EASTERN & ORIENTAL

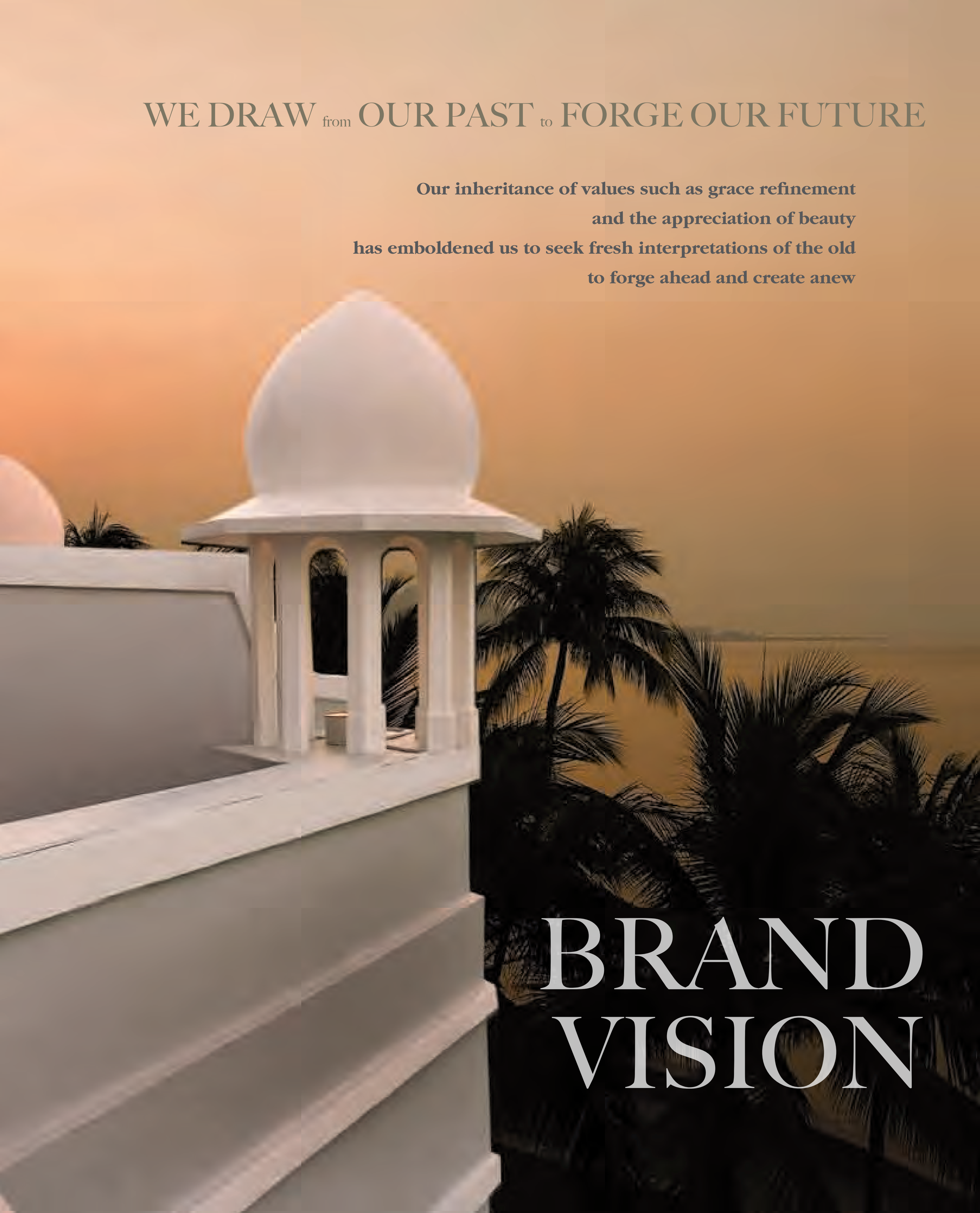
E&O

BERHAD

Annual Report 2007

WE DRAW from OUR PAST to FORGE OUR FUTURE

Our inheritance of values such as grace refinement
and the appreciation of beauty
has emboldened us to seek fresh interpretations of the old
to forge ahead and create anew



BRAND VISION

Evoking old traditions with new directions,
to enrich lifestyle and experiences globally

VISION

MISSION

To continuously achieve and maintain the highest
degree of prestige, reliability and quality

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www.easternandoriental.com

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Lone Pine

the delicious group

www.e-o-hotel.com
www.lonepinehotel.com
www.delicious.com.my

E&O Property Development

www.eoprop.com

PUTRAJAYA PERDANA BERHAD

www.p-perdana.com

Eastern & Oriental Berhad (EOB) is listed on the Main-board of Bursa Malaysia. The Company has interests in 4 core business activities; namely hospitality and lifestyle, property development, property investment and construction.

EOB undertook the meticulous refurbishment and upgrading of the heritage **Eastern & Oriental Hotel** (E&O Hotel) as well as **Lone Pine Hotel** in the late 1990s. Since it was established by the Sarkies Brothers in 1885, E&O Hotel has charmed travellers from near and far, creating a reputation to match its sister hotels – The Raffles, Singapore and The Strand, Rangoon - also founded by the Sarkies. Lone Pine Hotel is the oldest beach hotel, established in 1948, along Penang Island's famed tourist strip of Batu Ferringhi. There are ongoing efforts to capitalise on the hotel management expertise currently available, and extend this service to enable the Group to eventually manage a portfolio of hotels and resorts within Malaysia as well as around the region.

Recently, EOB embarked on a new food and beverage (F&B) venture, via the acquisition of a substantial stake in **The Delicious Group**, which currently operates Delicious restaurants in One Utama (Petaling Jaya) and Bangsar Village II (Kuala Lumpur) as well as D'lish in Bangsar Village I and Mid Valley Megamall. With F&B to be closely linked to lifestyle in the larger mindset, synergies are evident in strategic positioning of Delicious restaurants in the prime commercial/retail properties which E&O will retain, providing cuisines that are in line with the lifestyle of its urban developments.

E&O Property Development Berhad (E&OProp) is the property development arm of EOB. Prior to the formation of E&OProp, EOB undertook several prestigious property projects within Kuala Lumpur. Along Jalan Ampang's *Embassy Row*, EOB completed residential developments such as **Sri Se-Ekar** and **202 Desa Cahaya** (202 DC), whilst at nearby **Kampung Warisan**, Malaysia's celebrated cartoonist Datuk Lat successfully conceptualised a traditional Malay village ambience within the heart of the capital.

Presently, E&OProp focuses on building premium homes within prime locations of Klang Valley and on Penang Island. E&OProp has recently completed the high-end condominium **Dua Residency**, located within the vicinity of the Kuala Lumpur City Centre (KLCC) as well as **Idamansara**, located in Kuala Lumpur's highly prized residential address of Damansara Heights. **Seventy Damansara** is another one of E&OProp's signature development with 12 exclusive detached homes within a gated and guarded community. On Penang Island, the masterplan seafront development **Seri Tanjung Pinang** is situated minutes from *Millionaires' Row* of Gurney Drive, underpinning E&OProp's consistent business strategy of focusing on development in prime areas where demand is prevalent.

The newly-established **Property Investment** division's core mandate is the acquisition of select landbanks and properties that provides EOB with steady, recurring income flow and opportunities for capital appreciation in the longer term.

EOB currently has a 50.6 percent stake in construction company, **Putrajaya Perdana Berhad** (PPB). PPB undertakes commercial and infrastructure developments, as well as self-contained townships and high-end residential properties in Putrajaya, Malaysia's new federal capital and government administrative centre. It has also embarked on construction projects for high-end residential developments in Kuala Lumpur such as MARC Residence near KLCC as well as the significant commercial and retail development known as Pavilion KL.

Capitalising on the strong E&O brand, the Group is able to extend its cachet for exclusivity and quality in its portfolio of properties in prime urban locations. E&O's association with impeccable service is further leveraged through the management of service apartments, developed by E&OProp. Through the control over the concept and branding of each development (be it residential or commercial), the Group is able to ensure consistency of its overall brand positioning. This paves way for future capital appreciation of its properties, expansion of the hospitality division and its hotel management services as well as the meeting of stakeholders' expectations.

Chairman's Statement

"The E&O Group is now embarking on a bold step to reach the next level of growth - further realigning its business focus and ensuring value is created and delivered for shareholders and stakeholders."

Datuk Azizan bin Abdul Rahman
Chairman, Eastern & Oriental Berhad

STATEMENT FOR ALL STAKEHOLDERS...

On behalf of the Board of Directors of Eastern & Oriental Berhad (EOB), I wish to present to you the Annual Report and the Audited Financial Statements of the Company for the financial year ended 31 March 2007.

FINANCIAL PERFORMANCE

EOB reported profit attributable to shareholders of RM61.2 million for the financial year ended 31 March 2007, on the back of RM1.056 billion revenue. Profit attributable to shareholders increased by 165 percent, when compared to the RM23.1 million recorded in the previous financial year. Revenue increased 2-fold, when compared to last financial year's revenue of RM499.0 million.

The substantial improvement in both profit attributable to shareholders and revenue was largely due to the full-year consolidation of contribution from its Property Development division [*E&O Property Development Berhad (E&OProp), became a subsidiary of EOB in September 2005*].

CORPORATE DEVELOPMENT

EOB completed its streamlining exercise in October last year, via a 2-pronged approach of recapitalisation and reorganisation. The recapitalisation exercise introduced fresh funding of RM267.4 million, enabling EOB's current net gearing to reach a manageable level. [EOB's borrowings had previously increased due to the debt incurred for the funding of the general offer exercise]

The reorganisation undertaken by EOB was completed on October 18 last year, upon the listing of Putrajaya Perdana Berhad (PPB) on the Main Board of Bursa Malaysia. Formed in 1998 jointly by Putrajaya Holdings Sdn Bhd and other partners as the corporate vehicle for the development of Putrajaya, PPB is principally involved in construction and property development. The listing of PPB is in fulfillment of its Joint Venture Agreement. As a listed entity, PPB now operates on a stronger corporate platform with heightened awareness of the company as well as its business activities.

With the Group's streamlining process in place, EOB now focuses on growing its newly-formed Property Investment division as well as the Hospitality/Lifestyle division.

The Property Investment division's core mandate is the acquisition of select landbanks and properties that provides EOB with steady, recurring income flow through rental contributions and opportunities for capital appreciation in the longer term. The target size for EOB's property investment portfolio would be to achieve RM1 billion worth of prime asset within the next 5 years.

It is clearly evident that EOB is in the best position to capitalise on property investment, through its property development arm E&OProp, which has access to premier properties within prime locations. It is able to enjoy the benefits of an early entry at a more attractive level, thus improving the potentials for realising value. To this end, the E&O Group is able to also ensure consistency with all other E&O properties, reflecting its intended development concept and branding. The E&O Group will capitalise on such synergies within its portfolio, to further build up market presence and recognition within the real estate industry.

In the Hospitality division, there are ongoing efforts to capitalise on the hotel management expertise currently available, and extend this service to enable the Group to eventually manage a portfolio of hotels and resorts within Malaysia as well as around the region. The hotel management services is viewed as yet another profit centre for the E&O Group, as it will also present an opportunity for the Hospitality division to eventually manage luxury service apartments developed by E&OProp.

In May this year, EOB announced several corporate initiatives to raise funds for the expansion of its Property Investment and Hospitality/Lifestyle divisions. Subject to obtaining the relevant authority approvals, EOB will be disposing up to 90 million shares in E&OProp (representing up to 13.8 percent stake in E&OProp) as well as disposing up to 68.6 million shares (or up to 50.8 percent stake) in PPB. EOB will continue to hold a controlling stake in E&OProp, while seeking active, strategic partners for PPB. On July 25 this year, at an Extraordinary General Meeting, EOB obtained shareholders' approval in relation to the disposals.

In April this year, EOB (via its wholly-owned subsidiary, E&O Restaurants Sdn Bhd) announced the proposed acquisition of a 51 percent stake in The Delicious Group (M) Sdn Bhd (formerly known as Delicious by Ms Read (M) Sdn Bhd) for a purchase consideration of RM3.06 million. Delicious is a young promising brand in the local F&B industry, garnering a loyal following among its clientele for their hearty, wholesome food.

"We endeavour to increase shareholders' value and ensure that the E&O Group's income stream is on a stable and recurring basis. This, we can achieve via investments in select properties in which we are able to capitalise on early-entry advantages and realisation of value in the longer term."

"I wish to thank all our stakeholders, who have been very supportive of the Group's endeavours. We are here to deliver on the trust placed in us to further capitalise on opportunities that come before us."

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to express our sincere appreciation to all shareholders for their support and confidence in the E&O Group.

With a strong management team firmly in place, we are committed to bring the E&O Group to its next level of growth – focusing on realigning its business ventures, ensuring continuous financial health as well as leveraging on the E&O brand through synergies within its business operations.

Special thanks goes out to all employees within the Group, and we hope that they continue to remain passionate in their work as well as the organisation in which they are an integral part of. Last but not least, I wish to extend our gratitude to our valued customers, government agencies and regulatory authorities, business associates as well as suppliers.

The Board of Directors of EOB wishes to reaffirm its commitment to all shareholders and stakeholders, that their interest remains our top priority in guiding the E&O Group forward.

Datuk Azizan bin Abdul Rahman
Chairman
Eastern & Oriental Berhad
August 2007

Review of Operations

> "We are realigning our business focus – ensuring all businesses within the group are able to grow independently as well as synergistically."
>
> **Dato' Tham Ka Hon**
> ***Managing Director, Eastern & Oriental Berhad***

HOSPITALITY/LIFESTYLE DIVISION

INDUSTRY DEVELOPMENTS

It is an especially exciting year for the tourism industry, as Malaysia celebrates its 50th year of independence in conjunction with its third Visit Malaysia Year programme. The first Visit Malaysia Year in 1990 attracted 7.4 million tourists, bringing in RM4.5 billion in revenue, while the second Visit Malaysia Year in 1994 attracted higher-spending tourists totaling 7.2 million with revenue recorded at RM9.1 billion. Visit Malaysia Year 2007 launched in January this year, has an ambitious target of 20.1 million tourists with revenue of RM44.5 billion. Malaysia recorded a commendable 17.5 million visitors in 2006, mainly from ASEAN countries with significant increases in the number of visitors from China, South Korea, Hong Kong, Middle East, Europe and America.

According to research firm RNCOS' report *"Opportunities in Malaysian Tourism Industry (2007 – 2009)"*, Malaysia has seen tremendous growth in both domestic and inbound tourism; and tourist influx is expected to increase at a Compounded Annual Growth Rate, CAGR, of around 6.5 percent for the next five years (2007 – 2011). This is further echoed by recent data published by the World Tourism Organisation (UNWTO) which indicates high-growth for tourism in the Asia-Pacific region in 2006, a rise of 33 percent in international tourists (or approximately 12 million), the second most frequented region after Europe. Malaysia ranks third (behind Britain and Canada) in tourist arrivals among the 53 Commonwealth countries.

The Government has earmarked approximately RM460 million for high-profile awareness campaign for Malaysia as well as improvement of infrastructure and facilities to help reach its tourism targets. In line with this, the Malaysian Association of Hotels (MAH) has also indicated that there are some 150,000 hotel rooms of all categories ready to welcome tourists. On average, MAH recorded an increase of hotel occupancy rates from 60 percent to 65 percent in the first three months of 2007, with expectations to reach 70 percent (*Source: JP Morgan estimates dated 23 April 2007*).

The Government's ongoing *Malaysia Truly Asia* advertising campaign has been successful in strengthening Malaysia's position as a key tourist destination in Asia, Europe and America. This bodes well in attracting tourists to Malaysia, and specifically to Penang Island, the latter achieving 3.0 million tourist arrivals in 2006. According to a recent research conducted by market data firm Taylor Nelson Sofres, Malaysia is ranked number six in the list of favourite destinations for China, behind Hong Kong, Macau, Singapore, Thailand and South Korea. This provides Malaysia with a new, fast-growing market to tap into.

A new burgeoning medical tourism industry is growing rapidly in Malaysia, Thailand, Singapore and India, contributing half a billion US dollars a year in Asia. This is projected to grow to more than USD4.4 billion by 2012. Penang with its state-of-the-art medical centres, professional expertise and competitive pricing is a targeted beneficiary as medical tourism has been highlighted as a key segment in the tourism industry to nurture.

Review of Operations

> "Being a major contributor of Malaysia's Gross Domestic Product (GDP), tourism has been identified as a priority sector under the Ninth Malaysia Plan (9MP) 2006 – 2010 and is currently the nation's second largest foreign exchange earner."

REVIEW OF OPERATIONS

For the financial year ended 31 March 2007, E&O Hotel recorded revenue of RM21.4 million which represents an increase of 23.7 percent from the revenue of RM17.3 million recorded in the previous financial year. Both Rooms and Food & Beverage (F&B) divisions recorded an increase in revenue of 22 and 20 percent respectively.

The growth in revenue is a clear reflection of continuous efforts by E&O Hotel to leverage on its marque as the *grande dame* of heritage hotels, and is certainly the most famous in Penang. Since the hotel reopened for business in 2001 after meticulous refurbishment to restore much of its colonial architecture and original features, the hotel has gained solid reputation locally and internationally for its quality service amidst old-world charm.

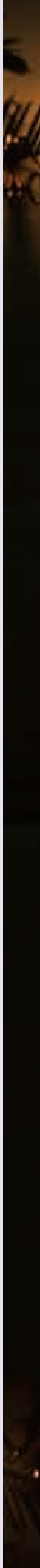
Physical refreshment and refurbishment are a continuing labour of love in the 122-year old hotel, for which E&O Hotel has dedicated approximately RM5.0 million during the year. This includes the upgrading of the 1885 restaurant, repainting of building exterior, landscaping of the seafront lawns as well as the refreshment of the hotel lobby area and selected suites. Much of the physical refurbishment was completed within the first half of this year, coupled with further improvements in F&B as well as banqueting services.

During the year, occupancy rates reached 74 percent, which is higher than the industry average of approximately 65 percent. With only 101 suites, the E&O Hotel maintains an exclusivity that attracts discerning independent travellers who place a special premium for the unique experience staying in a beautifully-restored luxury heritage hotel.

Approximately 70 percent of guests arrivals derive from overseas markets such as the UK, Japan, Australia, Singapore and USA, with the remaining coming from within Malaysia. Interestingly, many of E&O Hotel's guests help spread the E&O name through word-of-mouth endorsements. In its immediate marketing plans, E&O Hotel will be growing its existing market as well as penetrating into new markets such as the Netherlands, Germany, Hong Kong, China and Southeast Asia. This includes both independent as well as business travellers.

During the year, E&O Hotel introduced its revamped loyalty programme named the *'Heritage Club'*. Through value-laden promotions for its room stay and F&B, the Heritage Club already boasts over 1,000 members.

E&O Hotel has been steadily garnering premium room rates, proof that in today's competitive hospitality industry, there are advantages to be reaped as a niche player. Efforts have also been stepped up on the human resources front, with continuous investment in specialised training and development programmes to not only meet, but exceed guests' expectations. Currently, the workforce has grown more than 10 percent to 222 staff since last year, to match the increase in hotel occupancy without compromising its highly-personalised service levels. E&O Hotel's staff-to-guest ratio of 2.2 is far above the industry average of 1.6, further testament to this commitment.



The E&O Hotel stands as an important historical landmark in the 'Pearl of the Orient', for which the island has long been known. It is with this great pride that we continue to nurture E&O Hotel's prestige and reputation, building brand loyalty and extending its brand throughout the world.

Built in 1948 on Penang's famed beach of Batu Ferringhi, Lone Pine Hotel has retained its old world charm, remaining a cosy and enchanting retreat away from the commercial hotel blocks that are now commonplace. From November to February every year, regulars call Lone Pine their home away from home, staying for two to three months, to escape the European winter.

Only two to three-storeys high, most of the 50 guestrooms face the sea, shaded by a veil of lofty casuarina trees. Its spacious guestrooms come with open-air terraces, balconies or private courtyards. At present, Lone Pine Hotel has achieved occupancy rate of 74 percent.

Lone Pine Hotel recorded an increase of more than 20 percent in revenue to RM4.2 million for the financial year ended 31 March 2007, when compared to RM3.3 million recorded in the previous financial year. Significant improvements were recorded in the F&B division, where revenue increased by 23 percent compared to the previous financial year while the Room division's revenue registered a 25 percent increase.

Staff strength has grown from 38 to 52 this year. Similarly with E&O Hotel, staff at Lone Pine Hotel are presented with opportunities to undergo specialised training in the aim of improving service quality further.

Recently, EOB embarked on a new F&B venture, via the acquisition of a substantial stake in **The Delicious Group**, which currently operates Delicious restaurants in One Utama (Petaling Jaya) and Bangsar Village II (Kuala Lumpur) as well as delicatessen D'lish at Bangsar Village I and Mid Valley Megamall. The partnership with Delicious provides excellent opportunities for cross leveraging. It is a suitable fit in the lifestyle concepts being planned for the various urban retail and commercial spaces developed by E&OProp, allowing Delicious to take advantage of premier retail space. Most imminent is the highly coveted Dua Annexe offering 25,000 sq ft of niche F&B/retail services for adjoining Dua Residency residents as well as the affluent neighbourhood.

With the financial and corporate support of E&O, The Delicious Group is set to expand its successful Delicious brand to comprise alternative F&B price points through D'lish express deli and Dish Italian brasserie which will begin operations by year end.

E&O Hotel

"The E&O is proof that in today's mass-market age, a unique product can succeed despite its small packaging and big competition. Imbued with yesteryear charms, E&O Hotel in Penang shows that premiums can be commanded if heritage is carefully restored."

Lim Lay Ying, New Straits Times, 13 January 2007

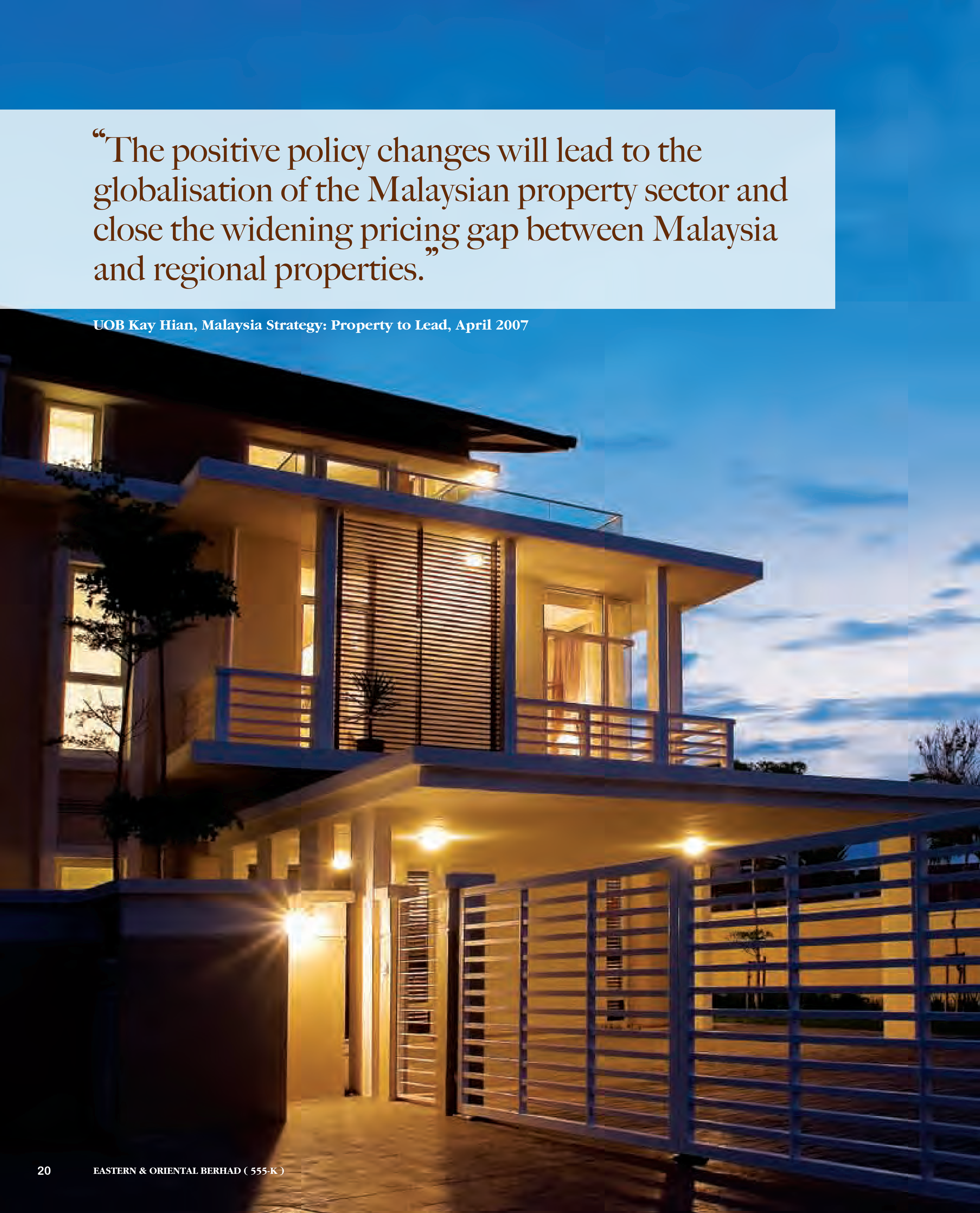
- Established by the famed Sarkies Borthers in 1885, whose architectural landmarks include The Raffles in Singapore and The Strand in Rangoon
- Stands as the grand dame of heritage hotels, its distinctive classic elegance and grace of service enhanced with time
- Labelled 'the Premier Hotel East of the Suez', it has welcomed celebrities such as Rudyard Kipling, Noel Coward, Douglas Fairbanks, Hermann Hesse and Somerset Maugham
- The luxurious 101 all-suite hotel continues to retain its colonial charm whilst offering modern comforts and facilities with round-the-clock butler service
- Ornamental garden and stately pool with views across the Andaman sea

Lone Pine Hotel

- The first hotel built in 1948 along the famed beach of Batu Ferringhi, favoured by expatriates for summer seaside holidays
- Offering serenity and intimacy in an idyllic setting, yet a short stroll from the bustle and nightlife of the busy tourist belt
- Most of the 50 guestrooms face the sea, shaded by a veil of lofty casuarina trees, where pristine lawns meet the sandy shore
- Spacious guestrooms open out onto open-air terraces, balconies or private courtyards, inviting the sea breeze inside

"The positive policy changes will lead to the globalisation of the Malaysian property sector and close the widening pricing gap between Malaysia and regional properties."

