operations).

The pre-tax profit of the Group has marginally decreased by RM8.131 million or 14.95% as compared to the pre-tax profit of the immediate preceding quarter mainly due to lower contribution from property division.

3. Current year prospects

As disclosed in Note 10 of Part A above, the Company has on 31 October 2007 disposed of its entire equity interest in Putrajaya Perdana Berhad. 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 period under review.

5. Taxation

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.9.2007	30.9.2006	30.9.2007	30.9.2006
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- current	12,484	6,221	30,206	11,874
- in respect of prior years	(18)	-	(27)	-
Deferred tax	(3,135)	897	(6,439)	(260)
	<u>9,331</u>	<u>7,118</u>	<u>23,740</u>	<u>11,614</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 financial period ended 30 September 2007, the Group has disposed of investment properties for a consideration of RM11 million which gave rise to a gain of RM723,000.

The gain on disposal of investment properties for the current quarter and financial period to date as follows:-

	Current quarter ended 30.9.2007 RM'000	Current financial year to date 30.9.2007 RM'000
Net gain on disposal of investment properties	<u>833</u>	<u>723</u>

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

7. Investment in quoted securities

Particulars of investment in quoted securities:	Current quarter ended 30.9.2007 RM'000	Current financial year to date 30.9.2007 RM'000
(a) Purchases / disposals		
Total Sale Proceeds	17	782
Total Profit/(Loss) on Disposal	14	537
(b) Balances as at 30 September 2007		
Total investments at cost		<u>27,260</u>
Total investments at carrying value/book value (after impairment loss)		<u>13,959</u>
Total investment at market value at end of reporting period		<u>15,541</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 November 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")

On 29 May 2007, the Company announced the proposal to undertake the 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")

The disposal price per E&OProp 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 immediately prior to the date on which the disposal price for each tranche of the E&OProp Sale Shares is determined. The disposal consideration will be guided by market-based principles and will be determined at 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.

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 21 November 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 up to 21 January 2008 for placement of the balance up to 25,026,623 Placement Shares.

b) Utilisation of proceeds from corporate proposals

i) EOB Special Bumi Issue

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

	RM'000
Working capital	33,549
Expenses for Corporate proposals	160
	<u>33,709</u>

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

As at 21 November 2007, the utilisation of the cash proceeds arising from the Private Placement of RM92.16 million are as follows:

	RM'000
Working capital purposes	53,297
Repayment of bank borrowings	1,715
Payment of expenses for the Proposed Placement	320
	<u>55,332</u>

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

9. Group Borrowings

a) The Group borrowings were as follows:-	As at 30.9.2007 RM'000
Short Term - Secured	254,602
- Unsecured	1,834
Long Term - Secured	476,325
- 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 November 2007.

11. Material Litigation

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

12. Dividend

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

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

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 30.9.2007	Comparative quarter ended 30.9.2006	Current year to date 30.9.2007	Comparative year to date 30.9.2006
a) Basic earnings per stock units				
(i) Profit from continuing operations attributable to equity holders of the parent (RM'000)	7,853	6,152	20,273	12,517
Weighted average number of ordinary stock units in issue (unit '000)	390,882	280,216	390,882	280,216
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS 2006/2011 (unit '000)	135,325	51,945	135,325	51,945
Adjusted weighted average number of ordinary stock units (unit '000)	526,207	332,161	526,207	332,161
Basic earnings per stock unit for profit from continuing operations for the period (sen)	1.49	1.85	3.85	3.77
(ii) Profit from discontinuing operation attributable to equity holders of the parent (RM'000)	6,867	3,757	9,684	7,536
Weighted average number of ordinary stock units in issue (unit '000)	390,882	280,216	390,882	280,216
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS 2006/2011 (unit '000)	135,325	51,945	135,325	51,945
Adjusted weighted average number of ordinary stock units (unit '000)	526,207	332,161	526,207	332,161
Basic earnings per stock unit for profit from discontinuing operation for the period (sen)	1.30	1.13	1.84	2.27

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

13. Earnings Per Stock Unit (contd.)

	Individual Quarter		Cumulative Quarter	
	Current	Comparative	Current	Comparative
	quarter ended 30.9.2007	quarter ended 30.9.2006	year to date 30.9.2007	year to date 30.9.2006
b) Diluted earnings per stock units				
(i) Profit from continuing operations attributable to equity holders of the parent (RM'000)	7,853	6,152	20,273	12,517
Weighted average number of ordinary stock units in issue (unit '000)	390,882	280,216	390,882	280,216
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS 2006/2011 (unit '000)	135,325	51,945	135,325	51,945
Effect of dilution of ESOS (unit '000)	3,916	1,305	3,916	1,305
Effect of dilution of Warrants (unit '000)	33,891	5,160	33,891	5,160
	564,014	338,626	564,014	338,626
Diluted earnings per stock unit for profit from continuing operations for the period (sen)	1.39	1.82	3.59	3.70
(ii) Profit from discontinuing operation attributable to equity holders of the parent (RM'000)	6,867	3,757	9,684	7,536
Weighted average number of ordinary stock units in issue (unit '000)	390,882	280,216	390,882	280,216
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS 2006/2011 (unit '000)	135,325	51,945	135,325	51,945
Effect of dilution of ESOS (unit '000)	3,916	1,305	3,916	1,305
Effect of dilution of Warrants (unit '000)	33,891	5,160	33,891	5,160
	564,014	338,626	564,014	338,626
Diluted earnings per stock unit for profit from discontinuing operation for the period (sen)	1.22	1.11	1.72	2.22

BY ORDER OF THE BOARD

Ang Hong Mai
Company Secretary

Kuala Lumpur
27 November 2007