

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2007 (Unaudited)**

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.12.2007 RM'000	Comparative quarter ended 31.12.2006 RM'000 (Restated)	Current year to date 31.12.2007 RM'000	Comparative year to date 31.12.2006 RM'000 (Restated)
Revenue	86,609	145,168	426,600	381,597
Cost of sales	<u>(54,756)</u>	<u>(103,817)</u>	<u>(280,988)</u>	<u>(265,127)</u>
Gross profit	31,853	41,351	145,612	116,470
Other operating income	101,571	3,254	108,607	5,928
Selling and marketing expenses	(2,021)	(1,399)	(7,643)	(5,041)
Administrative expenses	(13,539)	(12,367)	(32,471)	(26,104)
Other operating expenses	<u>(4,153)</u>	<u>(3,878)</u>	<u>(12,101)</u>	<u>(9,367)</u>
Profit from operations	113,711	26,961	202,004	81,886
Finance cost	(6,710)	(8,574)	(21,472)	(29,787)
Share of results of jointly controlled entity	(72)	-	(43)	-
Share of results of associates	<u>(35)</u>	<u>(5,373)</u>	<u>(716)</u>	<u>(6,741)</u>
Profit before tax	106,894	13,014	179,773	45,358
Income tax expense	<u>(8,637)</u>	<u>(3,892)</u>	<u>(32,377)</u>	<u>(15,506)</u>
<b>Profit for the period from continuing operations</b>	<b>98,257</b>	<b>9,122</b>	<b>147,396</b>	<b>29,852</b>
<b>Discontinued Operation</b>				
Profit for the period from discontinued operation	235	9,829	20,677	24,522
<b>Profit for the period</b>	<b><u>98,492</u></b>	<b><u>18,951</u></b>	<b><u>168,073</u></b>	<b><u>54,374</u></b>
Attributable to:				
Equity holders of the Company	89,627	10,181	119,584	30,234
Minority interest	8,865	8,770	48,489	24,140
	<u>98,492</u>	<u>18,951</u>	<u>168,073</u>	<u>54,374</u>
Earnings per stock unit (sen):				
Basic				
- profit from continuing operations	16.87	1.45	20.70	4.70
- profit from discontinued operation	0.02	1.19	1.84	3.15
	<u>16.89</u>	<u>2.64</u>	<u>22.54</u>	<u>7.85</u>
Diluted				
- profit from continuing operations	15.83	1.36	19.41	4.39
- profit from discontinued operation	0.02	1.11	1.73	2.94
	<u>15.85</u>	<u>2.47</u>	<u>21.14</u>	<u>7.33</u>

**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 31 DECEMBER 2007 (Unaudited)**

	<b>AS AT 31.12.2007 RM'000</b>	<b>AS AT 31.3.2007 RM'000 (Restated)</b>
<b>Non-current assets</b>		
Property, plant and equipment	143,777	153,466
Land held for property development	1,003,952	1,038,849
Investment properties	12,196	4,678
Prepaid lease payments	996	1,187
Intangible assets	2,667	750
Investments in associates	32,915	24,670
Investments in joint controlled entities	56	99
Other investments	24,770	35,330
Long term receivables	-	2,822
Deferred tax assets	281	14,181
	<u>1,221,610</u>	<u>1,276,032</u>
<b>Current assets</b>		
Property development costs	206,989	263,268
Inventories	26,069	40,592
Receivables	195,456	409,593
Tax recoverable	12,337	13,858
Amount due from customers on construction work	-	30,382
Accrued billings in respect of property development costs	19,226	68,664
Cash and cash equivalents	462,094	344,882
	<u>922,171</u>	<u>1,171,239</u>
Non-current assets classified as held for sale	-	14,205
	<u>922,171</u>	<u>1,185,444</u>
<b>TOTAL ASSETS</b>	<u>2,143,781</u>	<u>2,461,476</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	418,707	358,961
8% Irredeemable Convertible Unsecured Loan Stocks 2006/2011	83,994	101,455
Treasury Stock Units	(5,064)	(749)
Reserves	238,305	147,066
	<u>735,942</u>	<u>606,733</u>
Minority interests	355,520	390,525
<b>Total Equity</b>	<u>1,091,462</u>	<u>997,258</u>