UOB Kay Hian, Malaysia Strategy: Property to Lead, April 2007



PROPERTY DEVELOPMENT DIVISION

INDUSTRY DEVELOPMENTS

The Malaysian property market has created significant interest both from local and foreign buyers, reiterated by an *'Impact of Government Liberalisation Measures'* survey conducted by Real Estate and Housing Developers' Association (Rehda) in April and May this year. In addition to the Government's recently announced series of measures to further spur the property market, existing key drivers include political stability, positive economic growth, high liquidity in the market, relatively low interest rate, good infrastructure as well as sustainable housing demand from a generally young population and educated workforce.

At the end of last year, several incentives were announced to encourage foreigners to purchase properties in Malaysia. Non-nationals no longer require approval from the Foreign Investment Committee to purchase residential properties in Malaysia worth more than RM250,000 per unit. Previously, properties purchased by foreigners were required to be owner-occupied, but today, this has been waived together with the number of properties that they may purchase, be it residential or commercial. This underlines the fact that properties in Malaysia are very attractively priced, particularly when compared to major cities in the region such as Hong Kong, Singapore, Shanghai, Bangkok and Beijing.

Furthermore, in April this year, the Malaysian Government announced a timely waiver of the Real Property Gain Tax (RPGT) for both locals and foreigners. Coupled with this, Bank Negara removed restrictions on the purpose of acquisition and the limit on the number of loans that can be obtained for the purchase of residential or commercial properties.

Within this environment, the potential market reach for property developers has expanded greatly. Buyers and investors are no longer confined to Asia Pacific, as the target audience now extends to Europe, America and Australia.

Government efforts were also focused in improving the delivery system within the property sector. This has resulted in speedier approvals, incentives for 'build-and-sell' projects and self-regulation measures such as Certificate of Completion & Compliance to be issued by architects or engineers (replacing the previous Certificate of Fitness for Occupation issued by local authorities).

"In the last six months, we have seen greater interest from foreign buyers (as well as local buyers) looking to get into the Malaysian residential property market, which is cheaper vis-à-vis global prices. The current high-end residential prices are sustainable and may continue to set new records as long as the political and economic climates of Malaysia and the world remain favourable, and Malaysia remains business-friendly."

The Star, 2 July 2007

"The KL property index out-performed the KLCI by 39% in 1H07, with strong interest and price rises mainly in the high-end segment."

JP Morgan, Malaysian Property, July 2007

In a recent survey conducted by human resource consultancy Employment Conditions Abroad Ltd., Penang and Kuala Lumpur ranked number 9 and 10 respectively as Asia's top places for expatriates to live in. The *Malaysia My Second Home Programme* has and will continue to attract a significant number of foreigners to reside in Malaysia, and consequently draw more foreign spending and investment into the country over the longer term.

All these are seen as positive measures and developments towards the Government's target of attracting RM20.0 billion worth of investments, by putting Malaysia on the world map as an international property destination. This effort over the next 10 years supervised by the National Implementation Taskforce and chaired by Prime Minister Datuk Seri Abdullah Ahmad Badawi, will certainly create the required impetus to actively propel the Malaysian real estate sector in particular and through its associated multiplier effect, the Malaysian economy as a whole.

A clear trend in rising property prices, especially in the high-end segment, is attributed at least in part to the heightened level of interest and investment by foreigners in the Malaysia property market.

Positive outcomes are also apparent in the first half of 2007, in which the property sector clearly outperformed the overall Kuala Lumpur Composite Index (KLCI). The KLCI has already reached a record of more than 1,300 points in the first half of this year, signaling a robust economic environment and business sentiment.

REVIEW OF OPERATIONS

The first six months of 2007 has been a very busy one for E&OProp. In Kuala Lumpur we completed our maiden launch development of Dua Residency in March, followed by the handing over of Idamansara homes in June to our purchasers. Both developments have reached 90 and 100 percent sales take-up respectively, with ongoing sale currently taking place following the recent release of the remaining unsold Bumiputera allocations.

Located along Jalan Tun Razak within the vicinity of KLCC Twin Towers, Dua Residency comprises 2 towers of 20-storey condominiums. Sporting a bold contemporary design, Dua sits on a 4.5-acre land parcel, one of the lowest density developments in the city centre. Idamansara is slated to be the last gated environment of this scale in the mature upmarket Damansara Heights. Both Dua Residency and Idamansara have enjoyed capital appreciation since their launches.

"The government has relaxed various property measures to attract foreign property ownership and investment. This should accelerate property capital value appreciation. Malaysian property prices are still cheap by regional standards."

Deutsche Bank, Malaysia's Property Sector, April 2007

"E&O Property's business strategy and goals are clearly set and constantly communicated. The Property Development division will focus on further strengthening its position as a premier developer in prime locations within city centres."

Dato' Tham Ka Hon
Managing Director
E&O Property Development Berhad

On Penang island, our flagship Seri Tanjung Pinang development is constantly evolving in terms of the physical structures steadily rising, as well as the sense of community being fostered amongst its pioneer residents. The first tranche of 97 units of Ariza courtyard terrace homes are fully sold and were delivered to buyers in December last year, many of whom are now proud owner-occupiers. Launched at the end of 2005, the 2½-storey terraces priced from RM735,000 received positive response from purchasers due to pent-up demand for landed, freehold properties on Penang Island. Since then, a total of 257 units of Ariza Courtyard Terraces have been launched, achieving a sales take-up of 95 percent. The last batch of 68 units of terraces launched in November last year, dubbed 'Ariza Duo', started with launch prices of RM795,000.

Launches at Seri Tanjung Pinang continue, with show units for Ariza Duo terraces, Avalon and Acacia semi-detached homes, receiving compliments for their generosity of space, design and detailing. The Avalon semi-detached units launched in June last year, have reached 80 percent sales take-up, of the 60 units launched priced from RM1.2 million upwards. The Acacia semi-detached homes launched in April this year saw an increase of sales price to RM1.4 million onwards. The 48 units of bungalow parcels ranging from 5,000 to 15,500 sq ft have surpassed the 90 percent take-up mark.

"The Property Investment division will be focusing on sustained rental income streams and realising longer term value through capital appreciation of key development landmarks it retains."

In July, the official launch of service apartments took place simultaneously on Penang Island as well as in Singapore. The luxurious service apartments are built around the Waterside at Seri Tanjung Pinang, which encompasses a pleasure marina, waterfront promenade, retail marketplace as well as a 5-storey lighthouse, dubbed The Beacon. Priced up to RM1.26 million for its one or two bedroom suites, it offers an opportunity for buyers or investors to be part of the masterplan of Seri Tanjung Pinang. The service suites will also provide hotel-style, pay-for-demand housekeeping and concierge services.

In every instance, E&OProp has set new price benchmarking on Penang Island, for each of its products launched at Seri Tanjung Pinang. This is possible because of innovative designs, quality, the well-planned development concepts as well as the prime location, that E&OProp's properties have become recognised for.

Significant progress has also been made on the commercial segment at Seri Tanjung Pinang. E&O Property (Penang) Sdn Bhd, a subsidiary of E&OProp, signed a 20-year Lease Agreement with Tesco Stores (Malaysia) Sdn Bhd in March this year, in relation to Tesco's lease of both the 6.96 acre freehold land and a hypermarket which will be built on the land. The proposed hypermarket shall be built by E&O, and thereafter leased to Tesco. The presence of Tesco, a prominent hypermarket operator, will further enhance the value of the Seri Tanjung Pinang masterplan development. Tesco Stores (Malaysia) is part of Tesco PLC, a UK-based international grocery and general merchandising retail chain. It is the largest British retailer by both global sales and domestic market share, and is the fourth-largest retailer in the world.

E&OProp's strong branding and ability to achieve benchmark pricing for its developments has provided the opportunity to attract strategic joint venture partners. Widely acknowledged as a premier developer, this has opened doors for E&OProp to increase its access to choice landbanks, owned privately or by institutions.

In May last year, E&OProp signed a Joint Venture agreement with the Lion Group to jointly develop a 4.13 acre freehold land located on Jalan P. Ramlee, in the heart of Kuala Lumpur's Golden Triangle. The Joint Venture Agreement was signed to form Mergexcel Property Development Sdn Bhd (Mergexcel). Mergexcel is a 50:50 Joint Venture Company (JV Co) between Ribuan Imbangan Sdn Bhd (*a wholly-owned subsidiary of E&OProp*) and Lion Courts Sdn Bhd (*a wholly-owned subsidiary of Lion Industries Corporation Berhad*). The land which was the former site of St. Mary's School, was acquired by the Lion Group based on several obligations which it has to fulfill. The Lion Group has since fulfilled one of its obligations (under the original purchase agreement) in providing a new purpose-built school in Selayang for the relocation of St Mary's School. (*As set out in Dewan Bandaraya Kuala Lumpur, DBKL's Kuala Lumpur Structure Plan 2020, the relocation of schools to Klang Valley suburbs, follows its aim to alleviate traffic congestion within the city, while increasing the resident population of KL city to 245,600 people in 2020 from 128,721 in 2000*)

"E&O Property is continuously looking for credible joint venture partners, who share the vision and passion to unlock the value of available land banks – and for both parties to tap into existing synergies and brand equities."

"We have been very disciplined in our landbanking, ensuring that each acquisition is in line with our development strategy of building premier properties in prime locations."

The partnership presents an excellent opportunity for the E&O Group and the Lion Group to combine its mutual expertise and resources in property development, tapping into synergies to develop this significant parcel of prime land. Capitalising on the current trend of affluent professionals from Malaysia and overseas choosing to work and live in the city, the service apartments with a niche retail component will appeal to those who desire a cosmopolitan lifestyle within KL.

Another landmark joint venture partnership was signed in September last year, signaling firm endorsement of E&OProp and strong confidence in its Seri Tanjung Pinang seafront development on Penang Island. A three-party Joint Venture agreement was signed between E&OProp, Al Salam Bank of Bahrain and CIMB-Mapletree of Singapore in relation to the joint development of 73 luxury villas at Seri Tanjung Pinang. E&O Property (Penang) Sdn Bhd (a subsidiary of E&OProp) signed the joint venture agreement with KL Park City Sdn Bhd (50.1 percent owned by CMREF 1 Sdn Bhd, a private real estate fund jointly sponsored by CIMB Real Estate Sdn Bhd and Mapletree Dextra Pte Ltd of Singapore, and 49.9 percent owned by Al Salam Bank of Bahrain).

Al Salam Bank shares the same Chairman as well as strategic shareholders, as Emaar Properties, the largest Middle Eastern property company (by value) responsible for truly visionary projects such as the Burj Dubai. The partnership is Al Salam Bank's first real estate investment outside the Middle East, and this we believe is testament to the recognition of E&OProp, locally and overseas, as an innovative developer of premier properties in Malaysia, successfully delivering on its unique E&O brand capital. By association alone, we are privileged to be partners with corporate leaders highly respected in their fields, given our partners' global reach and breadth of experience in finance as well as property development.

Looking at recent positive developments in the property development industry, both for purchasers as well as property players, E&OProp had stepped up its land acquisition initiatives focusing primarily in the Klang Valley. In April this year, E&OProp acquired two prime parcels. E&OProp (*via its wholly-owned subsidiary, KCB Trading Sdn Bhd*) acquired a 1.29 acre freehold development land on Jalan Yap Kwan Seng for RM47.8 million from Mezzon Development Sdn Bhd. Within the same month, E&OProp (*via its wholly-owned subsidiary, Hexon Housing Development Sdn Bhd*) purchased a site measuring 3.04 acres for RM33.79 million from Graphics Divine Sdn Bhd, located within one of Kuala Lumpur's most prestigious residential neighbourhood known as Bukit Tunku.

Riding on Malaysia's property cycle upturn, the land acquisitions represent an opportunity for E&OProp to accumulate land bank within Klang Valley, especially in locations with strong development potential for high-end residential property while continuously evaluating new locations.

Throughout the year, E&OProp has expanded its property marketing efforts overseas to include countries such as Singapore, Hong Kong, Indonesia and the UK. Plans are in place to further tap into new markets where appetite for Malaysian properties holds promising potential.

Going forward, the Group anticipates the existing development projects in Klang Valley together with on-going launches at Seri Tanjung Pinang to contribute positively to the earnings of the Group.

CONSTRUCTION DIVISION

INDUSTRY DEVELOPMENTS

The construction sector was abuzz with excitement at the rollout of the Ninth Malaysia Plan (9MP) which comes with a budget of RM220.0 billion. Since the beginning of this year, we have witnessed active implementation and acceleration of the 9MP, with projects being tendered and awarded. Increase in infrastructure spending augurs well for the overall economy, given its greatest capacity for flow-on multiplier effect.

The recent hike in cement prices were also viewed positively by the construction sector, allowing construction companies to have better financial planning in construction management and assessment of tenders for upcoming projects. The Government's decision was in response to the predicament faced by construction players, where cement prices were absorbed in operating costs, thereby putting firm pressure on margins.

Furthermore, the Government introduced the Project and Programme Management (PPM) methodology within the Implementation and Coordination Unit, to monitor the progress of projects within the 9MP. This is to ensure that projects are completed at reasonable cost and within the stipulated time frame. Chaired by Prime Minister Datuk Seri Abdullah Ahmad Badawi, the PPM will also evaluate the impact and benefits of the 9MP projects that targeted social and economic objectives.

“Spirits are running high on anticipation of big ticket infrastructure projects as well as other construction projects. Thus far, the Government has identified 880 social-infrastructure projects worth RM15 billion under the first roll-out of the Ninth Malaysia Plan .”

Nomura, Market Outlook: Malaysia, January 2007

REVIEW OF OPERATIONS

Putrajaya Perdana Berhad (PPB) was listed on the Main Board of Bursa Malaysia on October 18 last year, as part fulfillment of the Joint Venture Agreement with Putrajaya Holdings Sdn Bhd. The listing has placed PPB on a stronger corporate platform and presented higher visibility amongst its peers in the construction sector.

For the financial year ended 31 March 2007, PPB group registered a net profit of RM38.5 million on the back of a RM537.3 million in revenue (Currently, EOB holds a 50.6 percent stake in PPB, but it has since obtained shareholders' approval to dispose the entire stake in PPB). Its outstanding order book is in excess of RM1.2 billion, consisting of projects such as the MARC service residence within the vicinity of KLCC, Kolej Universiti Teknikal Kebangsaan Malaysia (KUTKM) in Melaka as well as the Pusat Tenaga Malaysia's Zero Energy Office (ZEO) in Bangi. It is also undertaking the construction of several components within the Pavilion KL, which includes the shopping complex, service apartments and the DBKL Tower.

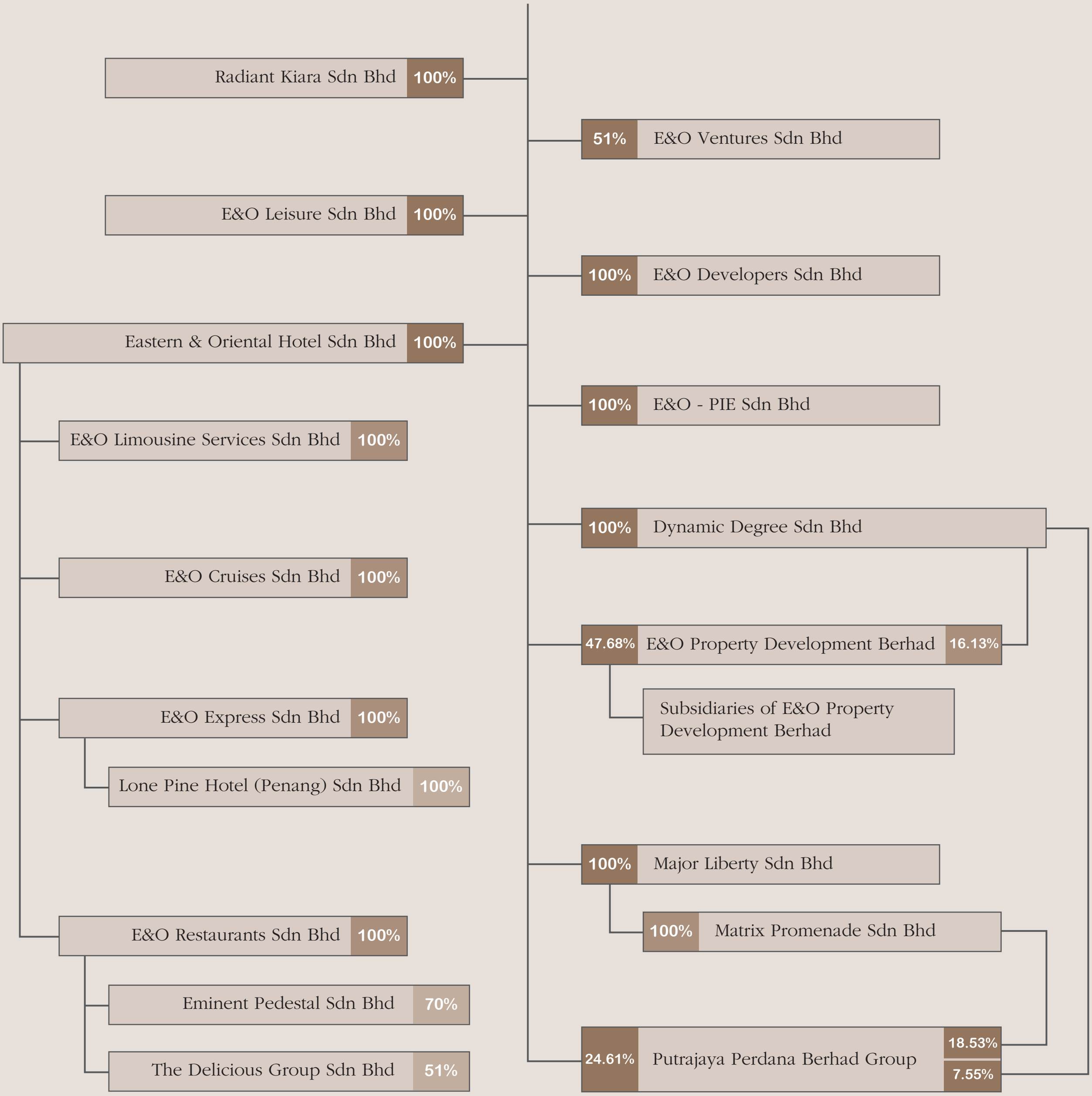
Dato' Tham Ka Hon
Managing Director
Eastern & Oriental Berhad
August 2007

"On top of the government's aggressive fiscal pump-priming efforts (the Ninth Malaysia Plan calls for RM220b or USD63.8b of spending between 2006 and 2010), the government continues to build an environment conducive to private investment. We see this as a solid foundation for a multi-year expansion cycle for the Malaysian economy."

UBS Investment Research, Malaysia Strategy, April 2007

GROUP CORPORATE STRUCTURE

AS AT 27 JULY 2007



Corporate Information

DIRECTORS

Datuk Azizan bin Abd Rahman (CHAIRMAN)
Dato' Tham Ka Hon (MANAGING DIRECTOR)
Datuk Henry Chin Poy Wu
Mr Chan Kok Leong
Encik Kamil Ahmad Merican
Mr Vijeyaratnam a/l V. Thamotharam Pillay

COMPANY SECRETARY

Ang Hong Mai (MAICSA 0864039)

MAIN BANKERS

AmInvestment Bank Berhad
AmInternational (L) Ltd
Affin Bank Berhad
Alliance Investment Bank Berhad
EON Bank Berhad
OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad

AUDITORS

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia
Tel : 603 7495 8000 Fax : 603 2095 9076

REGISTRAR AND TRANSFER OFFICE

Metra Management Sdn Bhd
30.02, 30th Floor, Menara Multi-Purpose
Capital Square, No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur, Malaysia
Tel : 603 2698 3232 Fax : 603 2698 0313

REGISTERED OFFICE

Level 3A (Annexe), Menara Milenium
8 Jalan Damanlela, Damansara Heights
50490 Kuala Lumpur, Malaysia
Tel : 603 2095 6868 Fax : 603 2095 9898

STOCK EXCHANGE LISTING

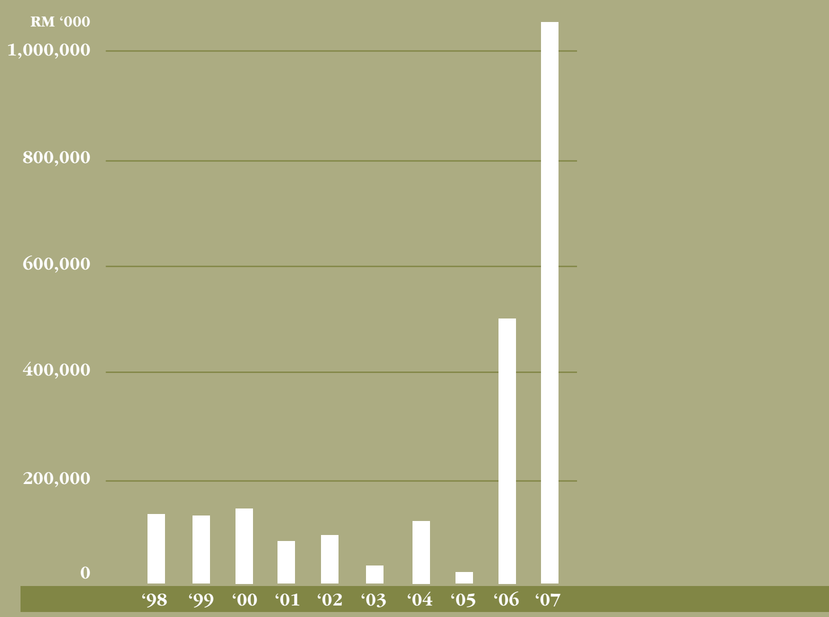
The Main Board of Bursa Malaysia Securities Berhad

WEBSITE

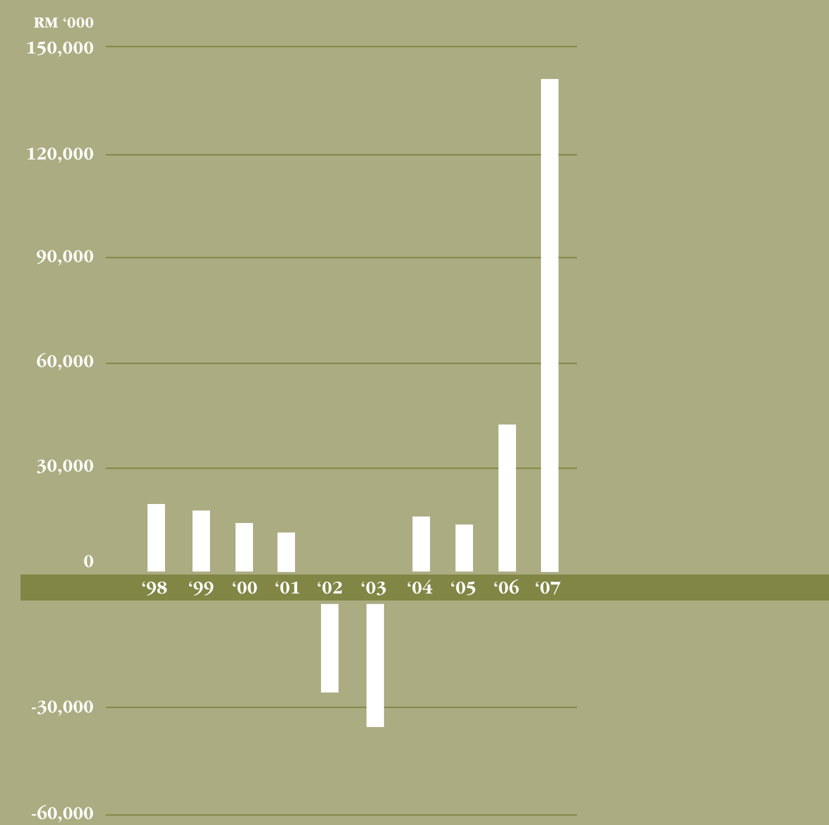
www.easternandoriental.com

10-YEAR GROUP FINANCIAL HIGHLIGHT

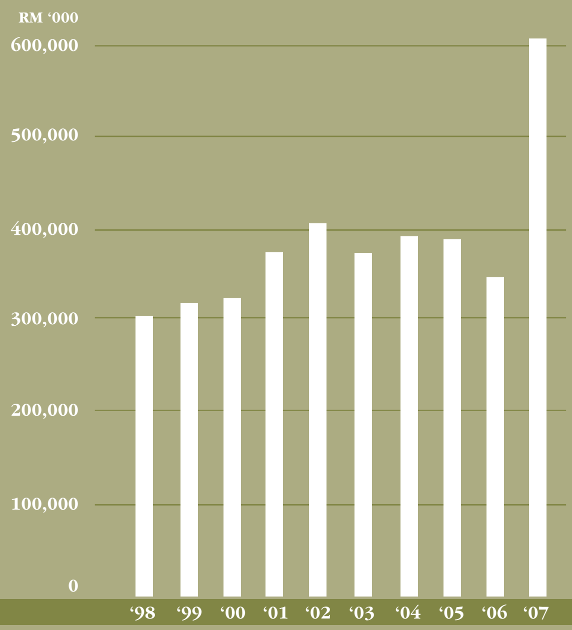
REVENUE



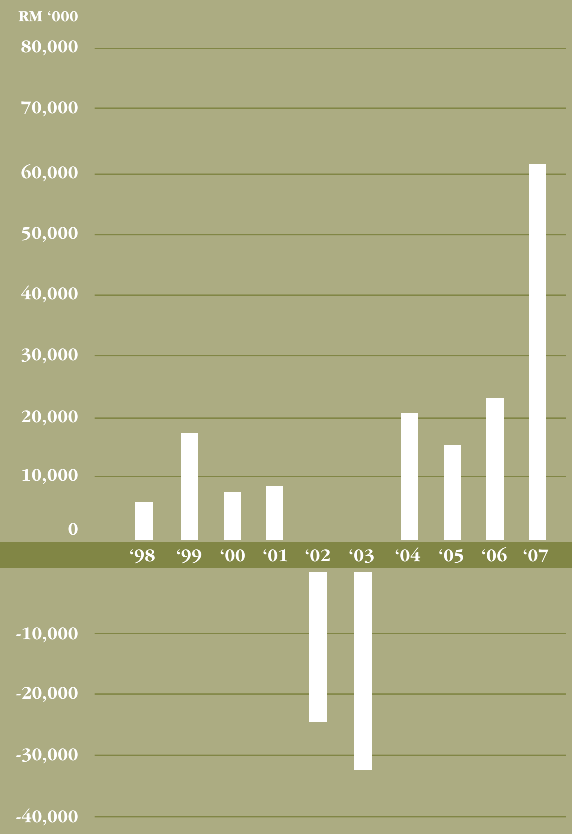
PROFIT/(LOSS) BEFORE TAX



SHAREHOLDERS' FUND



PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY



NET EARNINGS PER STOCK UNIT

10-YEAR GROUP FINANCIAL REVIEW

(RM'000)	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
INCOME STATEMENT										
Revenue	1,056,476	499,038	21,130	117,882	33,449	91,156	79,398	141,405	127,859	130,586
Profit/(Loss) before tax **	140,556	41,845	13,088	15,295	(34,821)	(25,679)	10,851	13,806	17,319	19,247
Taxation	(35,850)	(9,898)	1,174	(403)	(1,111)	(838)	(3,083)	(6,109)	41	13,082
Profit/(Loss) attributable to equity holders of the Company	61,178	23,058	15,341	20,553	(32,269)	(24,388)	8,779	7,697	17,360	6,165
Dividend - Net	4,700	3,201	3,348	1,674	1,674	2,511	2,592	2,592	2,592	5,109
BALANCE SHEET										
Issued and Paid-up Capital	358,961	232,472	232,472	232,472	232,472	232,472	122,353	102,841	102,841	102,841
Weighted Average No. of Stock units	415,252	221,715	229,384	232,472	232,472	222,274	106,850	102,841	102,841	102,841
Shareholders' Fund	606,733	347,121	388,171	391,816	373,515	405,894	374,098	324,286	319,212	304,444
RATIOS										
Net Earnings per stock unit (sen)	14.7	10.4	6.7	8.8	(13.9)	(11.0)	8.2	7.5	16.9	6.0
Net Dividend per stock unit (sen)	2.92	1.4	1.4	0.7	0.7	2.1	2.5	2.5	2.5	5.0
Net Assets per stock unit attributable to equity holders of the Company (RM)	1.41*	1.55	1.77	1.69	1.61	1.75	3.06	3.15	3.10	2.96

* In view of the share buy back during the financial year, net assets per stock unit is computed based on the number of ordinary stock units in issue at 31.03.07 : 358,188,000

** Restated from FY 1998 to FY 2006 to include the Group's share of associates' tax

DIRECTORS' PROFILE

DATUK AZIZAN BIN ABD RAHMAN

INDEPENDENT NON-EXECUTIVE DIRECTOR/CHAIRMAN

YBhg Datuk Azizan bin Abd Rahman, DMSM, aged 57, a Malaysian, was appointed as Independent non-executive Director/ Chairman of Eastern & Oriental Berhad on 6 November 2003 and is a member of the Audit Committee. He started his career as a Shipping Executive in Harper Gilfillan (M) Sdn Bhd after graduating from University of Malaya in 1973 with a degree in Bachelor of Arts. In 1975, he joined Pernas MISC Shipping Agencies Sdn Bhd as its first Branch Manager in the new Johor Port. He later became Penang Branch Manager and MISC Marketing Manager in Kuala Lumpur. In 1981, he was attached to Panocean Tankers Limited in London in their Chartering Department.

He left MISC to join JF Apex Securities Berhad in 1982 as Director and launched his career in stockbroking and finance. As a stockbroker, he was an active member of the stockbrokers fraternity and had held the post of President of the Association of Stockbroking Companies of Malaysia until he left the industry.

Datuk Azizan brought with him vast experience in stockbroking and corporate finance. He joined the MBf Group in 2000 to help in the restructuring of the MBf Group and was subsequently appointed the Managing Director of MBf Capital Berhad in 2001. Upon completion of the exercise, Datuk Azizan stepped down as Managing Director and was appointed as the non-executive Chairman of MBf Corporation Berhad. He is the Executive Chairman of Isyoda Corporation Berhad and Chairman of Gefung Holdings Berhad. He is also a Director of MBF Holdings Berhad, Apex Equity Holdings Berhad, TH Plantations Berhad, Commerce Asset Ventures and is a member of the Investment Panel of Lembaga Tabung Haji.

Datuk Azizan has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

DATO' THAM KA HON

MANAGING DIRECTOR

Dato' Tham Ka Hon, a Malaysian, aged 54 was appointed a Director and Managing Director of Eastern & Oriental Berhad on 16 May 1994. He also currently sits on the Board and is Managing Director of E&O Property Development Berhad.

Dato' Tham started his career as a Trainee Actuary with American International Assurance in Kuala Lumpur. Since 1980, his experience and expertise in property development and investment saw the highly profitable completion of Bandar Sri Damansara, when heading the property division at Land & General Berhad.

In 1994, Dato' Tham took over Jack Chia Enterprise Berhad which was later renamed Eastern & Oriental Berhad, responsible for several prestigious residential developments within Kuala Lumpur city centre such as 202 Desa Cahaya, Kampung Warisan and Sri Se-Ekar. He also spearheaded the restoration and refurbishment of two historic hotels on Penang island – the heritage 122-year old E&O Hotel in Georgetown and Lone Pine Hotel along Batu Ferringhi.

Dato' Tham and his wife are both substantial shareholders of the Company. Other than as disclosed above, Dato' Tham is not related to any Director and/or other major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

DATUK HENRY CHIN POY WU

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Datuk Henry Chin Poy Wu, a Malaysian, aged 70, was appointed to the Board of Eastern & Oriental Berhad as an Independent non-executive Director on 15 April 1994. Thereafter, he was appointed as Senior Independent Director on 28 July 2003. He is also the Chairman of the Audit Committee. He also sits on the Board of several public listed companies, namely, Malaysian Mosaics Berhad, J.T. International Berhad, Nanyang Press Holdings Berhad, Glenealy Plantations Malaysia Berhad, Magnum Corporation Berhad and Hap Seng Consolidated Berhad.

Datuk Henry spent over 38 years of his career with The Royal Malaysian Police and was holding the position of Chief of Police, Kuala Lumpur when he retired in 1993 from government service. After his retirement, Datuk Henry continues to be actively involved in communal services working for the benefit of education and welfare, and is a Board member of University Malaysia Sabah and a member of the Sabah State Pardon Board.

Datuk Henry has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

MR CHAN KOK LEONG

EXECUTIVE DIRECTOR

Mr Chan Kok Leong, a Malaysian, aged 37, was appointed Executive Director of Eastern & Oriental Berhad on 11 May 2006. He is also the Executive Director of E&O Property Development Berhad. Currently, he also sits on the Board of Putrajaya Perdana Berhad and Fututech Berhad.

Mr Chan holds a Master in Business Administration from Institut Superieor de Gestion, Paris. He is also a member of the Malaysian Association of Certified Public Accountants.

He started his career in 1989 with KPMG Peat Marwick in its audit division culminating as a Team Leader. In 1996, he joined RHB Sakura Merchant Bankers as Assistant Manager – Corporate Finance. He later joined Danaharta Nasional Berhad in 1998 as a pioneer member of the Corporate Finance team. In 2000, Mr Chan moved on to BNP Paribas as Associate Director, where he was part of the core team in the initiation of the Malaysian investment banking unit. In 2002, he joined Newfields Advisors Sdn Bhd and became Acting Managing Director. The company is licensed by the Securities Commission to provide investment advisory services in Malaysia. In May 2003, he joined E&O Property Development Berhad as Director – Corporate & Investment. He has more than 18 years experience in audit, corporate finance and financial investment.

Mr Chan has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

ENCIK KAMIL AHMAD MERICAN

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Encik Kamil Ahmad Merican, a Malaysian, aged 57, a non-independent non-executive Director was appointed to the Board of Eastern & Oriental Berhad on 26 April 1999 and is a member of the Audit Committee. He also sits on the Board of E&O Property Development Berhad and Putrajaya Perdana Berhad.

Encik Kamil graduated in Architecture from Universiti Teknologi Malaysia and the Architectural Association in London. He has worked in various architectural firms in London and Malaysia and possesses vast experience in the architectural field. He is currently the Chief Executive Officer of GDP Architects Sdn Bhd. He has been an external examiner for Universiti Teknologi Malaysia and Universiti Malaya for the past 9 years.

Encik Kamil has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

MR VIJEYARATNAM A/L V. THAMOTHARAM PILLAY

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Vijeyaratnam a/l V. Thamotharam Pillay, a Malaysian, aged 55, an Independent non-executive Director was appointed to the Board of Eastern & Oriental Berhad on 28 July 2003. Mr Vijeyaratnam is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He has more than 27 years post qualifying experience covering auditing, financial planning, general management and corporate advisory. He is currently the Managing Director of an advisory and consultancy firm.

Currently, Mr Vijeyaratnam also sits on the Board of Multi-Purpose Holdings Berhad, Bandar Raya Developments Berhad, Fututech Berhad and several other private limited companies.

Mr Vijeyaratnam has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

Corporate Social Responsibility

CSR POLICY & OBJECTIVES

At Eastern & Oriental Berhad (EOB), we define CSR as our commitment to conduct business in a socially and environmentally responsible manner, to benefit in particular, the communities in which we operate in.

Our commitment to good governance, ethical conduct and social responsibility is core to our way of doing business, and aligned with our drive to create and increase shareholder value.

In line with our corporate values, we recognise that a brand depends not only on its unique value propositions but also on how a brand cumulatively interacts with the Company's workforce, community and environment.

We believe that results and success is judged not just by its input, but by its outcomes: the difference we make to the world in which we live, and the contributions we make for the betterment of our society.

CSR REPORTING

On 14 December 2006, Bursa Malaysia Securities Berhad ("Bursa") imposed a new obligation on corporations to disclose their CSR activities in their Annual Reports. The compliance is effective for the financial year ending on or after 31 December 2007. In line with our commitment to continuously raise standards in corporate governance principles and best practices, EOB is pleased to support the government's call by reporting our CSR involvement on a voluntarily basis prior to the effective compliance date.

While many causes are certainly worthy of support, EOB strove to match available resources to causes where we felt our presence would make a notable positive impact. Approximately RM300,000 was contributed towards a diverse range of causes during the financial year, reflecting the wide scope of appeals received. This included sponsorship towards an official tourism publication that dovetailed with the extensive 'Visit Malaysia Year 2007' publicity, to the arena of local sports where funds went in aid of developing the potential of talented youth with an emphasis on healthy extra-curricular activities. Contributions were also given to charities for ongoing support of victims of natural disasters, as well as major fund raising events including the Starwalk Carnival Charity Concert 2006 and the 17th Bursa Malaysia FPLC Charity Golf Tournament 2006.

DIRECTORS' RESPONSIBILITY STATEMENT

IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made in accordance with applicable approved accounting standards and which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted and consistently applied appropriate accounting policies;

- make judgements and estimates that are prudent and reasonable; and

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and of the Group to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and of the Group and to prevent and detect fraud and other irregularities.

Corporate Governance Statement

The Board of Directors of Eastern & Oriental Berhad ("the Board") acknowledges good corporate governance as a matter of high importance and remains a fundamental part of the Eastern & Oriental Berhad Group's ("the Group") culture. The Board is responsible for the corporate governance of the Group, undertaken with due regard to all of the Group's stakeholders and its role within the community.

The Board is pleased to report on the application of the principles and compliance with the best practices set out in the Malaysian Code of Corporate Governance ("the Code") and Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements during the financial year ended 31 March 2007.

DIRECTORS

1. THE BOARD OF DIRECTORS

The business of the Group is managed under the direction of the Board, but the Board delegates to management the authority and responsibility for managing the everyday affairs of the Group. These matters are subject to oversight by the Board.

The Board discharges its stewardship responsibilities in accordance with the Code, including the setting of strategic directions, overseeing processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance with laws and regulations, and satisfies itself as to the adequacy of such processes.

2. BOARD BALANCE

The Group is headed by an effective Board which comprises members from varied backgrounds and experiences that are relevant to the Group's operations. Further details of Board members are presented in pages 36 to 39 of this Annual Report.

During the financial year ended 31 March 2007, the Board comprised of seven (7) members, of which three (3) are Executive Directors, three (3) are Independent Non-Executive Directors and one (1) is Non-Executive Director. On 1 May 2007, subsequent to the financial year, Mr. Aloysius Choong Kok Sin resigned from the Board.

The roles of the Chairman and Managing Director are clearly segregated, in which the former is responsible to facilitate the functioning of the Board independently of management, whilst the latter serves to oversee the everyday management of the Group's operations as well as implementation of Board's decisions.

The Board has identified Datuk Henry Chin Poy Wu as the Senior Independent Director to whom concerns may be conveyed.

3. BOARD MEETINGS

The number of Directors' Board meetings and the number of meetings attended by each Director during the financial year ended 31 March 2007 are given below:

NAME OF DIRECTORS	NO. OF BOARD MEETINGS ATTENDED
Datuk Azizan bin Abd Rahman	5/5
Dato' Tham Ka Hon	5/5
Datuk Henry Chin Poy Wu	4/5
Mr Chan Kok Leong	5/5
Encik Kamil Ahmad Merican	5/5
Mr Vijeyaratnam a/l V. Thamotharam Pillay	5/5
Mr Aloysius Choong Kok Sin (resigned on 1 May 2007)	5/5

Corporate Governance Statement

4. SUPPLY OF INFORMATION

All Directors have access to all information pertaining to the Group's operations in furtherance of their duties.

All Directors are provided with an agenda and a set of Board papers prior to the Board meeting. This allows the Directors to have a meaningful deliberation and sound decisions to be made during the Board meetings. In addition, all Directors have access to the services of the Company Secretary, management and other independent advisors, where necessary at the Group's expense.

5. RE-ELECTION OF DIRECTORS

As dictated in the Company's Articles of Association, at least one third (1/3) or the number nearest to one third (1/3) of the Directors, including the Managing Director shall be subject to retirement by rotation once in every three (3) years and shall be eligible for re-election.

6. DIRECTORS' TRAINING

Directors are provided with ongoing education and training in topical areas to assist them in fulfilling their responsibilities. To date, all Directors have completed the Mandatory Accreditation Program advocated by the Bursa Securities Listing Requirements. All the Directors have attended directors' training programmes for the financial year, in compliance with paragraph 15.09 of the Bursa Securities Listing Requirements.

BOARD COMMITTEES

The Board has established a number of committees to assist the Board in the execution of its responsibilities, namely the Audit Committee, Risk Management Committee, Nomination Committee, and Remuneration Committee. Each committee operates under its respective terms of reference which charts out its responsibilities and composition requirements. Issues falling within its scope are deliberated and reported to the Board accordingly.

1. AUDIT COMMITTEE

The Audit Committee serves to ensure the accuracy and adequacy of information disclosure in relation to the financial statements and internal controls.

The Audit Committee is chaired by Datuk Henry Chin, an independent non executive Director. The composition, terms of reference and activities of the Committee are outlined in this Annual Report under the section on Audit Committee Report.

2. RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises two (2) independent non executive Directors and one (1) senior management personnel as follow:

Datuk Henry Chin Poy Wu (independent and non executive)
Mr Vijeyaratnam a/l V. Thamotharam Pillay (independent and non executive)
Madam Kok Meng Chow

The committee assists the Board in fulfilling its responsibilities in ensuring the implementation of an appropriate approach to effectively manage the overall risk exposure of the Group. The committee's responsibilities include identifying and communicating to the Board any present and potential risks that the Group faces and the management action plans to manage these risks.

3. NOMINATION COMMITTEE

The Nomination Committee comprises four (4) non-executive Directors, three (3) of whom are independent as follow:

Datuk Henry Chin Poy Wu (independent and non-executive)
Datuk Azizan bin Abd Rahman (independent and non-executive)
Mr Vijeyaratnam a/l V. Thamotharam Pillay (independent and non-executive)
Encik Kamil Ahmad Merican (non-independent and non-executive)

The Nomination Committee is responsible for recommending to the Board, candidates to be nominated as Directors. The committee evaluates new candidates and current Directors, and performs other duties as spelled out in the committee's terms of reference.

4. **REMUNERATION COMMITTEE**

The Remuneration Committee comprises two (2) non-executive Directors and one (1) executive Director as follow:

Mr Vijeyaratnam a/l V. Thamotharam Pillay (independent and non-executive)
Encik Kamil Ahmad Merican (non-independent and non-executive)
Mr Chan Kok Leong (appointed on 1 May 2007) (executive)
Mr Aloysius Choong Kok Sin (resigned on 1 May 2007) (executive)

The Remuneration Committee recommends to the Board the remuneration package for each executive Director. The committee is empowered by its terms of reference, which is approved by the Board.

The determination of the remuneration of the executive Directors and non-executive Directors is a matter decided by the Board as a whole, with the Director concerned abstaining from participating in decision in respect of his individual remuneration.

The aggregate remuneration of the Directors of the Board for the year ended 31 March 2007 are as follows:

	SALARIES /FEES RM'000	OTHER EMOLUMENTS (including bonus, allowances, benefits-in-kind) RM'000	TOTAL RM'000
Executive Directors	1,768	7,582	9,350
Non-Executive Directors	220	-	220
	1,988	7,582	9,570

The range of remuneration for the Directors is disclosed in Note 9 of the Financial Statements in this Annual Report.

SHAREHOLDERS

The Board believes that direct communications between the Board and its shareholders are in the best interests of the Group. Different channels of communication are in placed to provide shareholders and investors with an overview of the Group's performance and operations including timely release of annual reports, various announcements to Bursa Securities, circulars, financial statements, quarterly financial results and newsletters to investors.

The Group conducts dialogues with investors from time to time as a means of effective communication that enables the Board and management to convey information about the Group's performance, corporate strategies and other matters affecting stockholders' interests.

Corporate Governance Statement

SHAREHOLDERS (contd)

The Company's Annual General Meeting remains the principal forum for dialogue with shareholders, whereby shareholders are encouraged to meet and communicate with the Board and to vote on resolutions. The Annual Report and Notice of Annual General Meeting are forwarded to all shareholders at least twenty-one (21) days before the date of the meeting.

The Group maintains the following website that allows all shareholders and investors access to information about the Group:-

www.easternandoriental.com

ACCOUNTABILITY AND AUDIT

1. **FINANCIAL REPORTING**
   The Board aims to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of results to shareholders. The Board ensures that the Group's financial statements are drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards.

2. **INTERNAL CONTROLS**
   The Group's Statement on Internal Control is set out on pages 47 to 49 in this Annual Report.

3. **RELATIONSHIP WITH THE AUDITORS**
   Through the Audit Committee, the Board has established a formal and transparent arrangement for maintaining appropriate relationships with the Group's auditors, both external and internal. The role of the Audit Committee in relation to the auditors is described in the Audit Committee Report set out on pages 50 to 53.

Statement on Internal Control

The Board of Directors of Eastern & Oriental Berhad ("the Board") recognizes the importance of maintaining a sound system of internal control and risk management practices that supports the achievement of the Group's mission, vision and strategy, whilst safeguarding shareholders' funds and the group's assets. The Board is hereby pleased to present its Statement on Internal Control for the financial year ended 31 March 2007 prepared pursuant to Paragraph 15.27(b) of the Bursa Securities' Listing Requirements and in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance").

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for the Group's system of internal control, which includes the establishment of appropriate control environment and risk management framework as well as the review of its adequacy and effectiveness. In view of the inherent limitations in any system of internal control, the system is designed to manage rather than eliminate risks. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The systems of internal control includes inter alia, financial, operational, management information systems, organization and compliance controls.

In addition to the above, the Board is responsible for determining key strategies and policies to address significant risks and control issues, whilst functional managers are responsible for the effective implementation of Board policies by designing, operating, monitoring and managing risks and control processes.

KEY FEATURE OF THE GROUP'S INTERNAL CONTROL SYSTEM

The Group's systems of internal control are designed and operated to support the identification and management of risks affecting the Group and the business environment in which it operates. As such, they are subject to continuous review due to changes in the business environment and the fruition of new risks emerging. The key features of the Group's system of internal control are as follows:

1. **CONTROL ENVIRONMENT**
   - **Policies & Procedures and Authority Limits**
     Written policies and procedures, which are set out in the respective entity's standard operating procedures, with clear defined lines of accountability and delegation of authority;

   - **Monitoring and Reporting Procedures**
     Minimisation of operating risks by ensuring that the appropriate infrastructures, controls, systems and people are in place throughout the Group's businesses. Key organizational controls employed in managing operating risks include segregation of duties, transaction authorisation, monitoring financial performance and management reporting; and

KEY FEATURE OF THE GROUP'S INTERNAL CONTROL SYSTEM (contd)

1. **CONTROL ENVIRONMENT** (contd)

   - **Human Resources Policy**

     Proper guidelines on the employment and retention of staff, formal training programmes, annual performance appraisals and other relevant procedures are in place within the Group to ensure competent employees are employed and are adequately trained in carrying out their responsibilities.

2. **RISK MANAGEMENT FRAMEWORK**

   The Board maintains an on-going commitment in strengthening the Group's risk management framework and processes. Day-to-day risk management of the individual operating units are delegated to the respective Executive Directors and Senior Management. In this regard, the Executive Directors are responsible for timely identification of the Group's risks of each business units and implementation of systems to manage these risks. The Executive Directors, in turn will update the Board of any significant matters which will require the latter's attention via periodic Board and management meetings. Periodic management meetings are held to assess and monitor the Group's risk as well as discuss, deliberate and address matters associated with strategic, financial and operational facets of the Group.

3. **INTERNAL AUDIT FUNCTION**

   The review of the adequacy and integrity of the Group's internal control system is the delegated responsibility of the Audit Committee. On a periodic basis, the Audit Committee assesses the adequacy and integrity of the internal control system through reviews conducted by the internal auditors and management. Significant internal control matters which are brought to the attention of the Audit Committee will be highlighted to the Board.

   The system of internal control is based on a framework of regular management information, management supervision and a system of delegation and accountability. The effectiveness of the Group's internal controls is examined in detail by the internal audit function. The Group has outsourced its internal audit function to a globally affiliated internal audit service provider firm as part of its strategy to provide the Board with assurance on the adequacy and integrity of the system of internal control. The outsourced internal audit function focuses on the review of areas which are related to the risk management needs of the Group. The areas of review are set out in a three year internal audit plan which has been approved by the Audit Committee.

   Where improvement opportunities are identified during internal audit reviews, recommendations are made and appropriate action plans are agreed with management. Results of periodic internal audit visits are tabled to the Audit Committee on a quarterly basis and follow-up visits are performed to track the implementation progress of agreed action plans.

   During the year under review, nothing has come to the attention of the Board which would result in any material losses, contingencies or uncertainties that would warrant a separate disclosure in this annual report. Notwithstanding this, the Board will continue to embrace a risk and control conscious approach and maintain constant vigilance in order to meet its business objectives in the current changing and challenging business environment.

4. **INFORMATION AND COMMUNICATION**

Systems are in place to capture and present pertinent financial and operational information on a timely manner. Financial and operational reports are periodically prepared and presented to Management and the Board for discussion and review.

5. **REVIEW & MONITORING PROCESS**

Periodic and ad-hoc meetings are held at operational and management levels to discuss and monitor the Group's operations and performance as well as to resolve business and operational issues.

The Group has investment in two listed subsidiary companies. The Group's interest in these investments is served through representation on the board of these subsidiaries. This representation provides the Board with access to direct and control the listed subsidiaries so that goal congruence is achieved. In reviewing and monitoring the performance of these investments, the Board is provided with periodic reports and information on their activities.

CONCLUSION

In accordance with the assessment of the Group's system of internal control, the Board is of the view that the risks undertaken by the Group were within tolerable level in the context of the business environment the Group operates in and the systems of internal control that existed throughout the year – comprising the internal control framework, management process, monitoring and review process, provided a level of confidence on which the Board relied for assurance.

This statement is made in accordance with the Board of Director's resolution dated 26 July 2007.

Audit Committee Report

COMPOSITION OF THE AUDIT COMMITTEE

Datuk Henry Chin Poy Wu
Senior Independent non-executive Director (Chairman)

Datuk Azizan bin Abd Rahman
Independent non-executive Director/Chairman of the Board (Member)

Encik Kamil Ahmad Merican
Non-independent non-executive Director (Member)

Mr Vijeyaratnam a/l V. Thamotharam Pillay
Independent non-executive Director (Member)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

STRUCTURE OF THE AUDIT COMMITTEE

The Audit Committee ("Committee") shall be appointed by the board of directors ("Board") and shall comprise at least three directors with the majority of the members to be independent directors. The Chairman of the Committee shall be an independent director and be elected from amongst their members. All members of the Committee, including the Chairman, will hold office until otherwise determined by the Board. In the event of any vacancy in the Committee resulting in the non-compliance with the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements, the Board of Directors shall within three months of that event appoint such new member(s) as may be required to comply with the Bursa Securities Listing Requirements.

OBJECTIVES

The objective of the Committee is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, corporate accounting and reporting practices of the Group. The Committee will endeavour to adopt certain practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to the Company's shareholders.

AUTHORITY

The Committee is authorised by the Board to:

i. investigate any matter within its terms of reference;
ii. have the resources which are required to perform its duties;
iii. have full and unrestricted access to any information pertaining to the Company;
iv. have direct communication channels with the external auditors and person(s) carrying out the internal audit function activity (if any);
v. obtain independent professional or other advice; and
vi. convene any meetings with the external auditors, excluding the attendance of the executive members of the Audit Committee, whenever deemed necessary.

Audit Committee Report

FUNCTIONS

1. To review the followings and report the same to the Board of the Company:

   a. with the external auditors, the audit plan;

   b. with the external auditors, their evaluation of the system of internal controls;

   c. with the external auditors, their audit report;

   d. the assistance given by the employees of the Company to the external auditors;

   e. the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;

   f. the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

   g. the quarterly results and year end financial statements, prior to the approval of the Board of Directors, focusing particularly on:

      i. changes in or implementation of major accounting policy;
      ii. significant and unusual events arising; and
      iii. compliance with accounting standards, regulatory and other legal requirements.

   h. any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (contd)

FUNCTIONS (contd)

i. any letter of resignation from the external auditors of the Company;

j. whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment.

2. To recommend the nomination of a person or persons as external auditors.

3. To carry out such other functions as may be agreed by the Audit Committee and Board of Directors.

MEETINGS AND REPORTING PROCEDURES

The Committee shall meet at least four times a year and to form a quorum for any meeting the majority of members present must be independent directors. The Managing Director and the Finance Director shall be invited to attend all meetings of the Committee and the internal and external auditors will be invited to attend when appropriate.

The Company Secretary shall be the secretary of the Committee and as a reporting procedure, the minutes of the meeting shall be circulated to all members of the Board.