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

**CONDENSED CONSOLIDATED BALANCE SHEETS  
AS AT 31 DECEMBER 2007 (Unaudited)**

	<b>AS AT 31.12.2007 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	33,559	49,731
Borrowings	580,816	506,143
Deferred tax liabilities	59,816	78,339
	<u>674,230</u>	<u>634,252</u>
<b>Current liabilities</b>		
Payables	134,599	422,935
Amount due to customers on construction works	-	7,331
Progress billing in respect of property development costs	15,107	7,711
Provisions	249	31,641
Provision for retirement benefits	-	38
Borrowings	213,052	347,483
Taxation	15,082	12,827
	<u>378,089</u>	<u>829,966</u>
<b>Total Liabilities</b>	<u>1,052,319</u>	<u>1,464,218</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,143,781</u>	<u>2,461,476</u>
<b>Net assets per stock unit attributable to ordinary equity holders of the Company (RM)</b>	<u>1.57</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 &amp; ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2007 (Unaudited)

	Attributable to Equity Holders of the Company								Minority Interests	Total Equity	
	Share Capital	ICULS 2006/2011	Share Premium	Non-Distributable		Distributable		Total			
				Treasury Stock Units	Revaluation Reserve	Share Option Reserve	Exchange Reserve				Retained Earnings
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 31 December 2006</b>											
<b>At 1 April 2006</b>	232,472	-	129,212	(6,281)	26,757	-	66	(35,105)	347,121	214,242	561,363
Currency translation differences	-	-	-	-	-	-	24	-	24	-	24
Net profit for the period	-	-	-	-	-	-	-	30,234	30,234	24,140	54,374
Total recognised income and expenses for the period	-	-	-	-	-	-	24	30,234	30,258	24,140	54,398
Issuance of ordinary stock units	121,329	-	(52,362)	-	-	-	-	-	68,967	-	68,967
Issuance of ICULS 2006/2011	-	103,084	45	-	-	-	-	-	103,129	-	103,129
Sale of treasury stock units	-	-	3,061	6,067	-	-	-	-	9,128	-	9,128
Purchase of treasury stock units	-	-	-	(432)	-	-	-	-	(432)	-	(432)
Share issuance costs	-	-	(3,700)	-	-	-	-	-	(3,700)	(567)	(4,267)
Dilution arising from additional shares issued by subsidiary company	-	-	-	-	-	-	-	(427)	(427)	427	-
Issuance of additional ordinary shares pursuant to Restricted Issue in subsidiary	-	-	-	-	-	-	-	-	-	12,000	12,000
Adjustment due to changes in equity in subsidiaries by parent	-	-	-	-	-	-	-	-	-	91,307	91,307
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	4,514	4,514
Transfer from revaluation reserve	-	-	-	-	(1,361)	-	-	1,361	-	-	-
Dividend paid	-	-	-	-	-	-	-	(4,700)	(4,700)	(57,307)	(62,007)
<b>At 31 December 2006</b>	<b>353,801</b>	<b>103,084</b>	<b>76,256</b>	<b>(646)</b>	<b>25,396</b>	<b>-</b>	<b>90</b>	<b>(8,637)</b>	<b>549,344</b>	<b>288,756</b>	<b>838,100</b>

EASTERN & ORIENTAL BERHAD (555-K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2007 (Unaudited)