The Audit Committee met five times during the financial year ended 31 March 2007 and the record of the attendance of the Audit Committee Members are as follows:

NAME OF THE MEMBERS	NO. OF MEETINGS ATTENDED
1. Datuk Henry Chin Poy Wu	4/5
2. Datuk Azizan bin Abd Rahman	4/5
3. Encik Kamil Ahmad Merican	5/5
4. Mr Vijeyaratnam a/l V. Thamotharam Pillay	5/5

ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE

A summary of the activities of the Audit Committee in discharging its functions and duties included the followings:

i. review of the quarterly financial statements before its announcements;
ii. review of the external auditors' reports in relation to audit, accounting and internal control issues arising from the audit and updates of the developments on accounting standards issued by the Malaysian Accounting Standards Board;
iii. review of the audit plan of the external auditors;
iv. review of internal audit plans and reports; and
v. review of related party transactions.

The Audit Committee through discussions with management and the executive directors, reviews of quarterly financial performance and input from the internal and external auditors had discharged its functions effectively during the year.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

The Board had appointed an independent professional services firm to assist the Audit Committee in the review on the adequacy and effectiveness of the internal control system of the Group.

During the year, the outsourced internal audit function assisted the Committee in discharging its duties and responsibilities by executing independent review on the Group's system of internal control. Periodic activities were carried out to provide the Committee with reasonable assurance that such systems continued to operate satisfactorily and effectively.

Summary of activities that were carried out include:

i. Formulated annual audit plan that focuses on controls managing the principal risks of the Group and reviews the resource requirements for audit executions;
ii. Internal audit reviews executed in accordance with the approved annual audit plan;
iii. Reports on the results of internal audit reviews to the Committee on a periodic basis;
iv. Follow-up on the implementation of audit recommendations and Management's agreed upon action plans; and
v. Ensured satisfactory actions taken to address previous internal audit findings.

The internal audit reviews conducted did not reveal weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

Other Compliance Information

1. UTILISATION OF PROCEEDS

(As at 27 July 2007)

The Company allotted and issued 8,300,000, 14,809,000 and 10,600,000 new ordinary stock units of RM1.00 each on 26 May 2006, 1 December 2006 and 15 December 2006 respectively, to identified Bumiputera Investors as disclosed in Note 42(A)(1) of the financial statement in this Annual Report. The cash proceeds of RM33,709,000 from the special bumiputera issue was utilised as follows:

	RM'000
Working Capital	33,549
Expenses for corporate proposals	160
Total	33,709

The proceeds of RM236,392,000 from the Company's fund raising exercise, as disclosed in Note 42(A)(2) of the financial statement in this Annual Report was utilised as follows:

	RM'000
Repayment of borrowings	153,500
Exercise of warrants in E&O Property Development Berhad	52,394
Expenses for corporate proposal	3,135
Working Capital	27,363
	236,392

2. SHARE BUYBACKS

For the financial year under review, the details of the share buy-backs are as follows:

Stock Units Bought Back

MONTH	UNITS	LOWEST PRICE (RM)	HIGHEST PRICE (RM)	AVERAGE PRICE (RM)	CONSIDERATION PAID (RM)
August 2006	439,900	0.94	1.00	0.98	431,276
February 2007	53,000	1.92	1.94	1.94	102,810
Total	492,900	-	-	-	534,086

Treasury Stock Units Resold

MONTH	UNITS	LOWEST PRICE (RM)	HIGHEST PRICE (RM)	AVERAGE PRICE (RM)	CONSIDERATION RECEIVED (RM)
April 2006	7,900,400	1.10	1.26	1.15	9,095,564
May 2006	20,000	1.67	1.67	1.66	33,152
Total	7,920,400	-	-	-	9,128,716

As at 31 March 2007, there were 772,900 Stock Units held in treasury.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

EMPLOYEES SHARE OPTIONS SCHEME ("ESOS")

On 20 November 2003, the Company granted options over 12.486 million Stock Units to eligible employees of the Group under its ESOS. The exercise price per Stock Unit has been fixed at RM1.05.

During the financial year under review, 4,496,745 Stock Units were allotted pursuant to exercise of ESOS options. There was a total of 62,300 ESOS options lapsed due to resignation of employees during the financial year under review. As at 31 March 2007, there was a balance of 7,175,500 ESOS options unexercised.

WARRANTS 2001/2011 ("WARRANTS")

On 18 May 2001, the Company issued 61,176,623 Warrants. The exercise price of the Warrants is RM1.03 per Warrant. On 9 June 2006, an additional 11,786,357 Warrants were issued and allotted pursuant to an adjustment arising from the fund raising exercise of the Company as disclosed in Note 42(A)(2) of the financial statements in this Annual Report. The exercise price was adjusted to RM1.00 each.

A total of 595,562 Warrants were exercised during the financial year under review. The number of outstanding Warrants as at 31 March 2007 was 72,367,093.

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

On 26 July 2006, the Company issued RM155,835,446 at 100% of its nominal value on the basis of RM1.00 nominal value of ICULS. During the financial year under review, 7,131,400 Stock Units were allotted pursuant to conversion of ICULS. As at 31 March 2007, there was a total of 148,704,046 ICULS outstanding.

4. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME.

During the financial year under review, the Company did not sponsor any ADR or GDR programme.

5. SANCTIONS AND/OR PENALTIES

During the financial year under review, there was no sanction and/or penalty imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

6. NON-AUDIT FEES

During the financial year ended 31 March 2007, non-audit fees paid to Messrs Ernst & Young by the Company and its subsidiaries amounted to approximately RM188,000.00

7. VARIATION IN RESULTS

There were no variances of 10% or more between the results for the financial year under review and the unaudited results previously announced.

8. PROFIT FORECAST/PROFIT GUARANTEE

During the financial year under review, the Company did not issue any Profit Forecast/Profit Guarantee.

9. MATERIAL CONTRACTS

Other than those disclosed in Notes 40 to the financial statements in this Annual Report, there was no material contract (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries involving the interest of the Company's Directors and/or its major shareholders either still subsisting as at 31 March 2007 or entered into since the end of the previous financial year ended 31 March 2006.

10. REVALUATION POLICY

The Group does not have a revaluation policy on landed properties.

11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

On 28 September 2006, the Company had obtained stockholders' mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("Recurrent Transactions") with related parties. The aggregate value of Recurrent Transactions entered into by the Group during the financial year under review were as follows:

TRANSACTING PARTIES	CATEGORIES OF TRANSACTIONS	INTERESTED RELATED PARTIES	TRANSACTED VALUE FOR FINANCIAL YEAR ENDED 31.03.2007 (RM'000)
GDP Architects Sdn. Bhd. and GDP Planners Sdn. Bhd. (formerly known as GDP Perancang Sdn. Bhd.)	Receipt of interior designing, architectural, building consultancy services and project management services	(1)KM	1,870
E&O Property Development Berhad Group	Receipt of general and administrative services, including amongst others, provision of management services.	(2)DTKH	959
Putrajaya Perdana Berhad Group	Provision and receipt of construction, management and consultancy services.	(3)PJH	26,501

Note:

(1) Encik Kamil Ahmad Merican is a Director of the Company and is the Chief Executive Officer of GDP Architects Sdn. Bhd. and GDP Planners Sdn. Bhd.

(2) Dato' Tham Ka Hon is a Director of the Company and E&O Property Development Berhad ("E&OProp"). He is also a major stockholder of the Company and E&OProp .

(3) Putrajaya Holdings Sdn Bhd is a major shareholder of Putrajaya Perdana Berhad which is a subsidiary of the Company as at 27 July 2007.

On 28 September 2006, the Company had also obtained stockholders' mandate for the provision of financial assistance ("Transactions") within the Group. The aggregate value of the Transactions entered into by the Group during the financial year under review were as follows:

TRANSACTING PARTIES	CATEGORIES OF TRANSACTIONS	INTERESTED RELATED PARTIES	TRANSACTED VALUE FOR FINANCIAL YEAR ENDED 31.03.2007 (RM'000)
E&O Property Development Berhad Group	Pooling of funds to meet operational working capital in the ordinary course of business	[1]DTKH	
	- Receipt		3,500
	- Provision		9,700

Note:

(1) Dato' Tham Ka Hon is a Director of the Company and E&O Property Development Berhad ("E&OProp"). He is also a major stockholder of the Company and E&OProp.

FINANCIAL STATEMENTS 2007

Directors' Report

The directors are pleased to present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries and associates are disclosed in Notes 17 and 18 to the financial statements respectively.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the financial year	104,706	84,393
Attributable to:		
Equity holders of the Company	61,178	84,393
Minority interests	43,528	-
	104,706	84,393

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividend paid by the Company since 31 March 2006 was as follows:

	RM'000
In respect of the financial year ended 31 March 2006 as reported in the directors' report of that year:	
First and final dividend of 2.0% less 28% taxation and paid on 20 November 2006	4,700

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 March 2007, of 4.0% less 27% taxation on the ordinary stock units in issue at book closure date will be proposed for stockholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the stockholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2008.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Datuk Azizan bin Abd Rahman
Dato' Tham Ka Hon
Datuk Henry Chin Poy Wu
Kamil Ahmad Merican
Vijeyaratnam a/l V. Thamotharam Pillay
Chan Kok Leong
Aloysius Choong Kok Sin *(Resigned on 1 May 2007)*

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employees' Share Option Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 9 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 40 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in stock units and options over stock units in the Company during the financial year were as follows:

	NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH			
	AT	ACQUIRED	SOLD	AT
THE COMPANY	1.4.2006	DURING THE FINANCIAL YEAR		31.3.2007
Direct interest:				
Datuk Azizan Bin Abd Rahman	4,549,000	10,096,133	(11,645,133)	3,000,000
Dato' Tham Ka Hon	4,699,586	4,150,000	-	8,849,586
Kamil Ahmad Merican	-	12,500,000	(11,400,000)	1,100,000
Chan Kok Leong	-	417,500	(417,500)	-
Aloysius Choong Kok Sin	-	2,100,000	(525,000)	1,575,000
Indirect interest:				
Dato' Tham Ka Hon	47,163,967	65,259,861	(22,083,967)	90,339,861

	NUMBER OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS AT NOMINAL VALUE OF RM1.00 EACH			
	AT	ACQUIRED	SOLD/EXERCISED	AT
THE COMPANY	1.4.2006	DURING THE FINANCIAL YEAR		31.3.2007
Direct interest:				
Datuk Azizan Bin Abd Rahman	-	3,894,200	(3,894,200)	-
Dato' Tham Ka Hon	-	14,930,000	-	14,930,000
Kamil Ahmad Merican	-	2,400,000	(2,250,000)	150,000
Chan Kok Leong	-	5,695,000	(1,000,000)	4,695,000
Aloysius Choong Kok Sin	-	10,430,000	-	10,430,000
Indirect interest:				
Dato' Tham Ka Hon	-	34,889,793	-	34,889,793

	NUMBER OF WARRANTS 2001/2011 OF RM1.00 EACH			
	AT	ACQUIRED	SOLD/EXERCISED	AT
THE COMPANY	1.4.2006	DURING THE FINANCIAL YEAR		31.3.2007
Direct interest:				
Dato' Tham Ka Hon	6,699,586	1,098,310	(1,000,000)	6,797,896
Indirect interest:				
Dato' Tham Ka Hon	6,600,000	1,271,820	-	7,871,820

DIRECTORS' INTERESTS (contd)

THE COMPANY	NUMBER OF OPTIONS OVER ORDINARY STOCK UNITS OF RM1.00 EACH AT 1.4.2006	GRANTED DURING THE FINANCIAL YEAR	EXERCISED/ LAPSED DUE TO RESIGNATION DURING THE FINANCIAL YEAR	AT 31.3.2007
Dato' Tham Ka Hon	4,500,000	-	-	4,500,000
Chan Kok Leong	300,000	-	(300,000)	-
Aloysius Choong Kok Sin	4,500,000	-	(2,000,000)	2,500,000

Dato' Tham Ka Hon by virtue of his interest in ordinary stock units in the Company is also deemed interested in shares of all the Company's subsidiaries and associates to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in stock units in the Company or its related corporations during the financial year.

ISSUE OF STOCK UNITS AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary stock units from RM232,471,492 to RM358,961,163 by way of:

i. the issuance of 80,556,964 ordinary stock units of RM1.00 each pursuant to a renounceable two-call rights issue of 80,556,964 new ordinary stock units of RM1.00 each at an issue price of RM1.00 each (of which the first call of RM0.35 is paid in cash on application and the second call of RM0.65 is paid out of the Company's share premium account) on the basis of one right stock unit for every three existing ordinary stock units as disclosed in Note 42(A)(2) to the financial statements;

ii. the issuance of 4,496,745 ordinary stock units of RM1.00 each for cash pursuant to the Company's Employees' Share Option Scheme at an exercise price of RM1.05 per ordinary stock unit;

iii. the issuance of 33,709,000 ordinary stock units of RM1.00 each through a special issue to identified Bumiputra investors to comply with the 30% Bumiputra equity condition imposed by the Securities Commission and the Foreign Investment Committee;

iv. the issuance of 595,562 ordinary stock units of RM1.00 each arising from the conversion of 595,562 Warrants 2001/2011 of RM1.00 each; and

v. the issuance of 7,131,400 ordinary stock units of RM1.00 each arising from the conversion of 7,131,400 Irredeemable Convertible Unsecured Loan Stocks ("ICULS") of RM1.00 nominal value each.

The new ordinary stock units issued during the financial year ranked pari passu in all aspects with the existing ordinary stock units of the Company.

On 26 July 2006, the Company issued RM155,835,446 at 100% of its nominal value on the basis of RM1.00 nominal value of ICULS for every two existing ordinary stock units held by stockholders pursuant to the fund raising exercise of the Company as disclosed in Note 42(A)(2) to the financial statements.

The principal terms and conditions of the ICULS are disclosed in Note 30 to the financial statements.

WARRANTS

The Warrants 2001/2011 issued in the financial year ended 31 March 2002 entitle the registered holders to subscribe for one new ordinary stock unit of RM1.00 each in the Company at an exercise price of RM1.03 each, exercisable at any time within a period of ten years commencing 18 May 2001.

On 9 June 2006, an additional 11,786,357 warrants were issued and allotted to each entitled warrant holder pursuant to adjustment arising from the fund raising exercise of the Company as disclosed in Note 42(A)(2) to the financial statements. The new exercise price was adjusted to RM1.00 each.

The movements in the Company's warrants are as follows:

	ENTITLEMENT FOR ORDINARY STOCK UNITS OF RM1.00 EACH			
	BALANCE AT 1.4.2006	ADJUSTMENT	EXERCISED	BALANCE AT 31.3.2007
Number of unexercised warrants	61,176,298	11,786,357	(595,562)	72,367,093

TREASURY STOCK UNITS

During the financial year, the Company repurchased 492,900 of its issued ordinary stock units from the open market at an average price of RM1.08 per stock unit. The total consideration paid for the repurchase including transaction costs was RM534,086. The stock units repurchased are being held as treasury stock units in accordance with Section 67A of the Companies Act, 1965.

The Company has, during the financial year, sold 7,920,400 treasury stock units in the open market. The average sale price of the treasury stock units was RM1.15 per stock unit. The total proceeds from the sale are for working capital purposes.

As at 31 March 2007, the Company held as treasury stock units a total of 772,900 of its 358,961,163 issued ordinary stock units. Such treasury stock units are held at a carrying amount of RM749,000 and further relevant details are disclosed in Note 31 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

The Company's Employees' Share Option Scheme ("EOB ESOS") which is governed by its by-laws lapsed on 28 April 2007, was approved by the stockholders of the Company at an Extraordinary General Meeting held on 28 September 2006 for an extended period of five years from 29 April 2007 to 28 April 2012.

The salient features of the EOB ESOS are disclosed in Note 37(B)(I) to the financial statements.

OTHER STATUTORY INFORMATION

a. Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

    i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

    ii. to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

b. At the date of this report, the directors are not aware of any circumstances which would render:

    i. the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

    ii. the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (contd)

c. At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

d. At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

e. As at the date of this report, there does not exist:

   i. any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   ii. any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

f. In the opinion of the directors:

   i. no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

   ii. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 42 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Significant events subsequent to the balance sheet date are disclosed in Note 43 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 July 2007.

DATO' THAM KA HON　　　　CHAN KOK LEONG

Statement by Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, DATO' THAM KA HON and CHAN KOK LEONG, being two of the directors of EASTERN & ORIENTAL BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 67 to 143 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 July 2007.

DATO' THAM KA HON

CHAN KOK LEONG

Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, KOK MENG CHOW, being the officer primarily responsible for the financial management of EASTERN & ORIENTAL BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 67 to 143 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed KOK MENG CHOW
at Kuala Lumpur in the Federal Territory
on 26 July 2007.

KOK MENG CHOW

Before me,

SOH AH KAU
No. W315
Commissioner for Oaths

Report of the Auditors

TO THE MEMBERS OF EASTERN & ORIENTAL BERHAD (Incorporated in Malaysia)

We have audited the financial statements set out on pages 67 to 143. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

a. the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:

   i. the financial position of the Group and of the Company as at 31 March 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and

   ii. the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

b. the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 17 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

YAP SENG CHONG
No. 1290/12/07(J)
Partner

Kuala Lumpur, Malaysia
26 July 2007

Income Statements

FOR THE YEAR ENDED 31 MARCH 2007

	Note	GROUP		COMPANY	
		2007	2006	**2007**	2006
		RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	3	**1,056,476**	499,038	**118,965**	5,054
Cost of sales	4	**(840,066)**	(401,224)	**-**	-
Gross profit		**216,410**	97,814	**118,965**	5,054
Other income	5	**44,793**	11,484	**28,932**	27,240
Selling and marketing expenses		**(6,451)**	(3,841)	**-**	-
Administrative expenses		**(54,315)**	(28,002)	**(9,161)**	(3,772)
Other expenses		**(14,666)**	(11,327)	**(7,583)**	(498)
Operating profit		**185,771**	66,128	**131,153**	28,024
Finance costs	6	**(38,417)**	(29,100)	**(22,038)**	(17,430)
Share of (loss)/profit of associates		**(6,772)**	4,817	**-**	-
Share of loss of jointly controlled entity		**(26)**	-	**-**	-
Profit before tax	7	**140,556**	41,845	**109,115**	10,594
Income tax expense	10	**(35,850)**	(9,898)	**(24,722)**	(82)
Profit for the financial year		**104,706**	31,947	**84,393**	10,512
Attributable to:					
Equity holders of the Company		**61,178**	23,058	**84,393**	10,512
Minority interests		**43,528**	8,889	**-**	-
		104,706	31,947	**84,393**	10,512
Earnings per stock unit (sen)					
Basic	11	**14.7**	10.4		
Diluted	11	**13.7**	-		
Net dividend per ordinary stock unit (sen)	12	**2.92**	1.44	**2.92**	1.44

The accompanying notes form an integral part of the financial statements.

Balance Sheets

AS AT 31 MARCH 2007

	NOTE	GROUP 2007 RM'000	GROUP 2006 RM'000	COMPANY 2007 RM'000	COMPANY 2006 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**154,653**	150,668	**10**	12
Land held for property development	14	**1,038,849**	914,524	**-**	-
Investment properties	15	**4,678**	10,906	**-**	-
Intangible assets	16	**750**	-	**-**	-
Investments in subsidiaries	17	**-**	-	**472,967**	439,161
Investments in associates	18	**24,670**	18,054	**-**	-
Investment in jointly controlled entity	19	**99**	-	**-**	-
Other investments	20	**35,330**	40,964	**3,134**	10,425
Long term receivable	21	**2,822**	3,829	**-**	-
Deferred tax assets	22	**14,181**	16,429	**-**	-
		1,276,032	1,155,374	**476,111**	449,598
Current assets					
Property development costs	23	**263,268**	333,822	**-**	-
Inventories	24	**40,592**	44,132	**-**	-
Receivables	25	**409,593**	251,742	**379,461**	360,971
Tax recoverable		**13,858**	10,309	**3,477**	2,033
Amount due from customers on construction work	26	**30,382**	34,253	**-**	-
Accrued billings in respect of property development costs		**68,664**	47,195	**-**	-
Cash and cash equivalents	27	**344,882**	204,690	**52,838**	5,587
		1,171,239	926,143	**435,776**	368,591
Non-current assets classified as held for sale	28	**14,205**	-	**-**	-
		1,185,444	926,143	**435,776**	368,591
TOTAL ASSETS		**2,461,476**	2,081,517	**911,887**	818,189
EQUITY AND LIABILITIES					
Equity					
Share capital	29	**358,961**	232,472	**358,961**	232,472
Irredeemable convertible unsecured loan stocks	30	**101,455**	-	**101,455**	-
Treasury stock units	31	**(749)**	(6,281)	**(749)**	(6,281)
Reserves	32	**147,066**	120,930	**181,315**	152,551
		606,733	347,121	**640,982**	378,742
Minority interests		**390,525**	214,242	**-**	-
Total equity		**997,258**	561,363	**640,982**	378,742
Non-current liabilities					
Provision for retirement benefits	37	**39**	49	**-**	-
Irredeemable convertible unsecured loan stocks	30	**49,731**	-	**49,731**	-
Borrowings	33	**506,143**	659,275	**141,090**	197,186
Long term liability	34	**-**	3,188	**-**	-
Deferred tax liabilities	22	**78,339**	69,113	**-**	-
		634,252	731,625	**190,821**	197,186

	NOTE	GROUP 2007 RM'000	GROUP 2006 RM'000	COMPANY 2007 RM'000	COMPANY 2006 RM'000
EQUITY AND LIABILITIES (contd)					
Current liabilities					
Payables	35	**422,935**	330,346	**8,988**	28,312
Amount due to customers on construction work	26	**7,331**	2,054	**-**	-
Progress billings in respect of property development costs		**7,711**	268	**-**	-
Provisions	36	**31,641**	41,914	**-**	-
Provision for retirement benefits	37	**38**	82	**-**	-
Borrowings	33	**347,483**	408,766	**71,096**	213,949
Tax payable		**12,827**	5,099	**-**	-
		829,966	788,529	**80,084**	242,261
Total liabilities		**1,464,218**	1,520,154	**270,905**	439,447
TOTAL EQUITY AND LIABILITIES		**2,461,476**	2,081,517	**911,887**	818,189

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2007

GROUP	NOTE	SHARE CAPITAL (NOTE 29) RM'000	ICULS (NOTE 30) RM'000	SHARE PREMIUM (NOTE 32) RM'000
At 1 April 2005		232,472	-	128,004
Profit for the financial year, representing total recognised income and expense for the financial year		-	-	-
Sale of treasury stock units		-	-	1,208
Acquisition of subsidiary		-	-	-
Goodwill written off		-	-	-
Transfer from revaluation reserve		-	-	-
Dividend	12	-	-	-
At 31 March 2006		232,472	-	129,212
Currency translation differences		-	-	-
Profit for the financial year		-	-	-
Total recognised income and expense for the financial year		-	-	-
Issue of ordinary stock units				
- Rights issue		80,557	-	(52,362)
- Pursuant to ESOS		4,497	-	-
- Special bumiputra issue		33,709	-	-
- Warrants exercised		595	-	-
Issue of ICULS		-	106,321	-
- Conversion of ICULS (equity portion)		4,866	(4,866)	-
- Conversion of ICULS (liability portion)		2,265	-	80
Purchase of treasury stock units		-	-	-
Sale of treasury stock units		-	-	3,061
Shares issuance costs		-	-	(3,725)
Dilution arising from additional shares issued by subsidiaries		-	-	-
Realignment of reserves due to changes in group structure		-	-	-
Acquisition of remaining equity interest in subsidiaries		-	-	-
Share options granted under EOB ESOS		-	-	-
Share options granted under PPB ESOS		-	-	-
Transfer from revaluation reserve		-	-	-
Dividend	12	-	-	-
At 31 March 2007		358,961	101,455	76,266

The accompanying notes form an integral part of the financial statements.