	Attributable to Equity Holders of the Company								Minority Interests	Total Equity	
	Share Capital	ICULS 2006/2011	Share Premium	Non-Distributable		Distributable		Total			
				Treasury Stock Units	Revaluation Reserve	Share Option Reserve	Exchange Reserve				Retained Earnings
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 31 December 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
Currency translation differences	-	-	-	-	-	-	(10)	-	(10)	-	(10)
Net profit for the period	-	-	-	-	-	-	-	119,584	119,584	48,489	168,073
Total recognised income and expenses for the period	-	-	-	-	-	-	(10)	119,584	119,574	48,489	168,063
Issuance of ordinary stock units											
- Pursuant to ESOS	2,697	-	-	-	-	-	-	-	2,697	-	2,697
- Warrants exercised	31,456	-	-	-	-	-	-	-	31,456	-	31,456
Conversion of ICULS (equity portion)	17,461	(17,461)	-	-	-	-	-	-	-	-	-
Conversion of ICULS (liability portion)	8,132	-	(868)	-	-	-	-	-	7,264	-	7,264
Purchase of treasury stock units	-	-	-	(4,315)	-	-	-	-	(4,315)	-	(4,315)
Transfer from revaluation reserve	-	-	-	-	(10,502)	-	-	10,502	-	-	-
Accretion arising from additional shares issued by subsidiaries	-	-	-	-	-	-	-	9,652	9,652	35,653	45,305
Effect of acquisition of additional equity interest in subsidiaries	-	-	-	-	-	-	-	(24,853)	(24,853)	(22,715)	(47,568)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	730	730
Shares issuance costs	-	-	(112)	-	-	-	-	-	(112)	-	(112)
Share options granted under EOB ESOS lapsed	-	-	-	-	-	(3)	-	-	(3)	-	(3)
Share options granted under EOB ESOS exercised	-	-	720	-	-	(720)	-	-	-	-	-
Share options granted under PPB ESOS exercised	-	-	-	-	-	-	-	-	-	(368)	(368)
Dividend paid	-	-	-	-	-	-	-	(12,151)	(12,151)	(5,514)	(17,665)
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	(91,280)	(91,280)
<b>At 31 December 2007</b>	<b>418,707</b>	<b>83,994</b>	<b>76,006</b>	<b>(5,064)</b>	<b>14,011</b>	<b>1,294</b>	<b>76</b>	<b>146,918</b>	<b>735,942</b>	<b>355,520</b>	<b>1,091,462</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 31 DECEMBER 2007 (Unaudited)**

	<b>9 mths ended 31.12.2007 RM'000</b>	<b>9 mths ended 31.12.2006 RM'000 (Restated)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax		
Continuing operations	179,773	45,358
Discontinued operation	28,185	33,959
Adjustments for:		
Depreciation and amortisation	10,341	6,636
Non-cash items	(109,392)	7,539
Non-operation items	11,237	25,531
Operating profit before working capital changes	<u>120,144</u>	<u>119,023</u>
Changes in working capital:		
Land held for property development	(107,937)	(54,775)
Property development cost	118,109	57,233
Changes in inventories	7,466	2,265
Changes in receivables	4,951	(159,821)
Changes in payables	(82,891)	56,806
Interest received	7,943	3,342
Interest paid	(39,322)	(46,691)
Payment for retirement benefits	-	(12)
Income tax refund	844	31
Income tax paid	(37,986)	(19,049)
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<u>(8,679)</u>	<u>(41,648)</u>
<b>NET CASH FLOWS (USED IN)/ GENERATED FROM     INVESTING ACTIVITIES</b>	(67,145)	51,798
<b>NET CASH FLOWS GENERATED FROM/ (USED IN)     FINANCING ACTIVITIES</b>	182,471	(65,324)
Exchange translation differences	(9)	24
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>106,638</u>	<u>(55,150)</u>
<b>CASH AND CASH EQUIVALENTS AT 1 APRIL</b>	344,583	170,489
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<u><u>451,221</u></u>	<u><u>115,339</u></u>

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

Continuing Operations

Deposits with financial institutions	308,131	72,082
Cash on hand and at banks	153,963	25,212
Bank overdrafts	(10,873)	(19,733)
	<u>451,221</u>	<u>77,561</u>

Discontinued Operation

Deposits with financial institutions	-	18,165
Cash on hand and at banks	-	19,613
	<u>-</u>	<u>37,778</u>
	<u>451,221</u>	<u>115,339</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 31 DECEMBER 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.

- |  |   |
|--|---|
| (i) FRS 117                                | Leases  |
| (ii) FRS 124                               | Related Party Disclosures   |
| (iii) Amendment to FRS 119 <sub>2004</sub> | 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.