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY						MINORITY INTERESTS	TOTAL EQUITY
NON-DISTRIBUTABLE				DISTRIBUTABLE			
TREASURY STOCK UNITS (NOTE 31)	REVALUATION RESERVE (NOTE 32)	EXCHANGE RESERVE (NOTE 32)	SHARE OPTION RESERVE (NOTE 32)	RETAINED EARNINGS/ (ACCUMULATED LOSS) (NOTE 32)	TOTAL		
RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
(9,968)	8,610	-	-	29,053	388,171	(13,047)	375,124
-	-	-	-	23,058	23,058	8,889	31,947
3,687	-	-	-	-	4,895	-	4,895
-	22,101	66	-	-	22,167	218,400	240,567
-	-	-	-	(87,969)	(87,969)	-	(87,969)
-	(3,954)	-	-	3,954	-	-	-
-	-	-	-	(3,201)	(3,201)	-	(3,201)
(6,281)	26,757	66	-	(35,105)	347,121	214,242	561,363
-	-	20	-	-	20	-	20
-	-	-	-	61,178	61,178	43,528	104,706
-	-	20	-	61,178	61,198	43,528	104,726
-	-	-	-	-	28,195	-	28,195
-	-	-	-	-	4,497	-	4,497
-	-	-	-	-	33,709	-	33,709
-	-	-	-	-	595	-	595
-	-	-	-	-	106,321	-	106,321
-	-	-	-	-	-	-	-
-	-	-	-	-	2,345	-	2,345
(534)	-	-	-	-	(534)	-	(534)
6,066	-	-	-	-	9,127	-	9,127
-	-	-	-	-	(3,725)	-	(3,725)
-	-	-	-	(427)	(427)	12,427	12,000
-	-	-	-	20,994	20,994	133,103	154,097
-	-	-	-	-	-	6,890	6,890
-	-	-	2,017	-	2,017	-	2,017
-	-	-	-	-	-	918	918
-	(2,244)	-	-	2,244	-	-	-
-	-	-	-	(4,700)	(4,700)	(20,583)	(25,283)
(749)	24,513	86	2,017	44,184	606,733	390,525	997,258

Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2007

	NOTE	SHARE CAPITAL (NOTE 29) RM'000	ICULS (NOTE 30) RM'000	SHARE PREMIUM (NOTE 32) RM'000	TREASURY STOCK UNITS (NOTE 31) RM'000	SHARE OPTION RESERVE (NOTE 32) RM'000	RETAINED EARNINGS (NOTE 32) RM'000	TOTAL EQUITY RM'000
		NON-DISTRIBUTABLE					DISTRIBUTABLE	
COMPANY								
At 1 April 2005		232,472	-	128,004	(9,968)	-	16,028	366,536
Profit for the financial year, representing total recognised income and expense for the financial year		-	-	-	-	-	10,512	10,512
Sale of treasury stock units		-	-	1,208	3,687	-	-	4,895
Dividend	12	-	-	-	-	-	(3,201)	(3,201)
At 31 March 2006		232,472	-	129,212	(6,281)	-	23,339	378,742
Profit for the financial year, representing total recognised income and expense for the financial year		-	-	-	-	-	84,393	84,393
Issue of ordinary stock units								
- Rights issue		80,557	-	(52,362)	-	-	-	28,195
- Pursuant to ESOS		4,497	-	-	-	-	-	4,497
- Special bumiputra issue		33,709	-	-	-	-	-	33,709
- Warrants exercised		595	-	-	-	-	-	595
Issue of ICULS		-	106,321	-	-	-	-	106,321
- Conversion of ICULS (equity portion)		4,866	(4,866)	-	-	-	-	-
- Conversion of ICULS (liability portion)		2,265	-	80	-	-	-	2,345
Purchase of treasury stock units		-	-	-	(534)	-	-	(534)
Sale of treasury stock units		-	-	3,061	6,066	-	-	9,127
Shares issuance costs		-	-	(3,725)	-	-	-	(3,725)
Share options granted under ESOS		-	-	-	-	2,017	-	2,017
Dividend	12	-	-	-	-	-	(4,700)	(4,700)
At 31 March 2007		358,961	101,455	76,266	(749)	2,017	103,032	640,982

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2007

	NOTE	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**140,556**	41,845
Adjustments for:			
Adjustment to property, plant and equipment		-	406
Allowance for doubtful debts		-	11
Amortisation of:			
- other investments		-	8
- intangible assets		**181**	-
Bad debts written off		-	158
Depreciation of property, plant and equipment		**8,654**	5,175
Depreciation of investment properties		**478**	-
Impairment loss in land held for property development		-	2,846
Investment property written off		-	94
Interest expense		**38,417**	29,100
Land held for property development written off		**332**	-
Property, plant and equipment written off		**423**	31
Provision for retirement benefits		**693**	817
Doubtful debts written back		**(43)**	(87)
Loss/(gain) on disposal of:			
- investment properties		**66**	(305)
- property, plant and equipment		**(256)**	(35)
- quoted investments		**(6,374)**	(3,840)
- unquoted investments		**(390)**	-
- other investments		**8**	(650)
- a subsidiary		-	(4)
Gain on partial disposal of a subsidiary		**(23,134)**	-
Realisation of unrealised gain from disposal of land and subsidiaries to an associate		-	(535)
(Reversal of impairment loss)/impairment loss in other investments		**(3,872)**	1,314
Interest income		**(4,426)**	(2,354)
Dividend income		**(1,042)**	(1,061)
Share of results of associates		**6,772**	(4,817)
Share of results of jointly controlled entity		**26**	-
Share options granted under EOB ESOS		**2,017**	-
Share options granted under PPB ESOS		**918**	-
Short term accumulating compensated absences		**66**	-
Operating profit before working capital changes		**160,070**	68,117
Working capital changes:			
Land held for property development		**(87,170)**	(75,418)
Property development costs		**87,665**	133,292
Inventories		**3,969**	5,740
Amount due from/(to) customers on construction work		**16,415**	(6,593)
Receivables		**(176,274)**	(119,795)
Payables		**72,225**	51,507
Cash generated from operations		**76,900**	56,850
Interest received		**4,426**	2,716
Interest paid		**(72,551)**	(39,109)
Payment for retirement benefits		**(747)**	(766)
Income tax refund		**2,455**	92
Income tax paid		**(35,929)**	(15,163)
Net cash (used in)/generated from operating activities		**(25,446)**	4,620

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2007

	NOTE	2007 RM'000	2006 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(13,148)**	(3,798)
Purchase of intangible assets		**(213)**	-
Purchase of other investments		**(134)**	(2,906)
Net cash flow on acquisitions of subsidiaries	17(a)	**(22,282)**	(163,163)
Investment in jointly controlled entity		**(125)**	-
Proceeds from disposal of property, plant and equipment		**1,098**	101
Proceeds from disposal of investment properties		**184**	4,300
Proceeds from partial disposal of a subsidiary		**116,265**	-
Proceeds from disposal of other investments		**15,856**	11,075
Proceeds from disposal of a subsidiary		**-**	6,800
Acquisition of remaining equity interest in subsidiaries from minority shareholders		**(1,620)**	-
Dividends received		**540**	680
Long term receivable		**1,007**	-
Net cash generated from/(used in) investing activities		**97,428**	(146,911)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary stock units, net of issuance costs		**62,676**	-
Proceeds from issuance of ordinary shares in subsidiaries		**82,111**	-
Proceeds from issuance of ICULS		**155,835**	-
Proceeds from conversion of warrants		**595**	-
Purchase of treasury stock units		**(534)**	-
Proceeds from sale of treasury stock units		**9,127**	4,895
Drawdown of borrowings		**465,135**	402,467
Repayment of borrowings		**(647,422)**	(71,635)
Repayment of hire purchase liabilities		**(148)**	-
Dividend paid to minority shareholders of subsidiaries		**(20,583)**	-
Dividends paid		**(4,700)**	(3,201)
Net cash generated from financing activities		**102,092**	332,526
Exchange translation differences		**20**	66
NET INCREASE IN CASH AND CASH EQUIVALENTS		**174,094**	190,301
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**170,489**	(19,812)
CASH AND CASH EQUIVALENTS AT END OF YEAR	27	**344,583**	170,489

The accompanying notes form an integral part of the financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2007

	NOTE	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**109,115**	10,594
Adjustments for:			
Depreciation of property, plant and equipment		**2**	12
Property, plant and equipment written off		**-**	23
Allowance for doubtful debts		**7,070**	-
Impairment loss in other investment		**-**	99
Gain on disposal of a subsidiary		**-**	(1,640)
Gain on partial disposal of a subsidiary		**(28,932)**	-
Loss/(gain) on disposal of other investments		**8**	(25,598)
Share options granted under EOB ESOS		**2,017**	-
Interest expense		**22,038**	17,430
Interest income		**(15,261)**	(5,054)
Dividend income		**(103,704)**	-
Operating loss before working capital changes		**(7,647)**	(4,134)
Receivables		**(11,074)**	(7,175)
Payables		**(17,947)**	9,680
Cash used in operations		**(36,668)**	(1,629)
Interest paid		**(20,853)**	(17,430)
Income tax refund		**2,033**	-
Net cash used in operating activities		**(55,488)**	(19,059)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of a subsidiary		**-**	6,800
Proceeds from partial disposal of a subsidiary		**116,265**	-
Purchase of property, plant and equipment	(a)	**-**	(7)
Purchase of other investments		**(134)**	(2,857)
Proceeds from disposal of other investments		**92**	-
Additional investment in subsidiaries		**(53,864)**	(286,235)
Dividend received		**15,555**	-
Interest received		**775**	60
Net cash generated from/(used in) investing activities		**78,689**	(282,239)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary stock units, net of issuance costs		**62,676**	-
Proceeds from issuance of ICULS		**155,835**	-
Proceeds from conversion of warrants		**595**	-
Purchase of treasury stock units		**(534)**	-
Proceeds from sale of treasury stock units		**9,127**	4,895
Drawdown of borrowings		**-**	301,687
Repayment of borrowings		**(169,751)**	(6,000)
Dividends paid		**(4,700)**	(3,201)
Net cash generated from financing activities		**53,248**	297,381
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**76,449**	(3,917)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**(23,611)**	(19,694)
CASH AND CASH EQUIVALENTS AT END OF YEAR	27	**52,838**	(23,611)

Note:

a. Purchase of property, plant and equipment during the previous financial year was fully paid for in cash.

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

31 MARCH 2007

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office of the Company is located at Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries and associates are disclosed in Notes 17 and 18 respectively. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 July 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared on a historical basis and comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia ("FRS"). At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Subsidiaries and Basis of Consolidation

i. Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between the net disposal proceeds and their carrying amount is included in the income statement.

ii. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

b. Associates

Associates are those entities in which the Group has significant influence but that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

c. Jointly Controlled Entities

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.2(b).

2. SIGNIFICANT ACCOUNTING POLICIES (contd)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd)

c. *Jointly Controlled Entities* (contd)

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

d. *Revenue Recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i. Dividend Income

Dividend income from subsidiaries is recognised when the right to receive payment is established while dividends from associates and other investments are recognised when received.

ii. Interest Income

Interest income is recognised on accrual basis unless collectibility is in doubt, in which case it is recognised on receipt basis.

iii. Sale of Properties

Revenue from sale of properties under development is accounted for by the stage of completion method as described in Note 2.2(i)(iii).

Revenue from sale of completed properties is recognised upon the finalisation of sale and purchase agreements and when the risks and rewards of ownership have passed.

iv. Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(m).

v. Revenue from Hotel Operations

Revenue from hotel operations comprise rental of rooms, sale of food and beverages and other hotel related income, and is recognised based on an accrual basis, net of service and sale taxes.

vi. Rental Income

Rental income from investment properties is recognised on accrued basis based on agreed upon rental rates.

vii. Trading Inventories

Revenue from sale of trading inventories is recognised upon the transfer of risks and rewards.

viii. Management Fees

Revenue from management services provided is recognised when services have been rendered.

e. *Borrowing Costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in income statement in the period in which they are incurred.

f. ***Income Tax***

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the financial year end.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the financial year end. Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

g. ***Property, Plant and Equipment and Depreciation***

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses. Certain freehold land and building and leasehold land are stated at valuation less impairment losses. Revaluations were made based on the valuation by independent valuers on an open market value basis in 1982. As permitted by FRS 116: Property, Plant and Equipment, these assets are stated at their previous revalued amount (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount) on the basis that the revaluation carried out then, was a one off isolated event and not intended to be an adoption of a revaluation policy in place of historical cost.

Long term leasehold properties comprise properties with an unexpired lease period of 50 years and more. All other leasehold properties are classified as short term.

Freehold land and capital work-in-progress are not depreciated. Leasehold lands are depreciated over the period of the respective leases which range from 9 to 99 years

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Long leasehold land and buildings	2%
Plant, machinery and equipment	12% - 20%
Office equipment, renovation and furniture and fittings	7.5% - 20%
Vessel	10%
Motor vehicles	16% - 20%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (contd)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd)

g. Property, Plant and Equipment and Depreciation (contd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in income statement.

h. Non-Current Assets (or Disposal Groups) Held for Sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than deferred tax assets, employee benefits assets and financial assets) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in income statement.

i. Land Held for Property Development and Property Development Costs

i. Land Reclamation Cost

Land reclamation cost is in respect of expenditure incurred relating to the Tanjong Tokong Reclamation Project and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(s).

Land reclamation cost includes related development expenditure including interest expense incurred during the period of active development.

ii. Land Held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

iii. Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings in respect of property development costs and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings in respect of property development costs.

j. Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of investment properties is provided for on a straight-line basis to write off the cost of investment properties to its residual value over the estimated useful life at 2% per annum.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of investment properties.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in income statement in the financial year in which they arise.

k. Intangible Assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are arrived at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets, which represent software cost with finite lives, are amortised on a straight-line basis over the estimated economic useful lives at an annual rate of 20% and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with finite useful life are reviewed at each financial year end.

The residual values, useful life and amortisation method are reviewed at each financial year end to ensure that the amount, method and period of amortisation are consistent with previous estimates and the expected pattern of consumption of the future economics benefits embodied in the items of intangible assets.

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in income statement.

l. Inventories

i. Inventories of Completed Properties

Inventories of completed properties are stated at the lower of cost and net realisable value. Cost is determine on the specific identification basis and includes costs of land, construction, development costs and appropriate overheads. Net realisable value represents the estimated selling price less all estimated costs necessary to make the sale.

ii. Trading Inventories

Trading inventories are stated at the lower of cost, which is determined on the weighted average basis, and net realisable value. Cost includes expenditure incurred in bringing inventories to store. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (contd)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd)

m. Construction Contracts

Construction works are stated at cost plus attributable profit less progress billings. Cost comprises direct labour, material costs, sub-contract sum and an allocated proportion of directly related overheads. Administrative and general expenses are charged to the income statement as and when incurred.

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively, by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Provision is made for all anticipated losses on construction work. Provision for warranties is made for expected/estimated repair costs for making good certain defects and damages during the warranty periods.

The aggregate of the costs incurred and the profits or losses recognised are compared against the progress billings up to the year end for all contracts in progress. The balances are shown as amount due from customers on construction work when cost incurred plus recognised profits (less recognised losses) exceed progress billings. The balances are shown as amount due to customers on construction work when progress billings exceed costs incurred plus recognised profits (less recognised losses).

n. Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

o. Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

i. Cash and Cash Equivalents

For the purposes of cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

ii. Other Non-current Investments

Non-current investments other than investments in subsidiaries, associates, jointly controlled entities and investment properties are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in income statement.

iii. Marketable Securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. On disposal of marketable securities, the difference between the net disposal proceeds and the carrying amount is recognised in income statement.

iv. Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the financial year end.

v. Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

vi. Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

vii. 4-Year Redeemable Secured Bonds with 116 Million Detachable Warrants ("Redeemable Secured Bonds with Detachable Warrants")

The Redeemable Secured Bonds with Detachable Warrants are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible bond. The difference between the proceeds of issue of the Redeemable Secured Bonds with Detachable Warrants and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible bond to the instrument at the date of issue. The difference between this amount and the interest paid is added to the carrying value of the Redeemable Secured Bonds with Detachable Warrants.

viii. Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

ICULS are regarded as compound instruments consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is determined using the prevailing market interest rate for an equivalent financial instrument. The difference between the proceeds of issue of the ICULS and the fair value assigned to the liability component, representing the conversion option is included in equity.

The liability component is subsequently stated at amortised cost using effective interest rate method. Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing interest rate for a similar borrowing at the date of issue. The difference between this amount and the interest paid is added to the carrying value of the ICULS.

The value of the conversion option is not adjusted in subsequent periods, except in times of ICULS conversion into ordinary stock units. Upon conversion of the instrument into ordinary stock units, the amount credited to share capital is the aggregate of the amounts classified within liability and equity at the time of conversion. No gain or loss is recognised in income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (contd)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd)

o. *Financial Instruments* (contd)

ix. Equity Instruments

Ordinary stock units are classified as equity. Dividends on ordinary stock units are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary stock units of the Company that have not been cancelled, are classified as treasury stock units and presented as a deduction from equity. No gain or loss is recognised in income statement on the sale, re-issuance or cancellation of treasury stock units. When treasury stock units are re-issued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

p. *Leases*

i. Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

ii. Finance Leases - the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment a described in Note 2.2(g).

iii. Operating Leases - the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

q. *Foreign Currencies*

i. Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

ii. Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each financial year end, monetary items denominated in foreign currencies are translated at the rates prevailing at the financial year end. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in income statement for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

iii. Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the financial year end;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the financial year end.

r. Employee Benefits

i. Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave, maternity and paternity leave are recognised when the absences occur.

ii. Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

2. SIGNIFICANT ACCOUNTING POLICIES (contd)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd)

r. *Employee Benefits* (contd)

iii. Defined Benefit Plans

i. Certain subsidiaries of the Group contribute to a funded, defined benefit scheme, known as the Putrajaya Perdana Group Retirement Benefit Scheme ("the Scheme") for its eligible employees. These subsidiaries' obligations under the Scheme, calculated using the Project Credit Unit Method, is determined based on actuarial computations by independent actuaries in every three years, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

ii. A subsidiary of the Group, namely Lone Pine Hotel (Penang) Sdn. Bhd., operates an unfunded, defined benefit Retirement Benefit Scheme ("Unfunded Scheme") for the eligible employees of the subsidiary. The subsidiary's obligations under the Unfunded Scheme are determined based on triennial actuarial valuation where the amount of benefits that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Unfunded Scheme exceed 10% of the present value for the defined benefit obligation. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost.

(iv) Share-based Compensation

The Group has two employees' share option schemes, namely the Eastern & Oriental Berhad Employees' Share Option Scheme ("EOB ESOS") and the Putrajaya Perdana Berhad Employees' Share Option Scheme ("PPB ESOS") which are equity-settled, share-based compensation plans. EOB ESOS allows certain employees to acquire ordinary stock units of the Company and PPB ESOS allows the PPB Group's employees and directors to acquire ordinary shares in PPB. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the equity compensation reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each financial year end, the Company and PPB Group revise the estimates of the number of options that are expected to become exercisable on vesting date. The subsidiary recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs will be credited to equity when the options are exercised.

s. ***Impairment of Non-financial Assets***

The carrying amounts of assets, other than investment properties, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each financial year end to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in income statement in the period in which it arises.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in income statement.

2.3 CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs

On 1 April 2006, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

2. SIGNIFICANT ACCOUNTING POLICIES (contd)

2.3 CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (contd)

At the date of authorisation of these financial statements, the following FRSs, amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

Effective for financial periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

Effective for financial periods beginning on or after 1 January 2007:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 119_{2004}	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

Effective for financial periods beginning on or after 1 July 2007:

FRS 107 (amendment)	Cash Flow Statements
FRS 111 (amendment)	Construction Contracts
FRS 112 (amendment)	Income Taxes
FRS 118 (amendment)	Revenue
FRS 119 (amendment)	Employee Benefits
FRS 120 (amendment)	Accounting for Government Grants and Disclosure of Government Assistance
FRS 121 (amendment)	The Effects of Changes in Foreign Exchange Rates-Net Investment in a Foreign Operation
FRS 126 (amendment)	Accounting and Reporting by Retirement Benefit Plans
FRS 129 (amendment)	Financial Reporting in Hyperinflationary Economies
FRS 134 (amendment)	Interim Financial Reporting
FRS 137 (amendment)	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129_{2004} - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

Effective date deferred indefinitely:

FRS 139	Financial Instruments : Recognition and Measurement

The Group is exempted from disclosing the possible impact of the initial application of FRS 117, FRS 124 and FRS 139. The other new and revised FRSs and interpretations that have not been early adopted are either not relevant to the Group's operations or the application are not expected to have any impact on the Group's financial statements except for those as disclosed below:

i. Amendment to FRS 119_{2004}: Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

This amendment introduces the option of an alternative recognition approach for actuarial gains and losses arising from post-employment defined benefit plans. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the financial statements. The Group will apply this amendment from financial year beginning 1 April 2007.

ii. Amendment to FRS 111: Construction Contracts

This amendment revises certain disclosure requirements. The adoption of this amendment will only impact the format and extent of disclosures presented in the financial statements. The Group will apply this amendment from financial year beginning 1 April 2008.

The adoption of the FRSs, other than FRS 2, FRS 5, FRS 101, FRS 138 and FRS 140, does not result in significant changes in accounting policies of the Group. The principal change in accounting policies and their effects resulting from the adoption of FRS 2, FRS 5, FRS 101, FRS 138 and FRS 140 are discussed below:

a. FRS 2: Share-based Payment

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

The Group has applied FRS 2 prospectively in accordance with its transitional provisions. The effects on the consolidated balance sheet as at 31 March 2007 and consolidated income statement for the financial year then ended are set out in Note 2.3(f)(i) and Note 2.3(f)(ii) respectively.

b. FRS 5: Non-current Assets Held for Sale and Discontinued Operations

Prior to 1 April 2006, non-current assets (or disposal groups) held for sale were neither classified nor presented as current assets or liabilities. There were no differences in the measurement of non-current assets (or disposal groups) held for sale and those for continuing use.

Upon the adoption of FRS 5, non-current assets (or disposal groups) held for sale are classified as current assets and are stated at the lower of carrying amount and fair value less costs to sell.

The impact of applying FRS 5 on the Group's results for the financial year is insignificant.

The Group has applied FRS 5 prospectively in accordance with the transitional provisions. Accordingly, there is no impact on amounts reported for 2006 or prior period.

2. SIGNIFICANT ACCOUNTING POLICIES (contd)

2.3 CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (contd)

c. *FRS 101: Presentation of Financial Statements*

Prior to 1 April 2006, minority interests at the financial year end were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the financial year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the financial year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

Prior to 1 April 2006, the Group's share of taxation of associates and jointly controlled entities accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associates and jointly controlled entities accounted for using the equity method are now included in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

These changes in presentation have been applied retrospectively and as disclosed in Note 2.3(f)(iii), certain comparatives have been restated. The effects on the consolidated balance sheet as at 31 March 2007 and consolidated income statement for the financial year then ended are set out in Note 2.3(f)(i) and Note 2.3(f)(ii) respectively. These changes in presentation have no impact on the Company's financial statements.

d. *FRS 138: Intangible Assets*

Prior to 1 April 2006, software costs were included under property, plant and equipment and were stated at cost less accumulated amortisation and impairment losses. Upon the adoption of FRS 138, the Group changed the classification of computer software costs as intangible assets where the software is not an integral part of the related hardware and amortised the software cost over its estimated useful life.

The reclassification of software costs has been accounted for prospectively from beginning on or after 1 January 2006 in accordance with the transitional provisions of FRS 138. The effects on the Group balance sheet as at 31 March 2007 are set out in Note 2.3(f)(i). This change has no effects on the income statement for the financial year ended 31 March 2007.

e. *FRS 140: Investment Property*

Prior to 1 April 2006, the Group's investment property is stated at cost less accumulated impairment losses. Upon adoption of FRS 140, the Group has adopted the cost model and stated at cost less accumulated depreciation and impairment losses.

The effects of the depreciation of investment property on the financial position as at 31 March 2007 and the results for the financial year then ended are immaterial.

f. *Summary of Effects and Changes Arising from Adoption of New and Revised FRSs*

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements as at and for the financial year ended 31 March 2007 is higher or lower than it would have been had the previous policies been applied in the current financial year:

DESCRIPTION OF CHANGE	INCREASE/(DECREASE) FRS 2 NOTE 2.3(a) RM'000	FRS 5 NOTE 2.3(b) RM'000	FRS 101 NOTE 2.3(c) RM'000	FRS 138 NOTE 2.3(d) RM'000
i. Effects on balance sheet as at 31 March 2007				
GROUP				
Property, plant and equipment	-	-	-	(750)
Land held for property development	-	(8,705)	-	-
Investment properties	-	(5,500)	-	-
Intangible asset	-	-	-	750
Non-current assets classified as held for sale	-	14,205	-	-
Total equity	2,017	-	390,525	-
ii. Effects on income statement for the financial year ended 31 March 2007				
GROUP				
Administrative expenses	(2,017)	-	-	-
Share of loss of associates	-	-	552	-
Profit before tax	(2,017)	-	(552)	-
Income tax expense	-	-	(552)	-

iii. Restatement of comparatives

The following comparative amounts at 31 March 2006 have been restated arising from the effects of adopting the new and revised FRSs and to conform with current financial year's presentation:

DESCRIPTION OF CHANGE	PREVIOUSLY STATED RM'000	INCREASE/(DECREASE) FRS 5 NOTE 2.3(b) RM'000	FRS 101 NOTE 2.3(c) RM'000	RECLASSI-FICATION RM'000	RESTATED RM'000
At 1 April 2006					
GROUP					
Revenue	500,015	-	-	(977)	499,038
Cost of sales	(401,577)	-	-	353	(401,224)
Other income	10,507	-	-	977	11,484
Other expenses	(10,974)	-	-	(353)	(11,327)
Deposits with licensed banks and financial institutions	129,861	-	-	(129,861)	-
Cash and bank balances	74,829	-	-	(74,829)	-
Cash and cash equivalents	-	-	-	204,690	204,690
Total equity	347,121	-	214,242	-	561,363
At 1 April 2006					
COMPANY					
Amounts due from subsidiaries	346,837	-	-	(346,837)	-
Receivables	14,134	-	-	346,837	360,971
Deposits with licensed banks and financial institutions	5,096	-	-	(5,096)	-
Cash and bank balances	491	-	-	(491)	-
Cash and cash equivalents	-	-	-	5,587	5,587
Amounts due to subsidiaries	10,390	-	-	(10,390)	-
Payables	17,922	-	-	10,390	28,312

2. SIGNIFICANT ACCOUNTING POLICIES (contd)

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

a. *Critical Judgements Made in Applying Accounting Policies*

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

i. Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

During the financial year, the Group has temporarily sub-let few levels of vacant freehold land and building but has decided not to treat this property as an investment property because it is not the Group's intention to hold this property in the long term for capital appreciation or rental income. Accordingly, this property is still classified as property, plant and equipment.

ii. Allowances for bad and doubtful debts

The policy for allowance for bad and doubtful debts of the Group is based on the evaluation of collectibility and ageing analysis of the receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current credit-worthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, additional allowances may be required.

b. *Key Sources of Estimation Uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Property development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

ii. Construction contract

The Group recognises construction contract revenue and expenses in the income statement by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the construction contract costs incurred, provision for warranties, the estimated total construction contract revenue and costs, as well as the recoverability of the construction contracts. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

iii. Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The unrecognised tax losses and capital allowances of the Group amounted to RM99,030,000 (2006: RM88,220,000) at the financial year end.