**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 (i) of Part A.

**EASTERN & ORIENTAL BERHAD (555-K)  
FOR THE PERIOD ENDED 31 DECEMBER 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:

**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
	<hr/>		<hr/>

- (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:

**Condensed Consolidated Income Statements**

**(a) Individual Quarter Ended 31.12.2006**

	As Previously Stated RM'000	Reclassi- fication RM'000	As Restated RM'000
Revenue	289,874	(144,706)	145,168
Cost of sales	(234,114)	130,297	(103,817)
Gross profit	<hr/> 55,760	(14,409)	41,351
Other operating income	4,588	(1,334)	3,254
Selling and marketing expenses	(1,424)	25	(1,399)
Administrative expenses	(15,887)	3,520	(12,367)
Other operating expenses	<hr/> (2,602)	(1,276)	(3,878)
Profit from operations	40,435	(13,474)	26,961
Finance cost	(8,577)	3	(8,574)
Share of results of associates	<hr/> (5,373)	-	(5,373)
Profit before tax	26,485	(13,471)	13,014
Income tax expense	<hr/> (7,534)	3,642	(3,892)
Profit for the period from continuing operations	18,951	(9,829)	9,122
Profit for the period from discontinued operation	-	9,829	9,829
Profit for the period	<hr/> 18,951	-	<hr/> 18,951



**EASTERN & ORIENTAL BERHAD (555-K)  
FOR THE PERIOD ENDED 31 DECEMBER 2007**

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

**3. Comparative (contd)**

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

(b) **Cumulative Quarter Ended 31.12.2006**

	<b>As Previously Stated RM'000</b>	<b>Reclassi- fication RM'000</b>	<b>As Restated RM'000</b>
Revenue	738,054	(356,457)	381,597
Cost of sales	(580,964)	315,837	(265,127)
Gross profit	157,090	(40,620)	116,470
Other operating income	9,135	(3,207)	5,928
Selling and marketing expenses	(5,068)	27	(5,041)
Administrative expenses	(35,517)	9,413	(26,104)
Other operating expenses	(9,781)	414	(9,367)
Profit from operations	115,859	(33,973)	81,886
Finance cost	(29,801)	14	(29,787)
Share of results of associates	(6,741)	-	(6,741)
Profit before tax	79,317	(33,959)	45,358
Income tax expense	(24,943)	9,437	(15,506)
Profit for the period from continuing operations	54,374	(24,522)	29,852
Profit for the period from discontinued operation	-	24,522	24,522
Profit for the period	54,374	-	54,374

**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 31 December 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 31 DECEMBER 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 31 December 2007, the Company ("EOB") issued 2,697,345 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 31 December 2007, 31,455,409 units of warrant were converted into ordinary stock units at the exercise price of RM1.00 per ordinary stock unit. The number of outstanding warrants as at 31 December 2007 was 40,911,684.

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

As of 31 December 2007, a total of 25,592,994 ICULS at nominal value of RM1.00 each were converted into 25,592,994 new ordinary stock units of RM1.00 each. The balance of outstanding ICULS in issue as at 31 December 2007 was 123,111,052.

**d) Treasury Shares**

During the financial period ended 31 December 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% income tax 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 14(iii) of Part A below.

The disposal of PPB was completed on 31 October 2007 and resulted in PPB ceasing to be a subsidiary of the Group. Accordingly, the results arising from PPB Group of companies are presented as discontinued operation.

**EASTERN & ORIENTAL BERHAD (555-K)  
FOR THE PERIOD ENDED 31 DECEMBER 2007**

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

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

An analysis of the results of discontinued operation is as follows:

	<b>Current Quarter Ended 31.12.2007 RM'000</b>	<b>Current year To-date 31.12.2007 RM'000</b>
Revenue	23,610	241,867
Expenses	(23,179)	(213,682)
Profit before tax from discontinued operation	431	28,185
Income tax expense	(196)	(7,508)
Profit for the period from discontinued operation	<u>235</u>	<u>20,677</u>

The cash flows attributed to the discontinued operation are as follows: -

Operating cash flows	(41,833)
Investing cash flows	(5,138)
Financing cash flows	(3,404)
	<u>(50,375)</u>

The discontinued operation had the following effects on the financial position of the Group as at the end of the financial period:-

	<b>Current year To-date 31.12.2007 RM'000</b>
Net assets attributable to discontinued operation	190,292
Less: Minority interests	(91,280)
Net assets disposed	99,012
Add: Gain on disposal of PPB	98,941
Sales proceeds net of transaction costs	197,953
Less: Cash and cash equivalents of PPB disposed of	(18,452)
Net cash inflow on disposal of PPB	<u>179,501</u>

**EASTERN & ORIENTAL BERHAD (555-K)  
FOR THE PERIOD ENDED 31 DECEMBER 2007**

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

**11. (a) Segmental information by business segment**

<b>9-month ended 31 December 2007</b>	<b>Properties</b>	<b>Hospitality</b>	<b>Investment Holding and others</b>	<b>Elimination</b>	<b>Total</b>	<b>Discontinued Operation</b>	<b>Consolidated</b>
<b>RM'000</b>							
<b>REVENUE</b>							
External sales	405,476	31,365	4,961	(15,202)	426,600	241,867	668,467
Inter-segment sales	1,000	-	669	(1,669)	-	-	-
Total revenue	<u>406,476</u>	<u>31,365</u>	<u>5,630</u>		<u>426,600</u>	<u>241,867</u>	<u>668,467</u>
<b>RESULT</b>							
Segment profit	131,731	144	74,814	(4,685)	202,004	28,217	230,221
Finance cost					(21,472)	(32)	(21,504)
Share of results of jointly controlled entity					(43)	-	(43)
Share of results of associates					(716)	-	(716)
Profit before tax					<u>179,773</u>	<u>28,185</u>	<u>207,958</u>

<b>9-month ended 31 December 2006</b>	<b>Properties</b>	<b>Hospitality</b>	<b>Investment Holding and others</b>	<b>Elimination</b>	<b>Total</b>	<b>Discontinued Operation</b>	<b>Consolidated</b>
<b>RM'000</b>							
<b>REVENUE</b>							
External sales	360,128	20,259	1,210	-	381,597	356,457	738,054
Inter-segment sales	-	221	173,688	(173,909)	-	-	-
Total revenue	<u>360,128</u>	<u>20,480</u>	<u>174,898</u>		<u>381,597</u>	<u>356,457</u>	<u>738,054</u>
<b>RESULT</b>							
Segment profit	96,320	361	(14,163)	(632)	81,886	33,973	115,859
Finance cost					(29,787)	(14)	(29,801)
Share of results of associates					(6,741)	-	(6,741)
Profit before tax					<u>45,358</u>	<u>33,959</u>	<u>79,317</u>

Analysis of geographical location is not applicable as the Group operates principally within 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)  
FOR THE PERIOD ENDED 31 DECEMBER 2007**

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

**13. Material subsequent event**

There were no material event subsequent to the end of the financial period ended 31 December 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 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.
- (iii) 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 ordinary shares of RM0.50 each in Putrajaya Perdana Berhad ("PPB") 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 disposal of PPB was completed on 31 October 2007 and accordingly, PPB ceased to be a subsidiary of the Company.
- (iv) 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.
- (v) 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 ("BRSB") for the purchase consideration of RM25 million. Following the completion of the proposed acquisition on 13 November 2007, the equity interest in BRSB held by E&OProp has increased from 70% to 94%.
- (vi) On 12 December 2007, E&OProp has acquired two (2) ordinary shares of RM1.00 each at par, representing 100% equity interest in the capital of Twenty First Century Realty Sdn Bhd for a cash consideration of RM2.00.

**EASTERN & ORIENTAL BERHAD (555-K)  
FOR THE PERIOD ENDED 31 DECEMBER 2007**

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

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

As disclosed in Note 14 (ii) of Part A above, the acquisition of DGM had the following effects on the Group's results for the period:

	RM'000
Revenue	4,518
Net loss for the period	<u>(461)</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>1,852</u>
Cost of investment	<u>2,000</u>

Purchase consideration satisfied by:

Cash	2,000
Balance payable (Note a)	<u>1,060</u>
Proposed purchase consideration	<u>3,060</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.

**EASTERN & ORIENTAL BERHAD (555-K)  
FOR THE PERIOD ENDED 31 DECEMBER 2007**

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

**15. Contingent Liabilities**

Details of contingent liabilities as at 22 February 2008 (the latest practicable date which is not earlier than 7 days from the issue of this quarterly report) are as follows:

	Company	
	22.2.2008	31.3.2007
	RM'000	RM'000
i) Guarantees issued to financial institutions for banking facilities granted to subsidiaries:		
- Secured	35,034	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 comprised the property, hospitality and investment holding divisions. The Group achieved a revenue of RM426.60 million for the financial period ended 31 December 2007 as compared to RM381.597 million recorded in the previous year corresponding period ended 31 December 2006.