3. REVENUE

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from				
Proportionate sales value of development properties attributable to the work performed	**476,441**	248,210	**-**	-
Sales of land held for property development	**14,785**	-	**-**	-
Sales of completed properties	**2,370**	3,199	**-**	-
Construction and related activities	**532,513**	223,453	**-**	-
Hotel operations	**28,557**	23,598	**-**	-
Interest income from				
- subsidiaries	**-**	-	**14,486**	4,994
- others	**775**	60	**775**	60
Investments and others	**1,035**	518	**103,704**	-
	1,056,476	499,038	**118,965**	5,054

4. COST OF SALES

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property development costs	**345,225**	189,003	**-**	-
Cost of land held for property development	**4,188**	-	**-**	-
Construction contract costs	**472,350**	197,079	**-**	-
Cost of hotels operations	**15,376**	13,252	**-**	-
Cost of inventories sold	**2,917**	1,863	**-**	-
Cost of services rendered	**10**	27	**-**	-
	840,066	401,224	**-**	-

5. OTHER INCOME

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Gross dividend income from investments:				
- quoted in Malaysia	**-**	873	**-**	-
- quoted outside Malaysia	**7**	-	**-**	-
- unquoted	**-**	188	**-**	-
Interest income	**3,651**	2,354	**-**	-
Doubtful debts written back	**43**	87	**-**	-
Gain on disposal of:				
- investment properties	**-**	305	**-**	-
- property, plant and equipment	**256**	35	**-**	2
- quoted investments	**6,374**	3,840	**28,932**	-
- unquoted investments	**390**	-	**-**	-
- other investments	**-**	650	**-**	25,598
- a subsidiary	**-**	4	**-**	1,640
Gain on partial disposal of a subsidiary	**23,134**	-	**-**	-
Reversal of impairment loss in other investments	**3,872**	-	**-**	-
Insurance claims	**735**	-	**-**	-
Hotel related services	**1,079**	862	**-**	-
Rental income	**1,700**	1,228	**-**	-
Sales of scrap metal	**816**	-	**-**	-
Miscellaneous	**2,736**	1,058	**-**	-
	44,793	11,484	**28,932**	27,240

6. FINANCE COSTS

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Interest expense on:				
Bank overdrafts	**1,627**	2,161	**1,399**	1,793
Term loans	**52,470**	36,620	**17,636**	15,261
Bridging loans	**306**	170	**-**	-
Revolving credits	**2,185**	568	**356**	376
Redeemable secured bonds	**5,100**	4,550	**-**	-
Irredeemable convertible unsecured loan stocks	**2,624**	-	**2,624**	-
Commercial papers	**3,311**	-	**-**	-
Medium term notes	**1,541**	-	**-**	-
Hire purchase	**16**	-	**-**	-
Others	**2,005**	1,279	**23**	-
	71,185	45,348	**22,038**	17,430
Less interest expense capitalised in:				
Land held for property development (Note 14(e))	**(15,029)**	(11,209)	**-**	-
Property development costs (Note 23)	**(17,739)**	(5,039)	**-**	-
	38,417	29,100	**22,038**	17,430

7. PROFIT BEFORE TAX

The following amounts have been included in arriving profit before tax:

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Auditors' remuneration:				
- statutory audits	**410**	245	**35**	30
- underprovision in prior year	**20**	-	**5**	-
- other services	**188**	-	**81**	-
Amortisation of:				
- intangible assets	**181**	-	**-**	-
- other investments	**-**	8	**-**	-
Allowance for doubtful debts	**-**	11	**7,070**	-
Bad debts written off	**-**	158	**-**	-
Depreciation of:				
- property, plant and equipment	**8,654**	5,175	**2**	12
- investment properties	**478**	-	**-**	-
Employee benefits expense (Note 8)	**34,443**	14,263	**4,308**	671
Non-executive directors' remuneration (Note 9)	**874**	548	**148**	308
Impairment loss in:				
- land held for property development	**-**	2,846	**-**	-
- other investments	**-**	1,314	**-**	99
Land held for property development written off	**332**	-	**-**	-
Loss on disposal of:				
- investment properties	**66**	-	**-**	-
- other investments	**8**	-	**8**	-
Loss on foreign exchange	**322**	174	**-**	-
Property, plant and equipment written off	**423**	31	**-**	23
Rental of land and buildings	**1,526**	1,487	**216**	85
Rental of plant and machinery	**21**	2	**-**	-

8. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Charged to income statement	**34,443**	14,263	**4,308**	671
Capitalised under construction contract costs incurred to date (Note 26)	**22,181**	12,471	**-**	-
	56,624	26,734	**4,308**	671
Wages and salaries	**46,412**	21,644	**1,954**	292
Social security costs	**297**	121	**-**	-
Short term accumulating compensated absences	**66**	99	**-**	-
Contributions to defined contribution plan	**4,773**	2,834	**317**	48
Increase in liability for defined benefit plan (Note 37(A))	**693**	817	**-**	-
Share options granted under: (Note 37(B))				
- EOB ESOS	**2,017**	-	**2,017**	-
- PPB ESOS	**918**	-	**-**	-
Other staff related expenses	**1,448**	1,219	**20**	331
	56,624	26,734	**4,308**	671

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM8,636,000 (2006: RM1,644,000) and RM2,222,000 (2006: RM306,000) respectively, as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Executive directors' remuneration (Note 8)				
- Fees	**36**	51	**-**	-
- Other emoluments	**8,600**	1,593	**2,222**	306
	8,636	1,644	**2,222**	306
Non-executive directors' remuneration (Note 7)				
- Fees	**864**	388	**148**	148
- Other emoluments	**10**	160	**-**	160
	874	548	**148**	308
Total directors' remuneration	**9,510**	2,192	**2,370**	614
Estimated money value of benefits-in-kind				
- Share options granted under ESOS	**2,034**	-	**1,980**	-
- Others	**195**	33	**-**	19
Total directors' remuneration including benefits-in-kind	**11,739**	2,225	**4,350**	633

The details of remuneration receivable by directors of the Company during the financial year are as follows:

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Executive:				
Salaries and other emolument	**6,233**	925	**1,911**	262
Fees	**36**	51	**-**	-
Defined contribution plan	**948**	158	**311**	44
Share options granted under EOB ESOS	**1,980**	-	**1,980**	-
Estimated money value of benefits-in-kind	**153**	19	**-**	19
	9,350	1,153	**4,202**	325
Non-executive:				
Fees	**220**	190	**148**	148
Others	**-**	160	**-**	160
	9,570	1,503	**4,350**	633

The number of directors of the Company whose total remuneration during the financial year fell within the following bands (excluding share options granted under EOB ESOS) is analysed below:

	NUMBER OF DIRECTORS	
	2007	2006
Executive directors:		
RM50,001 to RM100,000	**-**	1
RM250,001 to RM300,000	**-**	1
RM350,001 to RM400,000	**1**	-
RM2,450,001 - RM2,500,000	**1**	-
RM4,500,001 - RM4,550,000	**1**	-
Non-executive directors:		
Below RM50,000	**3**	3
RM100,001 to RM150,000	**1**	-
RM150,001 to RM200,000	**-**	1

10. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Current income tax:				
Malaysian income tax	**39,815**	20,503	**24,722**	-
Overprovision in prior years	**(2,162)**	(3,562)	**-**	-
	37,653	16,941	**24,722**	-
Real property gains tax	**39**	82	**-**	82
Underprovision of real property gains tax in prior years	**-**	18	**-**	-
	39	100	**-**	82
Deferred tax (Note 22):				
Relating to origination and reversal of temporary differences	**(3,404)**	(9,326)	**-**	-
Relating to changes in tax rate	**834**	-	**-**	-
Underprovision in prior years	**728**	2,183	**-**	-
	(1,842)	(7,143)	**-**	-
Total income tax expense	**35,850**	9,898	**24,722**	82

Domestic income tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the financial year, except for the incentive of 7% (2006: 8%) exemption on the first RM500,000 (2006: RM500,000) taxable profit of certain subsidiaries granted by the Authority. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008. The computation of deferred tax as at 31 March 2007 has reflected these changes.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2007	2006
	RM'000	RM'000
GROUP		
Profit before tax	**140,556**	41,845
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	**37,950**	11,717
Effect of changes in tax rates on opening balance of deferred tax	**918**	-
Effect of expenses not deductible for tax purposes	**5,612**	10,547
Effect of income subject to tax rate of 20%	**(245)**	(1,881)
Effect of income not subject to tax	**(12,072)**	(217)
Effect of utilisation of previously unrecognised deferred tax assets	**(6,709)**	(10,957)
Effect of share of loss/(profit) of associates	**1,828**	(1,349)
Effect of share of loss of a jointly controlled entity	**7**	-
Deferred tax assets not recognised during the year	**9,171**	5,720
Deferred tax recognised at different tax rate	**(84)**	-
Deferred tax assets recognised	**-**	(1,616)
Real property gains tax on disposal of a subsidiary	**-**	82
Real property gains tax on disposal of an associate	**39**	-
Overprovision of income tax in prior years	**(2,162)**	(3,544)
Underprovision of deferred tax in prior years	**728**	2,183
Other tax items	**869**	(787)
Income tax expense for the financial year	**35,850**	9,898

10. INCOME TAX EXPENSE (contd)

	2007 RM'000	2006 RM'000
COMPANY		
Profit before tax	**109,115**	10,594
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	**29,461**	2,966
Effect of income not subject to tax	**(8,259)**	(7,627)
Effect of expenses not deductible for tax purposes	**3,520**	4,661
Real property gains tax on disposal of a subsidiary	-	82
Income tax expense for the financial year	**24,722**	82

11. EARNINGS PER STOCK UNIT

a. BASIC

Basic earnings per ordinary stock unit is calculated by dividing the profit for the financial year attributable to ordinary stockholders of the Company by the weighted average number of ordinary stock units in issue during the financial year.

	2007 RM'000	2006 RM'000
GROUP		
Profit for the financial year attributable to ordinary stockholders of the Company	**61,178**	23,058
	'000	'000
Weighted average number of ordinary stock units in issue	**313,714**	221,715
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS	**101,538**	-
Adjusted weighted average number of ordinary stock units	**415,252**	221,715
Basic earnings per stock unit (sen)	**14.7**	10.4

b. DILUTED

For the purpose of calculating diluted earnings per stock unit, the profit for the financial year and the weighted average number of ordinary stock units in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary stock units, i.e. conversion of ICULS and warrants, and share options granted to employees.

	2007 RM'000
GROUP	
Profit for the financial year attributable to ordinary stockholders of the Company	**61,178**
	'000
Weighted average number of ordinary stock units in issue	**313,714**
Weighted average number of ordinary stock units which will be issued upon conversion of ICULS	**101,538**
Effect of dilution of ESOS	**4,101**
Effect of dilution of warrants	**26,541**
Adjusted weighted average number of ordinary stock units in issue and issuable	**445,894**
Diluted earnings per stock unit (sen)	**13.7**

During the previous financial year, no adjustment has been made to the weighted average number of ordinary stock units in issue in the calculation of diluted earnings per ordinary stock unit due to the anti dilutive effect of the warrants and employees' share options.

12. DIVIDENDS

i. PROPOSED DIVIDENDS

	GROUP/COMPANY	
	2007	2006
	SEN	**SEN**
Proposed:		
Final dividend of 4.0 sen less 27% taxation (2006: 2.0 sen less 28% taxation)	**2.92**	1.44

Note :
Final dividend per stock unit is calculated by dividing the final dividend proposed for the financial year less 27% taxation (2006: 28% taxation) by the number of ordinary stock units in issue at the book closure date.

ii. DIVIDENDS ACCOUNTED FOR IN THE FINANCIAL STATEMENTS

	GROUP/COMPANY	
	2007	2006
	RM	**RM**
Dividend payments:		
Final dividend proposed in 2006 paid on 20 November 2006	**4,700**	-
Final dividend proposed in 2005 paid on 18 November 2005	-	3,201

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 March 2007, of 4.0% less 27% taxation (approximately 2.92 sen net per ordinary stock unit) will be proposed for stockholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the stockholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2008.

13. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS*	PLANT, MACHINERY AND EQUIPMENT	OFFICE EQUIPMENT, RENOVATION AND FURNITURE AND FITTINGS	VESSEL	MOTOR VEHICLES	CAPITAL WORK-IN-PROGRESS	TOTAL
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
GROUP							
At 31 March 2007							
Cost							
At 1 April 2006	**140,251**	**62,955**	**23,674**	**4,560**	**14,943**	**535**	**246,918**
Effect of adopting FRS 138	**-**	**-**	**(800)**	**-**	**-**	**(535)**	**(1,335)**
At 1 April 2006 (restated)	**140,251**	**62,955**	**22,874**	**4,560**	**14,943**	**-**	**245,583**
Additions	**1,734**	**4,612**	**2,410**	**-**	**3,033**	**4,828**	**16,617**
Disposals	**-**	**(1,257)**	**(84)**	**-**	**(2,490)**	**-**	**(3,831)**
Transfer	**718**	**-**	**-**	**-**	**-**	**-**	**718**
Written off	**(296)**	**(10)**	**(501)**	**-**	**-**	**-**	**(807)**
At 31 March 2007	**142,407**	**66,300**	**24,699**	**4,560**	**15,486**	**4,828**	**258,280**
Representing:							
At cost	**123,458**	**66,300**	**24,699**	**4,560**	**15,486**	**4,828**	**239,331**
At deemed cost (or valuation)	**18,949**	**-**	**-**	**-**	**-**	**-**	**18,949**
	142,407	**66,300**	**24,699**	**4,560**	**15,486**	**4,828**	**258,280**

13. PROPERTY, PLANT AND EQUIPMENT (contd)

	LAND AND BUILDINGS* RM'000	PLANT, MACHINERY AND EQUIPMENT RM'000	OFFICE EQUIPMENT, RENOVATION AND FURNITURE AND FITTINGS RM'000	VESSEL RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK-IN-PROGRESS RM'000	TOTAL RM'000
GROUP (contd)							
At 31 March 2007 (contd)							
Accumulated depreciation and impairment losses							
At 1 April 2006	13,065	57,435	13,284	1,710	10,756	-	96,250
Effect of adopting FRS 138	-	-	(571)	-	-	-	(571)
At 1 April 2006 (restated)	13,065	57,435	12,713	1,710	10,756	-	95,679
Depreciation charge for the financial year:	4,907	2,062	3,180	456	716	-	11,321
Recognised in income statement (Note 7)	4,907	226	2,554	456	511	-	8,654
Capitalised in construction contract costs (Note 26)	-	1,836	626	-	205	-	2,667
Disposals	-	(545)	(68)	-	(2,376)	-	(2,989)
Written off	(18)	(10)	(356)	-	-	-	(384)
At 31 March 2007	17,954	58,942	15,469	2,166	9,096	-	103,627
Analysed as:							
Accumulated depreciation	17,954	58,942	15,312	2,166	9,096	-	103,470
Accumulated impairment losses	-	-	157	-	-	-	157
	17,954	58,942	15,469	2,166	9,096	-	103,627
Net carrying amount							
At cost	107,447	7,358	9,230	2,394	6,390	4,828	137,647
At deemed cost (or valuation)	17,006	-	-	-	-	-	17,006
	124,453	7,358	9,230	2,394	6,390	4,828	154,653

*** Land and Buildings of the Group**

	FREEHOLD LAND RM'000	FREEHOLD BUILDING RM'000	FREEHOLD LAND AND BUILDING RM'000	SHORT TERM LEASEHOLD LAND RM'000	SHORT TERM LEASEHOLD LAND AND BUILDING RM'000	LONG TERM LEASEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND AND BUILDING RM'000	TOTAL RM'000
At 31 March 2007								
Cost								
At 1 April 2006	15,200	3,000	118,711	386	2,000	363	591	140,251
Addition	-	-	1,680	-	-	-	54	1,734
Transfer	-	-	-	-	-	-	718	718
Written off	-	-	(296)	-	-	-	-	(296)
At 31 March 2007	15,200	3,000	120,095	386	2,000	363	1,363	142,407
Representing:								
At cost	-	-	120,095	-	2,000	-	1,363	123,458
At deemed cost (or valuation)	15,200	3,000	-	386	-	363	-	18,949
	15,200	3,000	120,095	386	2,000	363	1,363	142,407

	FREEHOLD LAND RM'000	FREEHOLD BUILDING RM'000	FREEHOLD LAND AND BUILDING RM'000	SHORT TERM LEASEHOLD LAND RM'000	SHORT TERM LEASEHOLD LAND AND BUILDING RM'000	LONG TERM LEASEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND AND BUILDING RM'000	TOTAL RM'000
Accumulated depreciation								
At 1 April 2006	-	**1,440**	**9,552**	**307**	**1,602**	**117**	**47**	**13,065**
Depreciation charge for the financial year	-	**60**	**4,585**	**14**	**237**	**5**	**6**	**4,907**
Written off	-	-	**(18)**	-	-	-	-	**(18)**
At 31 March 2007	-	**1,500**	**14,119**	**321**	**1,839**	**122**	**53**	**17,954**
Net carrying amount								
At cost	-	-	**105,976**	-	**161**	-	**1,310**	**107,447**
At deemed cost (or valuation)	**15,200**	**1,500**	-	**65**	-	**241**	-	**17,006**
	15,200	**1,500**	**105,976**	**65**	**161**	**241**	**1,310**	**124,453**

	LAND AND BUILDINGS* RM'000	PLANT, MACHINERY AND EQUIPMENT RM'000	OFFICE EQUIPMENT, RENOVATION AND FURNITURE AND FITTINGS RM'000	VESSEL RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK-IN-PROGRESS RM'000	TOTAL RM'000
GROUP							
At 31 March 2006							
Cost							
At 1 April 2005	123,310	2,697	12,143	-	1,419	-	139,569
Acquisition of subsidiaries	17,347	58,185	11,772	4,560	13,644	-	105,508
Additions	-	2,519	627	-	117	535	3,798
Disposals	-	-	(160)	-	(237)	-	(397)
Written off	-	(446)	(708)	-	-	-	(1,154)
Adjustment	(406)	-	-	-	-	-	(406)
At 31 March 2006	140,251	62,955	23,674	4,560	14,943	535	246,918
Representing:							
At cost	121,302	62,955	23,674	4,560	14,943	535	227,969
At deemed cost (or valuation)	18,949	-	-	-	-	-	18,949
	140,251	62,955	23,674	4,560	14,943	535	246,918
Accumulated depreciation and impairment losses							
At 1 April 2005	10,553	1,381	5,376	-	1,419	-	18,729
Acquisition of subsidiaries	270	55,533	6,618	1,444	8,532	-	72,397
Depreciation charge for the financial year:	2,242	965	2,118	266	987	-	6,578
Recognised in income statement (Note 7)	2,242	295	1,728	266	644	-	5,175
Capitalised in construction contract costs (Note 26)	-	670	390	-	343	-	1,403
Disposals	-	-	(149)	-	(182)	-	(331)
Written off	-	(444)	(679)	-	-	-	(1,123)
At 31 March 2006	13,065	57,435	13,284	1,710	10,756	-	96,250

13. PROPERTY, PLANT AND EQUIPMENT (contd)

	LAND AND BUILDINGS* RM'000	PLANT, MACHINERY AND EQUIPMENT RM'000	OFFICE EQUIPMENT, RENOVATION AND FURNITURE AND FITTINGS RM'000	VESSEL RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK-IN-PROGRESS RM'000	TOTAL RM'000
GROUP (contd)							
At 31 March 2006 (contd)							
Accumulated depreciation and impairment losses (contd)							
Analysed as:							
Accumulated depreciation	13,065	57,435	13,127	1,710	10,756	-	96,093
Accumulated impairment losses	-	-	157	-	-	-	157
	13,065	57,435	13,284	1,710	10,756	-	96,250
Net carrying amount							
At cost	110,101	5,520	10,390	2,850	4,187	535	133,583
At deemed cost (or valuation)	17,085	-	-	-	-	-	17,085
	127,186	5,520	10,390	2,850	4,187	535	150,668

*** Land and Buildings of the Group**

	FREEHOLD LAND RM'000	FREEHOLD BUILDING RM'000	FREEHOLD LAND AND BUILDING RM'000	SHORT TERM LEASEHOLD LAND RM'000	SHORT TERM LEASEHOLD LAND AND BUILDING RM'000	LONG TERM LEASEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND AND BUILDING RM'000	TOTAL RM'000
At 31 March 2006								
Cost								
At 1 April 2005	15,200	3,000	102,361	386	2,000	363	-	123,310
Acquisition of subsidiaries	-	-	16,756	-	-	-	591	17,347
Adjustment	-	-	(406)	-	-	-	-	(406)
At 31 March 2006	15,200	3,000	118,711	386	2,000	363	591	140,251
Representing:								
At cost	-	-	118,711	-	2,000	-	591	121,302
At deemed cost (or valuation)	15,200	3,000	-	386	-	363	-	18,949
	15,200	3,000	118,711	386	2,000	363	591	140,251
Accumulated depreciation								
At 1 April 2005	-	1,380	7,394	291	1,373	115	-	10,553
Acquisition of subsidiaries	-	-	227	-	-	-	43	270
Depreciation charge for the financial year	-	60	1,931	16	229	2	4	2,242
At 31 March 2006	-	1,440	9,552	307	1,602	117	47	13,065
Net carrying amount								
At cost	-	-	109,159	-	398	-	544	110,101
At deemed cost (or valuation)	15,200	1,560	-	79	-	246	-	17,085
	15,200	1,560	109,159	79	398	246	544	127,186

	FURNITURE, FITTINGS AND EQUIPMENT RM'000	2007 TOTAL RM'000	2006 TOTAL RM'000
COMPANY			
Cost			
At 1 April	26	**26**	367
Addition	-	**-**	7
Disposal	-	**-**	(8)
Written off	-	**-**	(340)
At 31 March	26	**26**	26
Accumulated depreciation			
At 1 April	14	**14**	329
Depreciation charge for the financial year	2	**2**	12
Disposal	-	**-**	(8)
Written off	-	**-**	(319)
At 31 March	16	**16**	14
Net carrying amount			
At 31 March 2007	10	**10**	
At 31 March 2006	12		12

a. The Group's certain properties were revalued based on valuation by independent valuers on the open market value basis in 1982. As permitted by FRS 116: Property, Plant and Equipment, these assets are stated at their previous revalued amount (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount) on the basis that the revaluation carried out then, was a one off isolated event and not intended to be an adoption of a revaluation policy in place of historical cost.

b. Had the revalued freehold, long and short term leasehold land and freehold building been carried at historical cost, the net book value of the revalued properties that would have been included in the financial statements of the Group as at balance sheet date would have been as follows:

	GROUP	
	2007 RM'000	2006 RM'000
Freehold land	**5,872**	5,872
Long term leasehold land	**109**	112
Short term leasehold land	**32**	38
Freehold building	**1,079**	1,124
	7,092	7,146

c. The net book value of property, plant and equipment pledged for borrowings (Note 33) are as follows:

	GROUP	
	2007 RM'000	2006 RM'000
Freehold land and buildings	**105,938**	110,396
Long term leasehold land	**241**	246
Short term leasehold land and building	**66**	79
	106,245	110,721

13. PROPERTY, PLANT AND EQUIPMENT (contd)

d. A subsidiary is currently undertaking the transfer of the freehold land title from an affiliated company to a subsidiary's name. The affiliated company is described in Note 40.

e. During the financial year, the Group acquired motor vehicles at aggregate costs of RM3,033,000 of which RM1,922,000 were acquired by means of hire purchase agreement. Net carrying amount of motor vehicles held under hire purchase arrangement amounted to RM2,102,000.

14. LAND HELD FOR PROPERTY DEVELOPMENT

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	ACCUMULATED IMPAIRMENT LOSS RM'000	TOTAL RM'000
GROUP					
At 31 March 2007:					
Land costs					
At 1 April 2006	256,924	532,965	127,481	(2,846)	914,524
Acquisition of subsidiaries	-	30,054	-	-	30,054
Additions	9,320	12,864	75,481	-	97,665
Land conversion	34,393	(34,393)	-	-	-
Disposals	(370)	(2,139)	(1,372)	-	(3,881)
Written off	-	-	(332)	-	(332)
Transfer from/(to) property development costs (Note 23)	43,316	(23,263)	(10,529)	-	9,524
Transfer to non-current assets classified as held for sale (Note 28)	(6,412)	-	(2,293)	-	(8,705)
Carrying amount at 31 March 2007	337,171	516,088	188,436	(2,846)	1,038,849
At 31 March 2006:					
Land costs					
At 1 April 2005	9,700	-	45,988	-	55,688
Acquisition of subsidiaries	239,653	537,781	61,978	-	839,412
Additions	7,763	45,319	27,174	-	80,256
Impairment loss for the financial year	-	-	-	(2,846)	(2,846)
Disposals	(192)	-	-	-	(192)
Transfer to property development costs (Note 23)	-	(50,135)	(7,659)	-	(57,794)
Carrying amount at 31 March 2006	256,924	532,965	127,481	(2,846)	914,524

a. Freehold land and building amounting to RM55,694,000 (2006: RM55,688,000) have been pledged as security for borrowings as disclosed in Note 33.

Included in the development expenditure are borrowing costs capitalised of RM19,001,114 (2006: RM18,663,246).

b. Land held for property development of the Group with carrying amount of RM302,268,000 (2006: RM143,839,000) and RM402,196,000 (2006: RM Nil) respectively, are pledged as security for credit facilities granted to the Group and for a syndicated bank guarantee facility in connection with the issuance of Bank Guaranteed Commercial Papers and/or Medium Term Notes ("BG CP/MTNs") as disclosed in Note 33.

c. The State Government of Pulau Pinang ("the State Government") and a shareholder of Tanjung Pinang Development Sdn. Bhd. ("TPD"), KGN-PDC Holdings Sdn. Bhd. ("KGN-PDC"), entered into a Concession Agreement dated 4 October 1990 to reclaim and develop that part of the coast of Pulau Pinang embracing the foreshore near Mukim 18 of the District of Tanjong Tokong.

Subsequently, KGN-PDC and TPD entered into a Novation Agreement on 5 March 1992 whereby KGN-PDC assigned its rights and transferred its liabilities and obligations under the Concession Agreement to TPD conditional upon the approval of the State Government which was issued on 2 June 1992.

On 5 February 2004, TPD entered into a conditional Joint Land Development Agreement with E&O Property (Penang) Sdn. Bhd. ("EOPP") to develop approximately 240.63 acres of the gross area of approximately 980 acres land near Mukim 18 of the district of Tanjong Tokong in Penang.

During the financial year, certain leasehold land of TPD has been granted the right for conversion to freehold status by the relevant authority.

d. Included in land held for property development is land reclamation cost amounting RM446,384,000 which was pledged as security for credit facilities granted to a subsidiary in the previous financial year.

e. Included in development expenditure incurred during the financial year is interest expense of RM15,029,000 (2006: RM11,209,000).

f. The titles to certain freehold land and buildings with an aggregate carrying value of RM26,347,000 (2006: RM27,642,000) will be delivered to the Group by the vendor upon full payment of the purchase price as disclosed under Note 34.

g. Included in land held for property development is development land in Precinct 16, Putrajaya where a subsidiary is held as beneficiary owner pursuant to the Development Agreement dated 30 January 2004. The land is registered under the name of an affiliated company, as disclosed in Note 40.

15. INVESTMENT PROPERTIES

	GROUP	
	2007	2006
	RM'000	RM'000
Freehold land, at cost		
At 1 April	**10,906**	-
Acquisitions of subsidiaries	**-**	14,995
Disposals	**(250)**	(4,089)
Transfer to non-current assets held for sale (Note 28)	**(5,800)**	-
At 31 March	**4,856**	10,906
Accumulated depreciation		
At 1 April	**-**	-
Depreciation charge for the financial year	**478**	-
Transfer to non-current assets held for sale (Note 28)	**(300)**	-
At 31 March	**178**	-
Accumulated impairment loss		
At 1 April	**-**	2,000
Disposals	**-**	(2,000)
At 31 March	**-**	-
Carrying amount at 31 March	**4,678**	10,906

The estimated market value of the investment properties held at the financial year end based on valuation by Yap Burgess Rawson International, an independent professional valuer in May 2007 using the open market value method amounted to RM5,350,000.

A freehold land and building with a carrying value of RM250,000 whereby the titles will be delivered to the Group by the vendor upon full payment of the purchase price as disclosed under Note 34, was disposed during the financial year.

16. INTANGIBLE ASSETS

The intangible assets, which represent software cost, are deemed to have finite useful life.