The increase in revenue of RM45.003 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 RM10.885 million showing an improvement of 53.15%. The increase is contributed by the hotel operations and the newly acquired subsidiary, The Delicious Group Sdn Bhd.

The profit before tax of the Group has increased by RM134.415 million to RM179.773 million for the financial period ended 31 December 2007 compared to the profit before tax of RM45.358 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 and gain arising from the disposal of Putrajaya Perdana Berhad.

(b) Discontinued Operation

The discontinued operation of the Group comprised the construction and related activities from Putrajaya Perdana Berhad Group ("PPB Group"). The contribution from the PPB Group up to the date of completion of its disposal on 31 October 2007 are disclosed in Note 10 of Part A above.

Overall, the Group achieved a profit before tax of RM207.958 million from the continuing and discontinued operations as compared to RM79.317 million achieved during the previous year corresponding period. This represents an increase of 162%.

**EASTERN & ORIENTAL BERHAD (555-K)  
FOR THE PERIOD ENDED 31 DECEMBER 2007**

**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 RM110.219 million and a profit before tax of RM107.325 million as compared to the immediate preceding quarter where Group revenue was RM273.687 million and a profit before tax of RM46.251 million (contributed by continuing and discontinued operations).

The pre-tax profit of the Group has increased by RM61.074 million or 132% as compared to the pre-tax profit of the immediate preceding quarter. The increase in profit was mainly attributable to gain arising from disposal of PPB which mitigated the lower contributions from PPB Group due to non-consolidation the results of PPB Group upon completion of its disposal on 31 October 2007.

**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. We expect the property development division to continue to contribute positively to the Group results.

**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	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- current	9,405	5,763	39,611	17,637
- in respect of prior years	(258)	32	(285)	32
Deferred tax	(510)	(1,903)	(6,949)	(2,163)
	<u>8,637</u>	<u>3,892</u>	<u>32,377</u>	<u>15,506</u>

The effective tax rate of the Group for the financial period under review is lower than the statutory tax rate of 26% mainly due to certain gain of the Group that is not subject to income tax.

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

During the financial period ended 31 December 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 financial period to date as follows:-

	<b>Current financial year to date 31.12.2007 RM'000</b>
Net gain on disposal of investment properties	<u>723</u>



**EASTERN & ORIENTAL BERHAD (555-K)  
FOR THE PERIOD ENDED 31 DECEMBER 2007**

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

**7. Investment in quoted securities**

Particulars of investment in quoted securities:	<b>Current quarter ended 31.12.2007 RM'000</b>	<b>Current financial year to date 31.12.2007 RM'000</b>
(a) Purchases / disposals		
Total Sale Proceeds	-	782
Total Profit/(Loss) on Disposal	-	537
(b) Balances as at 31 December 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>18,650</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 22 February 2008**

**i) 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 ("AmInvestment") 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.

On 22 January 2008, the Securities Commission has approved the Company's application for an extension of time of six months up to 21 July 2008.

**EASTERN & ORIENTAL BERHAD (555-K)  
FOR THE PERIOD ENDED 31 DECEMBER 2007**

**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 22 February 2008**

- (ii) **Proposed Share Exchange of ordinary shares RM1.00 each in E&OProp with the new ordinary stock units of RM1.00 each in Eastern & Oriental Berhad ("E&O" or the "Company") by way of a members' scheme of arrangement under section 176 of the Companies Act, 1965 between E&O and the shareholders of E&OProp other than E&O and Dynamic Degree Sdn Bhd ("E&OProp MIs") ("Proposed Exchange")**

On 27 November 2007, AmInvestment Bank Berhad ("AmInvestment") on behalf of the E&O Board announced that the Company presented a proposal for a members' scheme of arrangement under Section 176 of the Companies Act, 1965 for the exchange of the ordinary shares of RM1.00 each in E&OProp held by E&OProp MIs for new ordinary stock units of RM1.00 each in E&O ("New E&O Stock Units") and/ or cash.

The shareholder of the Company has approved the Proposed Exchange at an Extraordinary General Meeting held on 15 February 2008. Details of the proposal are in the announcements made to the Bursa Securities on 27 November 2007 and 27 December 2007.