	COMPUTER SOFTWARE GROUP RM'000
Cost	
At 1 April 2006	-
Effects of adopting FRS 138	1,335
At 1 April 2006 (restated)	1,335
Additions	213
At 31 March 2007	1,548
Accumulated amortisation	
At 1 April 2006	-
Effects of adopting FRS 138	571
At 1 April 2006 (restated)	571
Amortisation:	
- charged to income statement	181
- capitalised under construction contract costs incurred to date (Note 26)	46
At 31 March 2007	798
Net carrying amount	750

17. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2007 RM'000	2006 RM'000
Quoted shares, at cost in Malaysia	**443,314**	410,977
Unquoted shares, at cost	**75,050**	73,581
	518,364	484,558
Less: Accumulated impairment losses	**(45,397)**	(45,397)
	472,967	439,161
Market value of quoted shares	**959,238**	364,284

Details of the subsidiaries are as follows:

	NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2007 %	2006 %	PAID-UP SHARE CAPITAL RM
i.	**SUBSIDIARIES OF THE COMPANY**					
##	E&O Property Development Berhad ("E&OProp")	Malaysia	Property	**65.2**	69.9	642,195,231
	Dynamic Degree Sdn. Bhd.	Malaysia	Investment holding	**100**	51	3,000,000
	E&O Developers Sdn. Bhd.	Malaysia	Investment holding	**100**	100	5,500,000
	E&O Ventures Sdn. Bhd.	Malaysia	Dormant	**51**	51	100

NAME OF SUBSIDIARIES		COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2007	2006	PAID-UP SHARE CAPITAL
				%	%	RM
	Eastern & Oriental Hotel Sdn. Bhd.	Malaysia	Hotel owner and operator, property development and property investment	**100**	100	29,700,000
	E&O Leisure Sdn. Bhd.	Malaysia	Property investment	**100**	100	2
	Radiant Kiara Sdn. Bhd.	Malaysia	Property investment	**100**	100	920,004
	E&O-Pie Sdn. Bhd.	Malaysia	Dormant	**100**	-	2
	Major Liberty Sdn. Bhd.	Malaysia	Investment holding	**100**	100	300,000
##	Putrajaya Perdana Berhad	Malaysia	Investment holding	**51**	55	67,500,500
ii.	**SUBSIDIARIES OF EASTERN & ORIENTAL HOTEL SDN. BHD.**					
	E&O Restaurants Sdn. Bhd.	Malaysia	Investment holding	**100**	100	2
	E&O Express Sdn. Bhd.	Malaysia	Hotel operator	**100**	100	500,000
	E&O Cruises Sdn. Bhd.	Malaysia	Dormant	**100**	100	2
	E&O Limousine Services Sdn. Bhd.	Malaysia	Dormant	**100**	100	2
	a. Subsidiary of E&O Restaurants Sdn. Bhd.					
	Eminent Pedestal Sdn. Bhd.	Malaysia	Operation of restaurant	**70**	70	100
	b. Subsidiary of E&O Express Sdn. Bhd.					
	Lone Pine Hotel (Penang) Sdn. Bhd.	Malaysia	Hotel management	**100**	100	320,000
iii.	**SUBSIDIARY OF MAJOR LIBERTY SDN. BHD.**					
	Matrix Promenade Sdn. Bhd.	Malaysia	Investment holding	**100**	100	300,000
iv.	**SUBSIDIARIES OF PUTRAJAYA PERDANA BERHAD**					
	Putra Perdana Construction Sdn. Bhd.	Malaysia	Construction	**51**	55	20,000,000
	Putra Perdana Development Sdn. Bhd.	Malaysia	Property development and investment holding	**51**	55	10,000,000
	i. Subsidiaries of Putra Perdana Development Sdn. Bhd.					
	Perdana Land Development Sdn. Bhd.	Malaysia	Dormant	**51**	55	2
	Sarjana Sejati (M) Sdn. Bhd.	Malaysia	Property development	**51**	55	2
	Senandung Budiman Sdn. Bhd.	Malaysia	Property development and construction	**51**	55	250,000

17. INVESTMENTS IN SUBSIDIARIES (contd)

	NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2007 %	2006 %	PAID-UP SHARE CAPITAL RM
v.	**SUBSIDIARIES OF E&OProp**					
	Ambangan Puri Sdn. Bhd.	Malaysia	Property development and property investment	**65.2**	69.9	1,250,000
	Edisi Utama Sdn. Bhd.	Malaysia	Property development	**65.2**	69.9	250,000
	E&O Properties Sdn. Bhd.	Malaysia	Property development and property investment	**65.2**	69.9	16,580,000
	Emerald Designs Sdn. Bhd.	Malaysia	Property development	**65.2**	69.9	300,000
	Galaxy Prestige Sdn. Bhd. ("GPSB")	Malaysia	Investment holding	**65.2**	69.9	250,000
	Kamunting Management Services Sdn. Bhd.	Malaysia	Investment holding	**65.2**	69.9	2
	KCB Holdings Sdn. Bhd.	Malaysia	Investment holding	**65.2**	69.9	2
	K.L. Land Development Sdn. Bhd. (in members' voluntary liquidation)	Malaysia	Investment holding	-	43.4	42,553,609
*	Kamunting Investments (S) Pte. Ltd.	Singapore	Dormant	**65.2**	69.9	S$500,000
**	Kamunting Tin Dredging Limited	England	Investment holding	**65.2**	69.9	£2,006,250
	Pelicrest Sdn. Bhd.	Malaysia	Investment holding	**65.2**	69.9	119,005
	Prime-Lite Sdn. Bhd.	Malaysia	Investment holding	**65.2**	69.9	2
	Regal Alliance Sdn. Bhd. ("RASB")	Malaysia	Property development	**65.2**	69.9	24,152,582
	Ribuan Imbangan Sdn. Bhd. ("RISB")	Malaysia	Investment holding	**65.2**	69.9	2
	Samudra Pelangi Sdn. Bhd.	Malaysia	Investment holding	-	69.9	2
	Staboc Marketing Sdn. Bhd.	Malaysia	Investment holding	**65.2**	69.9	2
	Tinggi Murni Sdn. Bhd.	Malaysia	Investment holding	**65.2**	69.9	2
	E&O Sales and Marketing Sdn. Bhd. (formerly known as True Vitality Sdn. Bhd. ("TVSB"))	Malaysia	Sales and marketing services	**65.2**	69.9	6,000,000
	Teratak Warisan Sdn. Bhd. ("TWSB")	Malaysia	Investment holding	**65.2**	-	100
	a. Subsidiary of Ambangan Puri Sdn. Bhd.					
	Seventy Damansara Sdn. Bhd.	Malaysia	Property development and investment holding	**65.2**	69.9	3,250,000

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2007	2006	PAID-UP SHARE CAPITAL
			%	%	RM
b. Subsidiaries of E&O Properties Sdn. Bhd.					
E&O Management Services Sdn. Bhd.	Malaysia	Property management and property investment	**65.2**	69.9	2
Kayangan Budaya Sdn. Bhd.	Malaysia	Property development	**57.1**	61.6	12,700
Minat Ganda Sdn. Bhd.	Malaysia	Property development and property investment	**65.2**	69.9	500,060
c. Subsidiaries of Kamunting Management Services Sdn. Bhd.					
Bridgecrest Resources Sdn. Bhd.	Malaysia	Investment holding	**45.7**	49.0	100
KGN-PDC	Malaysia	Investment holding	**39.1**	-	35,000
i. Subsidiaries of Bridgecrest Resources Sdn. Bhd.					
Permaijana Ribu (M) Sdn. Bhd. ("PRSB")	Malaysia	Investment holding	**32.9**	35.0	5,000,000
EOPP	Malaysia	Property development	**45.6**	49.0	1,000,000
ii. Subsidiary of PRSB					
TPD	Malaysia	Land reclamation and development	**34.8**	24.5	5,000,000
d. Subsidiaries of KCB Holdings Sdn. Bhd.					
KCB Geotechnics Sdn. Bhd.	Malaysia	Piling construction and consultancy	**65.2**	49.0	500,000
KCB Trading Sdn. Bhd.	Malaysia	Trading in building materials	**65.2**	69.9	5,000,000
Trans-Mutual Sdn. Bhd.	Malaysia	Investment holding	**65.2**	69.9	2
WCW Technologies Sdn. Bhd.	Malaysia	General contractor	**65.2**	69.9	667,000
i. Subsidiary of KCB Trading Sdn. Bhd.					
E&O Customer Services Sdn. Bhd. (formerly known as Niphotash (M) Sdn. Bhd.)	Malaysia	Property management	**65.2**	69.9	500,000
ii. Subsidiary of Trans-Mutual Sdn. Bhd.					
* Kamunting Management (HK) Limited	Hong Kong	Dormant	**65.2**	69.9	HK$1,000

17. INVESTMENTS IN SUBSIDIARIES (contd)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2007 %	2006 %	PAID-UP SHARE CAPITAL RM
v. SUBSIDIARIES OF E&OProp (contd)					
e. Subsidiary of RISB					
Mergexcel Property Development Sdn. Bhd. ("MPDSB")	Malaysia	Property development	-	69.9	2
f. Subsidiaries of Tinggi Murni Sdn. Bhd.					
Samudra Pelangi Sdn. Bhd.	Malaysia	Investment holding	**65.2**	-	2
i. Subsidiaries of Samudra Pelangi Sdn. Bhd.					
Hexon Housing Development Sdn. Bhd.	Malaysia	Property development and property investment	**65.2**	69.9	2
Indasu Housing Development Sdn. Bhd.	Malaysia	Housing development	**65.2**	69.9	2
KSM Property Development Sdn. Bhd.	Malaysia	Inactive	**65.2**	69.9	500,002
Patsawan Properties Sdn. Bhd.	Malaysia	Investment holding	**65.2**	69.9	140,000
Rhinever Housing Development Sdn. Bhd.	Malaysia	Housing development	**65.2**	69.9	2
Rimelite Sdn. Bhd.	Malaysia	Dormant	**65.2**	69.9	2
Senna Sdn. Bhd.	Malaysia	Investment holding	**65.2**	69.9	2
Terra Damansara Sdn. Bhd.	Malaysia	Property development	**65.2**	69.9	540,000
Unicorn Housing Development Sdn. Bhd.	Malaysia	Housing development	**65.2**	69.9	2
ii. Subsidiary of Indasu Housing Development Sdn. Bhd.					
Monplus Housing Development Sdn. Bhd.	Malaysia	Housing development	**65.2**	69.9	250,000
g. Subsidiary of Pelicrest Sdn. Bhd.					
** KCB (Guernsey) Limited	Channel Islands	Investment holding	**65.2**	69.9	£1,000
h. Subsidiary of Kamunting Tin Dredging Limited					
** Goldtap Services Limited ("GSL")	England	Food and beverage	**65.2**	-	£1

* Audited by affiliate of Ernst & Young Global

** Audited by firms of auditors other than Ernst & Young

The quoted shares in the subsidiaries of RM432,262,634 (2006: RM410,793,679) have been pledged as security for borrowings as disclosed in Note 33.

(I) E&OProp agrees to provide EOPP with sufficient funds to meet any cost overruns and shortfall in cashflow in respect of the mixed commercial and residential development project carried out on the Developing Land and Commercial Land 2 and to meet any shortfall in a bank account pursuant to Guarantee Facility Agreement dated 16 January 2007 in connection with the issuance of BG CP/MTNs as disclosed in Note 33.

a. ACQUISITIONS OF SUBSIDIARIES

2007
As disclosed in the financial statements of E&OProp, a subsidiary of the Company, has completed the acquisitions of KGN-PDC, TWSB and GSL.

There is no disclosure of the financial position and financial results of GSL as the amounts involved are immaterial.

The costs of acquisitions comprised the following:

	KGN-PDC RM'000	TWSB RM'000	TOTAL RM'000
Purchase consideration satisfied by:			
- cash	18,000	8,341	26,341
- amount due from Koperasi Gabungan Negeri Pulau Pinang Berhad ("KGN") (Note 25(c))	6,000	-	6,000
- part of the proceeds from disposal of land to KGN	13,000	-	13,000
Costs attributable to the acquisitions,paid in cash	111	-	111
Total costs of acquisitions	37,111	8,341	45,452

The results of the acquired subsidiaries are immaterial to the Group's revenue and profit for the financial year.

	KGN-PDC RM'000	TWSB RM'000	TOTAL RM'000
The assets and liabilities arising from the acquisitions are as follows:			
Fair value recognised on acquisitions			
Land held for property development (Note 14)	30,054	-	30,054
Investment in associate	-	17,558	17,558
Receivables	-	38	38
	30,054	17,596	47,650
Payables	76	8,689	8,765
Deferred tax liabilities	7,814	566	8,380
	7,890	9,255	17,145
Fair value of net assets	22,164	8,341	30,505
Add : Minority interests	14,947	-	14,947
Group's share of net assets, representing total costs of acquisitions	37,111	8,341	45,452
Acquiree's carrying amount			
Investment in associate	-	6,230	6,230
Receivables	-	38	38
	-	6,268	6,268
Payables	76	8,689	8,765

17. INVESTMENTS IN SUBSIDIARIES (contd)

a. ACQUISITIONS OF SUBSIDIARIES (contd)

	KGN-PDC RM'000	TWSB RM'000	TOTAL RM'000
2007 (contd)			
The cash outflow on acquisitions is as follows:			
Purchase consideration satisfied by cash	18,000	8,341	26,341
Costs attributable to the acquisitions, paid in cash	111	-	111
Total cash outflow of E&OProp Group	18,111	8,341	26,452
Cash settlement within the Group	-	(4,170)	(4,170)
Net cash outflow of the Group	18,111	4,171	22,282

2006

During the previous financial year, the Group had completed the acquisitions of E&OProp and Major Liberty Sdn. Bhd. ("MLSB").

i. The effects of the acquisitions on the financial results of the Group from the date of acquisition up to 31 March 2006 are as follows:

	E&OProp RM'000	MLSB RM'000	Total RM'000
Revenue	476,358	-	476,358
Operating profit	65,342	1,960	67,302
Net profit	24,662	4,846	29,508

ii. The effects of the acquisitions on the financial position of the Group as at 31 March 2006 are as follows:

	E&OProp RM'000	MLSB RM'000	Total RM'000
Property, plant and equipment	33,747	-	33,747
Land held for property development	858,837	-	858,837
Investment properties	10,906	-	10,906
Other investments	32,477	209	32,686
Investments in associates	14,731	-	14,731
Deferred tax assets	16,429	-	16,429
Long term receivable	3,829	-	3,829
Property development costs	333,822	-	333,822
Inventories	43,393	-	43,393
Receivables	323,074	3,245	326,319
Short term deposits	123,765	-	123,765
Cash and bank balances	70,289	55	70,344
Payables	(308,647)	(2,966)	(311,613)
Taxation	(5,099)	-	(5,099)
Provisions	(41,914)	-	(41,914)
Borrowings	(604,099)	(16,971)	(621,070)
Long term liabilities	(3,188)	-	(3,188)
Deferred tax liabilities	(68,179)	-	(68,179)
Minority interest	(271,590)	39,332	(232,258)
Group's share of net assets	562,583	22,904	585,487

iii. The fair value of the assets acquired and liabilities assumed from the acquisitions of the subsidiaries were as follows:

	E&OProp RM'000	MLSB RM'000	Total RM'000
Property, plant and equipment	33,111	-	33,111
Land held for property development	839,412	-	839,412
Investment properties	14,995	-	14,995
Other investments	34,836	1,350	36,186
Investment in associates	17,943	-	17,943
Deferred tax assets	12,826	-	12,826
Long term receivable	3,861	-	3,861
Property development costs	332,714	-	332,714
Inventories	42,211	-	42,211
Receivables	361,144	385	361,529
Short term deposits	94,507	-	94,507
Cash and bank balances	28,768	30	28,798
Payables	(363,991)	(284)	(364,275)
Taxation	(3,176)	-	(3,176)
Provisions	(25,688)	-	(25,688)
Borrowings	(553,060)	(19,336)	(572,396)
Long term payable	(6,376)	-	(6,376)
Deferred tax liabilities	(71,806)	-	(71,806)
Fair value of total net assets	792,231	(17,855)	774,376
Less: Minority interest	(254,310)	35,913	(218,397)
Group's share of net assets	537,921	18,058	555,979
Goodwill on acquisition	87,472	497	87,969
Cost of acquisition	625,393	18,555	643,948
Purchase consideration satisfied by:			
Cash	267,680	18,555	286,235
Transfer from cost of investment in associate	357,713	-	357,713
Total cost of acquisition	625,393	18,555	643,948
Cash outflow arising on acquisitions:			
Purchase consideration satisfied by cash	267,680	18,555	286,235
Cash and cash equivalents (net of bank overdrafts) of subsidiaries acquired	(123,042)	(30)	(123,072)
Net cash outflow from the Group	144,638	18,525	163,163

b. DISPOSAL OF SUBSIDIARIES

2007

As disclosed in Note 42(A)(5), pursuant to a Joint Venture Agreement between RISB and Lion Courts Sdn. Bhd. ("LCSB"), the Group's equity interest in MPDSB is diluted from 100% to 50% during the financial year, resulting in MPDSB becoming a jointly controlled entity of the Group.

The effect of dilution of interest in MPDSB on the financial position at the reporting date, the results for the reporting period and on the corresponding amounts for the preceding period are immaterial.

2006

During the previous financial year, the Company had completed the disposal of TVSB to E&OProp on 22 April 2005, for a total consideration of RM6,800,000.

The effects of the disposal on the financial results and financial position of the Group for the previous financial period/ year are not material.

The tax charge arising from the disposal of subsidiary during the previous financial year amounted to approximately RM82,000 as disclosed in Note 10.

18. INVESTMENTS IN ASSOCIATES

	GROUP	
	2007	2006
	RM'000	**RM'000**
In Malaysia:		
Quoted shares, at cost	**18,383**	18,383
Unquoted shares, at cost	**16,850**	3,462
Share of post-acquisition reserves	**(10,563)**	(3,791)
	24,670	18,054
Market value of quoted shares	**4,531**	9,282

Details of the associates, all of which are incorporated in Malaysia, are as follows:

NAME OF ASSOCIATES	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST		PROPORTION OF VOTING POWER	
		2007	2006	**2007**	2006
		%	%	%	%
TWSB	Investment holding	-	50.00	-	50.00
Renown Heritage Sdn. Bhd.	Property investment	**32.61**	25.00	**32.61**	25.00
Fututech Berhad	Investment holding	**16.23**	17.41	**16.23**	17.41
Puncak Madu Sdn. Bhd.	Property development	**26.08**	27.90	**26.08**	27.90

The financial statements of the above associates are not coterminous with those of the Group, except for Renown Heritage Sdn. Bhd.

Fututech Berhad has a financial year end of 31 December, whereas Puncak Madu has a financial year end of 31 October.

For the purpose of applying the equity method of accounting, the audited financial statements of the associates have been used and appropriate adjustments have been made for the effects of significant transactions between 31 March 2007 and their respective financial year ends.

The summarised financial information of the associates are as follows:

	2007	2006
	RM'000	**RM'000**
Assets and liabilities		
Current assets	**24,276**	35,591
Non-current assets	**200,336**	95,435
Total assets	**224,612**	131,026
Current liabilities	**103,284**	39,793
Non-current liabilities	**5,118**	10,940
Total liabilities	**108,402**	50,733
Results		
Revenue	**50,875**	56,648
Loss for the financial year	**(38,142)**	(15,525)

Investments in associates of the Group amounted to RM7,792,000 (2006: RM14,691,000) have been pledged to financial institutions as securities for credit facilities granted to the Group.

The management of a subsidiary, carried out a review of the recoverable amount of its investment in an associate during the current financial year because the associate has persistently been incurring losses. The review led to the recognition of an impairment loss of RM8,127,000. The recoverable amount was based on fair value less cost to sell of the net assets of these associates.

19. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	GROUP	
	2007	2006
	RM'000	RM'000
Unquoted shares, at cost	**125**	-
Share of post-acquisition reserves	**(26)**	-
	99	-

Details of the jointly controlled entity are as follows:

NAME OF JOINTLY CONTROLLED ENTITY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP INTEREST **2007** %	2006 %
MPDSB	Malaysia	Investment holding	**32.61**	-

The Group's aggregate share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the jointly controlled entity are as follows:

	2007
	RM'000
Assets and liabilities	
Non-current assets	**3,516**
Current assets	**83**
Total assets	**3,599**
Current liabilities	**(3,500)**
Results	
Loss for the financial year	**(26)**

20. OTHER INVESTMENTS

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Quoted investments in Malaysia, at cost:				
- shares	**26,683**	51,929	-	199
- warrants	-	37	-	7,325
Quoted investments outside Malaysia, at cost:				
- shares	**51**	51	-	-
Unquoted shares, at cost	**15,692**	23,792	-	-
Others	**5,629**	6,267	**3,134**	3,000
	48,055	82,076	**3,134**	10,524
Less : Accumulated impairment losses	**(12,725)**	(41,112)	-	(99)
	35,330	40,964	**3,134**	10,425
At Market Value:				
Quoted shares:				
- in Malaysia	**14,007**	18,868	-	100
- outside Malaysia	**105**	148	-	-
Warrants quoted in Malaysia	-	7,541	-	7,485

20. OTHER INVESTMENTS (contd)

The Group and the Company were granted by Alliance Merchant Bank Berhad an unsecured fixed rate term loan facility of RM50,000,000 and RM30,000,000 respectively. As an integral part of the facility agreement, the Group and the Company were required to subscribe for a Variable Rate Asset Backed Subordinated Bonds amounting to RM5,000,000 and RM3,000,000 respectively, which shall be redeemed five years from the date of issue on 28 May 2004.

Investments in quoted shares in Malaysia of the Group amounting to RM13,750,000 (2006: RM20,211,000) have been pledged to various financial institutions for credit facilities granted to the Group and to the Company.

The directors are of the opinion that there has been no further impairment loss in the value of investment in shares and accordingly, no further impairment loss is made.

21. LONG TERM RECEIVABLE

This represents a secured advance by a subsidiary to a joint venture partner subject to the terms and conditions as stipulated in the Joint Venture Agreement. No development activity has been commenced yet as at financial year end.

22. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP	
	2007	2006
	RM'000	RM'000
At 1 April	**(52,684)**	(847)
Acquisitions of subsidiaries	**(8,380)**	(58,980)
Acquisition of remaining equity interest in subsidiaries	**(4,936)**	-
Recognised in income statement (Note 10)	**1,842**	7,143
At 31 March	**(64,158)**	(52,684)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**14,181**	16,429
Deferred tax liabilities	**(78,339)**	(69,113)
	(64,158)	(52,684)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	UNUTILISED CAPITAL ALLOWANCES	PROPERTY, PLANT AND EQUIPMENT	INVENTORIES	PROVISIONS	OTHERS	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2005	3,733	98	-	-	27	3,858
Acquisitions of subsidiaries	-	-	153	12,324	349	12,826
Recognised in income statement	(46)	-	(5)	2,957	(347)	2,559
At 31 March 2006	3,687	98	148	15,281	29	19,243
Acquisition of remaining equity interest in subsidiaries	-	-	31	-	-	31
Recognised in income statement	(25)	-	-	(3,020)	259	(2,786)
At 31 March 2007	3,662	98	179	12,261	288	16,488

Deferred tax liabilities of the Group:

	UNUTILISED CAPITAL ALLOWANCES	PROPERTY, PLANT AND EQUIPMENT	LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS	INVESTMENT PROPERTIES	INVENTORIES	OTHERS	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2005	(98)	(4,607)	-	-	-	-	(4,705)
Acquisitions of subsidiaries	-	(2,290)	(65,699)	(30)	(3,787)	-	(71,806)
Recognised in income statement	-	(92)	4,163	23	490	-	4,584
At 31 March 2006	(98)	(6,989)	(61,536)	(7)	(3,297)	-	(71,927)
Acquisitions of subsidiaries	-	-	(7,814)	-	-	(566)	(8,380)
Acquisition of remaining equity interest in subsidiaries	-	(433)	(3,202)	-	(104)	(1,228)	(4,967)
Recognised in income statement	-	(507)	3,838	-	450	847	4,628
At 31 March 2007	(98)	(7,929)	(68,714)	(7)	(2,951)	(947)	(80,646)

Deferred tax assets have not been recognised in respect of the following items:

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	RM'000	RM'000	RM'000	RM'000
Unabsorbed tax losses	**82,278**	66,773	**1,104**	1,104
Unutilised capital allowances	**16,752**	21,447	**531**	531
Unabsorbed reinvestment allowances	**47,755**	47,755	**-**	-
Provisions	**21,720**	24,586	**16,354**	16,354
Land held for property development	**17,603**	11,670	**-**	-
Property development costs	**8,830**	9,613	**-**	-
Property, plant and equipment	**7**	10	**-**	-
Others	**178**	-	**-**	-
	195,123	181,854	**17,989**	17,989

The availability of the unabsorbed tax losses and unutilised capital allowances for offsetting against future taxable profits of the Company and the subsidiaries are subject to no substantial changes in shareholdings of the Company and of the respective subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967.

23. PROPERTY DEVELOPMENT COSTS

	FREEHOLD LAND	LEASEHOLD LAND	DEVELOPMENT COSTS	TOTAL
	RM'000	RM'000	RM'000	RM'000
GROUP				
At 31 March 2007				
Cumulative property development costs				
At 1 April 2006	261,143	50,135	376,554	687,832
Costs incurred during the financial year	6,831	1,653	281,176	289,660
Land conversion	63,866	(63,866)	-	-
Transfer (to)/from land held for property development (Note 14)	(43,316)	23,263	10,529	(9,524)
Reversal of completed projects to inventories	(963)	-	(1,670)	(2,633)
Unsold units transferred to inventories	(168)	-	-	(168)
At 31 March 2007	287,393	11,185	666,589	965,167

23. PROPERTY DEVELOPMENT COSTS (contd)

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
GROUP (contd)				
At 31 March 2007 (contd)				
Cumulative costs recognised in income statement				
At 1 April 2006	(70,975)	(12,120)	(270,915)	(354,010)
Recognised during the financial year	(80,677)	(24,263)	(247,543)	(352,483)
Land conversion	(34,488)	34,488	-	-
Reversal of completed projects to inventories	963	-	1,670	2,633
At 31 March 2007	(185,177)	(1,895)	(516,788)	(703,860)
Provision for expected loss in respect of property development costs	(42)	-	2,003	1,961
Property development costs at 31 March 2007	102,174	9,290	151,804	263,268
At 31 March 2006				
Cumulative property development costs				
At 1 April 2005	-	-	-	-
Acquisition of subsidiaries	265,808	-	254,942	520,750
Costs incurred during the financial year	-	-	138,182	138,182
Transfer from land held for property development (Note 14)	-	50,135	7,659	57,794
Reversal of completed projects to inventories	(2,834)	-	(19,046)	(21,880)
Unsold units transferred to inventories	(1,831)	-	(5,183)	(7,014)
At 31 March 2006	261,143	50,135	376,554	687,832
Cumulative costs recognised in income statement				
At 1 April 2005	-	-	-	-
Acquisition of subsidiaries	(39,492)	-	(148,544)	(188,036)
Recognised during the financial year	(34,317)	(12,120)	(141,417)	(187,854)
Reversal of completed projects to inventories	2,834	-	19,046	21,880
At 31 March 2006	(70,975)	(12,120)	(270,915)	(354,010)
Property development costs at 31 March 2006	190,168	38,015	105,639	333,822

Development properties of the Group with carrying amount of RM119,100,000 (2006: RM113,218,000) and RM84,339,000 (2006: RM Nil) respectively, are pledged to the financial institutions as securities for credit facilities granted to certain subsidiaries and for syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 33.