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

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

As at 22 February 2008, the cash proceeds arising from the Private Placement of RM92.16 million has been fully utilised as follows:

	RM'000
Working capital purposes	54,145
Repayment of bank borrowings	37,695
Payment of expenses for the Proposed Placement	320
	<u>92,160</u>

**9. Group Borrowings**

**a) The Group borrowings were as follows:-**

	<b>As at</b>
	<b>31.12.2007</b>
	<b>RM'000</b>
Short Term - Secured	211,279
- Unsecured	1,773
Long Term - Secured	530,816
- 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 22 February 2008.

**11. Material Litigation**

There was no material litigation which affects the financial position or business of the Group as at 22 February 2008.

**12. Dividend**

The Board of Directors declared a special dividend of 5 sen per share less 26% income tax in respect of the financial year ending 31 March 2008, payable on 22 April 2008. The entitlement date is fixed on 28 March 2008.

A Depositor shall qualify for the entitlement only in respect of:

- a) Shares transferred into the Depositor's Securities Accounts before 4.00 p.m. on 28 March 2008 in respect of ordinary transfers; and

**EASTERN & ORIENTAL BERHAD (555-K)  
FOR THE PERIOD ENDED 31 DECEMBER 2007**

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

**12. Dividend (cont'd)**

- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

**13. Earnings Per Stock Unit**

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.12.2007	Comparative quarter ended 31.12.2006	Current year to date 31.12.2007	Comparative year to date 31.12.2006
<b>a) Basic earnings per stock units</b>				
(i) Profit from continuing operations attributable to equity holders of the parent (RM'000)	89,531	5,592	109,804	18,109
Weighted average number of ordinary stock units in issue (unit '000)	399,317	299,635	399,317	299,635
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS 2006/2011 (unit '000)	131,258	85,545	131,258	85,545
Adjusted weighted average number of ordinary stock units (unit '000)	530,575	385,180	530,575	385,180
Basic earnings per stock unit for profit from continuing operations for the period (sen)	16.87	1.45	20.70	4.70
(ii) Profit from discontinuing operation attributable to equity holders of the parent (RM'000)	96	4,589	9,780	12,125
Weighted average number of ordinary stock units in issue (unit '000)	399,317	299,635	399,317	299,635
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS 2006/2011 (unit '000)	131,258	85,545	131,258	85,545
Adjusted weighted average number of ordinary stock units (unit '000)	530,575	385,180	530,575	385,180
Basic earnings per stock unit for profit from discontinuing operation for the period (sen)	0.02	1.19	1.84	3.15

**EASTERN & ORIENTAL BERHAD (555-K)  
FOR THE PERIOD ENDED 31 DECEMBER 2007**

**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 31.12.2007	quarter ended 31.12.2006	year to date 31.12.2007	year to date 31.12.2006
<b>b) Diluted earnings per stock units</b>				
(i) Profit from continuing operations attributable to equity holders of the parent (RM'000)	89,531	5,592	109,804	18,109
Weighted average number of ordinary stock units in issue (unit '000)	399,317	299,635	399,317	299,635
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS 2006/2011 (unit '000)	131,258	85,545	131,258	85,545
Effect of dilution of ESOS (unit '000)	3,626	3,901	3,626	3,901
Effect of dilution of Warrants (unit '000)	31,380	23,328	31,380	23,328
	565,581	412,409	565,581	412,409
Diluted earnings per stock unit for profit from continuing operations for the period (sen)	15.83	1.36	19.41	4.39
(ii) Profit from discontinuing operation attributable to equity holders of the parent (RM'000)	96	4,589	9,780	12,125
Weighted average number of ordinary stock units in issue (unit '000)	399,317	299,635	399,317	299,635
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS 2006/2011 (unit '000)	131,258	85,545	131,258	85,545
Effect of dilution of ESOS (unit '000)	3,626	3,901	3,626	3,901
Effect of dilution of Warrants (unit '000)	31,380	23,328	31,380	23,328
	565,581	412,409	565,581	412,409
Diluted earnings per stock unit for profit from discontinuing operation for the period (sen)	0.02	1.11	1.73	2.94

BY ORDER OF THE BOARD

Ang Hong Mai  
Company Secretary

Kuala Lumpur  
27 February 2008