Proceeds of certain development properties of the Group with carrying amount of RM84,177,000 were assigned as security for redeemable secured bonds issued by a subsidiary and to a financial institution for credit facilities granted to another subsidiary in the previous financial year.

Proceeds of certain development properties of the Group with carrying amount of RM22,533,000 are assigned as security for a syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 33.

Included in property development costs incurred during the financial year is an interest expense of RM17,739,000 (2006: RM5,039,000).

24. INVENTORIES

	GROUP	
	2007	2006
	RM'000	**RM'000**
At cost:		
Completed properties	**39,501**	42,845
Trading inventories	**329**	548
Food, beverages and tobacco	**472**	488
General supplies	**290**	251
	40,592	44,132

Inventories of completed properties with carrying value of RM3,928,000 were assigned as security for redeemable secured bonds issued by a subsidiary in previous financial year.

25. RECEIVABLES

		GROUP		COMPANY	
		2007	2006	**2007**	2006
	NOTE	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Trade receivables	**b**	**330,515**	198,214	**-**	-
Retention sum receivable		**43,087**	26,032	**-**	-
		373,602	224,246	**-**	-
Other receivables	**c**	**12,182**	20,577	**2,857**	1,888
Amount due from subsidiaries	**d**	**-**	-	**391,518**	363,191
Amount due from associates	**e**	**19,360**	17,282	**-**	3,532
Amount due from jointly controlled entity	**f**	**6,527**	-	**-**	-
Performance deposit		**6,250**	7,200	**6,250**	7,200
Deposits and prepayments	**g**	**15,791**	6,599	**2,260**	1,514
		433,712	275,904	**402,885**	377,325
Less: Allowance for doubtful debts					
Trade receivables		**(23,990)**	(24,033)	**-**	-
Other receivables		**(129)**	(129)	**-**	-
Amount due from subsidiaries		**-**	-	**(23,424)**	(16,354)
		409,593	251,742	**379,461**	360,971

a. CREDIT RISK

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit and each customer has a maximum credit limit.

The credit period for completed properties is generally for a period of three months, extending up to four months while the term in respect of its property development activities is approximately 21 (2006: 21) days in accordance with the Housing Development (Control and Licensing) Act 1966, whereas the credit term for other business activities ranges from 30 to 170 (2006: 30 to 170) days.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

25. RECEIVABLES (contd)

b. TRADE RECEIVABLES

The Group's trade receivables are analysed as follows:

	GROUP 2007 RM'000	GROUP 2006 RM'000
Amounts due from affiliated companies	**34,279**	60,460
Third party receivables	**339,323**	163,786
	373,602	224,246

Affliliated companies are described in Note 40.

c. OTHER RECEIVABLES

Included in other receivables of the Group in the previous financial year is an amount of RM6,000,000, representing unsecured and interest free advances given to a minority shareholder of a subsidiary which is to be repaid from future dividends to be declared by the subsidiary. During the financial year, the amount was utilised to part satisfy the acquisition of 21,000 ordinary shares of RM1.00 each in KGN-PDC as disclosed in Note 17.

d. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured and repayable on demand. The non-trade amounts bear interest at rates ranging from 0.5% to 7.0% (2006: 0.5% to 5.0%) per annum.

Included in amounts due from subsidiaries of the Company in the previous financial year is an amount of RM156,000,000 which was subordinated to the Trustee and Bondholders of redeemable secured bonds issued by the Company.

e. AMOUNTS DUE FROM ASSOCIATES

Associates are described in Note 18. The amounts due from associates are unsecured, interest free and repayable on demand.

f. AMOUNT DUE FROM JOINTLY CONTROLLED ENTITY

Jointly controlled entity is described in Note 19. The amount due from a jointly controlled entity is unsecured, interest free and repayable on demand.

g. DEPOSITS AND PREPAYMENTS

Included in deposits and prepayments is an amount of RM2,250,000 paid to Mechmar Corporation (Malaysia) Berhad for the acquisition of 900,000 ordinary shares of RM1.00 each representing 18% equity interest in PRSB.

Further details on related party transactions are disclosed in Note 40.

Other information on financial risks of other receivables are disclosed in Note 44.

26. AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONSTRUCTION WORK

	GROUP 2007 RM'000	GROUP 2006 RM'000
Construction contract costs incurred to date	**972,641**	629,386
Attributable profit	**80,251**	44,266
	1,052,892	673,652
Less: Progress billings	**(1,029,841)**	(641,453)
	23,051	32,199

	GROUP	
	2007	2006
	RM'000	RM'000
Represented by:		
Amount due from customers on construction work	**30,382**	34,253
Amount due to customers on construction work	**(7,331)**	(2,054)
	23,051	32,199
Contract revenue recognised as revenue in the financial year	**530,289**	197,635
Contract cost recognised as expenses in the financial year	**(467,872)**	(178,428)
The costs incurred to date on construction contracts include the following charges made during the financial year:		
Employee benefits expense (Note 8) (inclusive of contributions to defined contribution plan of RM2,067,000 (2006: RM1,331,628))	**22,181**	12,471
Depreciation of property, plant and equipment (Note 13)	**2,667**	1,403
Amortisation of intangible assets (Note 16)	**46**	-
Hire of machinery	**3,368**	1,772
Rental of premises	**466**	129

27. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Cash on hand and at banks	**212,979**	74,829	**2,631**	491
Deposits with:				
Licensed banks	**115,586**	38,143	**50,207**	5,096
Other financial institutions	**16,317**	91,718	**-**	-
	131,903	129,861	**50,207**	5,096
	344,882	204,690	**52,838**	5,587

Notes:

a. Other financial institutions are licensed discount houses and a trust company in Malaysia.

b. Included in cash and bank balances of the Group are amounts of RM75,927,000 (2006: RM48,987,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations. RM11,640,000 of these cash and bank balances are assigned and charged as security for a syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 33.

c. Cash and bank balances of RM185,000 and RM27,861,000 were assigned as securities for redeemable secured bonds issued by a subsidiary and to a financial institution for credit facilities granted to another subsidiary respectively, in previous financial year.

d. Cash and bank balances of RM7,996,000 are assigned and charged as security for a syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 33.

e. Included in deposit with licensed banks is an amount of RM183,000 (2006: RM163,000) pledged as security for bank guarantees issued to a utility company.

f. Other information on financial risks of cash and cash equivalents are disclosed in Note 44.

27. CASH AND CASH EQUIVALENTS (contd)

For the purpose of cash flow statements, cash and cash equivalents comprise the following as at the financial year end:

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits with:				
Licensed banks	**115,586**	38,143	**50,207**	5,096
Other financial institutions	**16,317**	91,718	**-**	-
Cash on hand and at banks	**212,979**	74,829	**2,631**	491
Bnk overdrafts (Note 33)	**(299)**	(34,201)	**-**	(29,198)
Total cash and cash equivalents	**344,583**	170,489	**52,838**	(23,611)

28. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	GROUP CARRYING AMOUNT AS AT 31.3.2007 RM'000
Assets	
Land held for property development (Notes (i) and 14)	**8,705**
Investment properties (Notes (ii) and 15)	**5,500**
	14,205

Note (i)

As disclosed in Note 42(B)(2) and in accordance with Joint Venture Agreement between EOPP and K.L. Park City Sdn. Bhd. ("KLPC") on 21 September 2006, the Company will dispose of a parcel of land held for property development with a net carrying amount of RM8,705,000 to KLPC as its capital participation in unincorporated joint-venture. The land held for property development is classified as non-current asset held for sale in the consolidated balance sheet as at the financial year end, and is stated at lower of carrying amount and fair value less costs to sell.

This asset is pledged to the financial institutions as security for syndicated bank guarantee facility in connection with the issuance of BG CP/MTNs as disclosed in Note 33.

Note (ii)

An investment property with a net carrying amount of RM5,500,000 of E&O Management Services Sdn. Bhd., a wholly-owned subsidiary of E&OProp which in turn is a subsidiary of the Company, was to be disposed of as at the financial year end. The investment property was classified as non-current asset held for sale in the consolidated balance sheet as at the financial year end, and is stated at lower of carrying amount and fair value less costs to sell.

29. SHARE CAPITAL

	GROUP/COMPANY			
	NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH		AMOUNT	
	2007	2006	**2007**	2006
	'000	**'000**	**RM'000**	**RM'000**
Authorised:				
At 1 April	**800,000**	500,000	**800,000**	500,000
Creation during the financial year	**-**	300,000	**-**	300,000
At 31 March	**800,000**	800,000	**800,000**	800,000

	GROUP/COMPANY			
	NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH		AMOUNT	
	2007	2006	**2007**	2006
	'000	**'000**	**RM'000**	**RM'000**
Issued and fully paid:				
At 1 April	**232,472**	232,472	**232,472**	232,472
Ordinary stock units issued during the financial year:				
- rights issue (Note a)	**80,557**	-	**80,557**	-
- special bumiputra issue (Note b)	**33,709**	-	**33,709**	-
- warrants exercised	**595**	-	**595**	-
- conversion of ICULS (Note 30)	**7,131**	-	**7,131**	-
- pursuant to EOB ESOS (Note 37(B)(I))	**4,497**	-	**4,497**	-
At 31 March	**358,961**	232,472	**358,961**	232,472

a. RIGHTS ISSUE

The issuance of 80,556,964 ordinary stock units of RM1.00 each pursuant to a renouceable two-call rights issue of 80,556,964 new ordinary stock units of RM1.00 each at an issue price of RM1.00 each (of which the first call of RM0.35 is payable in cash on application and the second call of RM0.65 is payable out of the Company's share premium account) on the basis of one right stock unit for every three existing ordinary stock units as disclosed in Note 42(A)(2).

b. SPECIAL BUMIPUTRA ISSUE

The issuance of 33,709,000 ordinary stock units of RM1.00 each through a special issue to identified Bumiputra investors to comply with the 30% Bumiputra equity condition imposed by the Securities Commission and the Foreign Investment Committee as disclosed in Note 42(A)(1).

Of the total 358,961,163 (2006: 232,471,492) issued and fully paid-up ordinary stock units of RM1.00 each, 772,900 (2006: 8,200,400) stock units are held as treasury stock units by the Company. As at 31 March 2007, the number of issued and fully paid-up ordinary stock units (not held as treasury stock units) is 358,188,263 (2006: 224,271,092) ordinary stock units of RM1.00 each.

The new ordinary stock units issued during the financial year ranked pari passu in all respects with the existing ordinary stock units of the Company unless the allotment of the new ordinary stock units is made on or prior to the entitlement date of any dividends, rights, allotments and/or other distributions.

30. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

	GROUP/COMPANY		
	EQUITY COMPONENT	LIABILITY COMPONENT	TOTAL
	RM'000	**RM'000**	**RM'000**
Nominal value			
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")			
At 1 April 2006	-	-	-
Issued during the financial year	106,321	49,514	155,835
Converted to ordinary stock units during the financial year	(4,866)	(2,345)	(7,211)
8% coupon ICULS	-	2,562	2,562
At 31 March 2007	101,455	49,731	151,186

Note:

The principal terms and conditions of the ICULS are as follows:

- The ICULS are issued at a nominal value of RM1.00 each.
- The ICULS bear a coupon rate of 8% per annum, payable annually in arrears.
- The ICULS are unsecured.
- The ICULS will mature on 25 July 2011.

30. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (contd)

- The ICULS are convertible into new ordinary stock units of RM1.00 each in the Company any time during the tenure at a conversion price of RM1.00 nominal value of ICULS for one new ordinary stock unit.
- The ICULS shall not be redeemable. On maturity, ICULS which have not been converted shall automatically be converted into new ordinary stock units.
- The ICULS are constituted by a Trust Deed executed by the Company and a duly authorised trustee, who is acting on behalf of the holders of ICULS.

The equity component of ICULS was classified as part of equity in accordance with the provisions of FRS 132, Financial Instruments: Disclosure and Presentation. Accordingly, the distribution to the holders of the ICULS is disclosed as a distribution of equity.

31. TREASURY STOCK UNITS

	GROUP/COMPANY	
	2007	2006
	RM'000	RM'000
At cost :		
At 1 April	**6,281**	9,968
Purchase of treasury stock units	**534**	-
Sale of treasury stocks units	**(6,066)**	(3,687)
At 31 March	**749**	6,281

The stockholders of the Company, by a special resolution passed in a general meeting held on 28 September 2006 renewed their approval for the Company's plan to repurchase its own ordinary stock units. The directors of the Company are committed to enhancing the value of the Company for its stockholders and believe that the repurchase plan can be applied in the best interests of the Company and its stockholders.

During the financial year, the Company repurchased 492,900 (2006: 200) of its issued ordinary stock units from the open market at an average price of RM1.08 (2006: RM1.05) per stock unit. The total consideration paid for the repurchase including transaction costs was RM534,086 (2006: RM236). The stock units repurchased are being held as treasury stock units in accordance with Section 67A of the Companies Act, 1965.

The Company has, during the financial year, sold 7,920,400 treasury stock units in the open market. The average sale price of the treasury stock units was RM1.15 per stock unit. The total proceeds from the sale are for working capital purposes.

As at 31 March 2007, the total stock units repurchased and held as treasury stock units amounts to 792,900 ordinary stock units of RM1.00 each at a total cost of RM749,000.

32. RESERVES

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Distributable:				
Retained earnings/(Accumulated loss)	**44,184**	(35,105)	**103,032**	23,339
Non-distributable:				
Share premium	**76,266**	129,212	**76,266**	129,212
Share option reserve	**2,017**	-	**2,017**	-
Revaluation reserve	**24,513**	26,757	**-**	-
Exchange reserve	**86**	66	**-**	-
	102,882	156,035	**78,283**	129,212
	147,066	120,930	**181,315**	152,551

The share premium of the Group arose mainly from the initial listing exercise of the Company.

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

The revaluation reserve of the Group arose as a result of the revaluation of lands and buildings of subsidiaries, net of deferred tax effect.

The exchange reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

33. BORROWINGS

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Short Term Borrowings				
Secured:				
Bank overdrafts	**10**	33,784	**-**	29,198
Term loans	**186,262**	341,844	**66,096**	174,501
Bridging loans	**4,000**	4,000	**-**	-
Revolving credits	**75,000**	10,220	**5,000**	5,000
Commercial papers	**80,000**	-	**-**	-
Hire purchase	**422**	-	**-**	-
	345,694	389,848	**71,096**	208,699
Unsecured:				
Bank overdrafts	**289**	417	**-**	-
Revolving credits	**1,500**	1,750	**-**	250
Term loans	**-**	16,751	**-**	5,000
	1,789	18,918	**-**	5,250
	347,483	408,766	**71,096**	213,949
Long Term Borrowings				
Secured:				
Term loans	**184,791**	490,363	**111,090**	167,186
Bridging loans	**-**	5,000	**-**	-
Redeemable secured bonds	**-**	113,912	**-**	-
Medium term notes	**270,000**	-	**-**	-
Hire purchase	**1,352**	-	**-**	-
	456,143	609,275	**111,090**	167,186
Unsecured:				
Term loans	**50,000**	50,000	**30,000**	30,000
	506,143	659,275	**141,090**	197,186
Total Borrowings				
Secured:				
Bank overdraft	**10**	33,784	**-**	29,198
Term loans (Note (a))	**371,053**	832,207	**177,186**	341,687
Bridging loans (Note (b))	**4,000**	9,000	**-**	-
Revolving credits (Note (c))	**75,000**	10,220	**5,000**	5,000
Redeemable secured bonds (Note (d))	**-**	113,912	**-**	-
Commercial papers (Note (e))	**80,000**	-	**-**	-
Medium term notes (Note (e))	**270,000**	-	**-**	-
Hire purchase (Note (f))	**1,774**	-	**-**	-
	801,837	999,123	**182,186**	375,885
Unsecured:				
Bank overdrafts	**289**	417	**-**	-
Term loans (Note (a))	**50,000**	66,751	**30,000**	35,000
Revolving credits (Note (c))	**1,500**	1,750	**-**	250
	51,789	68,918	**30,000**	35,250
	853,626	1,068,041	**212,186**	411,135

33. BORROWINGS (contd)

a. TERM LOANS

The term loans are secured by corporate guarantees from the Company and E&OProp and charge on certain assets of the Group and of the Company as disclosed in the relevant notes.

b. BRIDGING LOANS

The bridging loans are secured by charge on certain development properties of the Group as disclosed in Note 23.

c. REVOLVING CREDITS

The revolving credits are secured by charge on certain development properties of the Group as disclosed in Note 23.

d. REDEEMABLE SECURED BONDS

A subsidiary, E&OProp, had on 24 November 2003 issued 116,000,000 of 4-Year Redeemable Secured Bonds 2003/2007 ("Bonds") at a nominal value of RM1.00 each with 116 million 4-Year detachable warrants ("Warrants") for debt settlement and debt acquisition purposes. The redemption of the Bonds are as follows:

	REDEMPTION AMOUNT		PRESENT VALUE OF REDEMPTION AMOUNT	
	2007	2006	**2007**	2006
	RM'000	RM'000	RM'000	RM'000
Between two and five years	-	116,000	-	113,912
Accreted interest	-	(2,088)	-	-
	-	113,912	-	113,912

The terms of the Bonds are as follows:

i. All outstanding Bonds will be mandatorily redeemed in full by E&OProp on 24 November 2007.

ii. The Bonds carry a coupon rate at 4% per annum payable semi-annually for the first 3 years and 8.4% per annum payable semi-annually in the fourth year, if not redeemed on the third anniversary from the issuance date.

iii. The Bonds are secured by the following:

- Charge over certain assets of E&OProp and certain subsidiaries as disclosed in the relevant notes; and
- Assignment of 95% to 100% of the remaining proceeds from certain cash and bank balances of certain subsidiaries.

Interest expense on the Bonds is calculated on the effective yield basis by applying the coupon interest rate of 7.05% for an equivalent non-convertible bond to the liability component of the Bonds with Warrants.

The proceeds received from the issue of the Bonds with Warrants have been split between the liability component, representing the carrying amount of the Bonds, and the equity component, representing the fair value of the Warrants ampunted to RM10,183,000.

On 24 November 2006, E&OProp has made full payment towards the redemption of its 116,000,000 4-year secured bonds 2003/2007.

e. COMMERCIAL PAPERS AND MEDIUM TERM NOTES

EOPP, has on 15 February 2007 issued RM350,000,000 nominal value of BG CP/MTNs. The utilisation of the cash proceeds of RM350,000,000 raised from the issuance of BG CP/MTNs by EOPP is as follows:

	RM'000
Expenses for corporate proposal	1,198
Repayments of term loan and bridging loan	244,393
Working capital of EOPP and repayment of shareholders' advances	101,098
Payment of interest	3,311
	350,000

The BG CP/MTNs are guaranteed by Malayan Banking Berhad and Affin Bank Berhad for a sum of RM360,000,000 through a syndicated bank guarantee facility, which is secured by:

i. the developing land charged by TPD;

ii. the master land charged by TPD;

iii. the debenture executed by EOPP creating a fixed and floating charge over certain existing and future assets of the subsidiary;

iv. the assignment of sales of proceeds;

v. the assignment and charge over designated accounts;

vi. the assignment and charge over housing development accounts;

vii. the assignment of insurances; and

viii. E&OPROP's undertaking (Note 17(I)).

f. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	GROUP **2007** RM'000
Future minimum lease payments:	
Not later than 1 year	**477**
Later than 1 year and not later than 2 years	**477**
Later than 2 years and not later than 5 years	**1,062**
Total future minimum lease payments	**2,016**
Less : Future finance charges	**(242)**
Present value of finance lease liabilities	**1,774**

g. Other information on financial risks of borrowings are disclosed in Note 44.

34. LONG TERM LIABILITY

Included in trade payable is a long term creditor amounted to RM15,940,000, which represents the deferred purchase consideration in respect of certain land held for property development and certain investment properties in previous financial year. This deferred amount is repayable by twelve half-yearly equal instalments commencing on 8 October 2002 and is secured against certain land held for property development and certain investment properties as disclosed under Notes 14 and 15. The long term creditor is analysed as follows:

	GROUP	
	2007	2006
	RM'000	**RM'000**
Deferred purchase consideration	**15,940**	15,940
Amount payable within one year (included in trade payables under current liabilities)	**(15,940)**	(12,752)
Amount payable after one year	**-**	3,188

Interest is payable in arrears calculated on daily basis at the rate equivalent to the Hongkong Bank Malaysia Berhad's base lending rate prevailing at the date of commencement of each half-yearly interest period plus 1.5%. Rate of interest payable is 8.0% (2006: 8.0%) per annum.

35. PAYABLES

		GROUP		COMPANY	
	NOTE	**2007**	2006	**2007**	2006
		RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables	a	**257,232**	196,704	**-**	-
Retention sum payable		**82,125**	69,845	**-**	-
		339,357	266,549	**-**	-
Amounts due to subsidiaries	b	**-**	-	**3,060**	10,390
Amounts due to an affiliated company	c	**73**	-	**-**	-
Amount due to a minority shareholder	d	**12,826**	12,826	**-**	-
Other payables		**12,356**	12,151	**-**	244
Other accruals	e	**53,669**	37,774	**5,928**	17,678
Deposits received		**4,654**	1,046	**-**	-
		422,935	330,346	**8,988**	28,312

a. TRADE PAYABLES

Included in trade payable is a long term creditor amounted to RM15,940,000 (2006: RM12,752,000) as disclosed in Note 34.

The normal credit terms granted by trade creditors to the Group range from 14 to 120 (2006: 14 to 120) days.

b. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

c. AMOUNT DUE TO AN AFFLILIATED COMPANY

Affiliated company is described in Note 40. The amount due to an affiliated company is unsecured, interest free and repayable on demand.

d. AMOUNT DUE TO A MINORITY SHAREHOLDER

The amount due to a minority shareholder in respect of advances to a subsidiary is unsecured, interest free and is repayable on demand.

e. OTHER ACCRUALS

Included in other accruals in the financial year is retirement benefit of RM38,000 (2006: RM70,000) and the details of which are disclosed in Note 37(A).

Further details on related party transactions are disclosed in Note 40.

Other information on financial risks of payables are disclosed in Note 44.

36. PROVISIONS

	CONTRACTOR'S CLAIMS AND WARRANTIES RM'000	OTHERS RM'000	TOTAL RM'000
GROUP			
At 1 April 2005	25,507	181	25,688
Additional provision during the financial year	17,510	-	17,510
Utilisation of provision during the financial year	(1,284)	-	(1,284)
At 31 March 2006	41,733	181	41,914
Additional provision during the financial year	500	1,961	2,461
Utilisation of provision during the financial year	(3,743)	-	(3,743)
Unused amount reversed during the financial year	(8,991)	-	(8,991)
At 31 March 2007	29,499	2,142	31,641

Provision for warranties is in respect of construction projects undertaken by one of the subsidiary. A provision is recognised for expected/estimated repair costs for making good certain defects during the warranty periods.

37. EMPLOYEE BENEFITS

A. RETIREMENT BENEFIT OBLIGATIONS

i. Certain subsidiaries of the Group contribute to a funded, defined benefit scheme, known as the Putrajaya Perdana Group Retirement Benefit Scheme ("Funded Scheme") for its eligible employees. Contributions to the Funded Scheme are to be made to a separately administered fund. The Group has made a total contribution of RM725,000 (2006: RM731,000) during the financial year.

ii. A subsidiary of the Group, namely Lone Pine Hotel (Penang) Sdn. Bhd., operates an unfunded, defined benefit Retirement Benefit Scheme ("Unfunded Scheme") for the eligible employees. Under the Unfunded Scheme, eligible employees are entitled to retirement benefits based on last drawn monthly salary adjusted for the number of years of service on attainment of Normal Retirement Age of 55 or Optional Retirement Age of 45.

Based on the last actuarial valuation carried out, the defined benefit obligations for the financial year are shown as follows:

	FUNDED RM'000	UNFUNDED RM'000	TOTAL RM'000
GROUP			
At 31 March 2007			
Present value of defined benefit obligations	6,983	17	7,000
Fair value of plan assets	(5,780)	-	(5,780)
	1,203	17	1,220
Unrecognised actuarial (losses)/gains	(1,165)	22	(1,143)
	38	39	77
Analysed as:			
- current (Note 35(e))	38	-	38
- non-current	-	39	39
	38	39	77
At 31 March 2006			
Present value of defined benefit obligations	5,998	94	6,092
Fair value of plan assets	(5,053)	-	(5,053)
	945	94	1,039
Unrecognised actuarial losses	(875)	(33)	(908)
	70	61	131
Analysed as:			
- current (Note 35(e))	70	12	82
- non-current	-	49	49
	70	61	131

37. EMPLOYEE BENEFITS (contd)

A. RETIREMENT BENEFIT OBLIGATIONS (contd)

The amounts recognised in the income statement are as follows:

	FUNDED RM'000	UNFUNDED RM'000	TOTAL RM'000
At 31 March 2007			
Current service cost	631	1	632
Interest cost	354	1	355
Expected return on plan assets	(292)	-	(292)
Recognised actuarial gain	-	(2)	(2)
Total, included in employee benefits expense (Note 8)	693	-	693
At 31 March 2006			
Current service cost	595	8	603
Interest cost	308	6	314
Expected return on plan assets	(129)	-	(129)
Amortisations of transition amount	27	2	29
Total, included in employee benefits expense (Note 8)	801	16	817

The Funded Scheme is based on a recent valuation performed in March 2006 and the Unfunded Scheme is based on a valuation performed in April 2003.

The entire charge for the financial year has been included in administrative expenses.

	GROUP	
	2007 RM'000	2006 RM'000
At 1 April	**131**	80
Recognised in income statement (Note 8)	**693**	817
Contributions made during the financial year	**(747)**	(766)
At 31 March	**77**	131

Principal actuarial assumptions used:

	GROUP	
	2007 %	2006 %
Discount rate (per annum)	**6.00 - 7.00**	6.00 - 7.00
Expected return on plan assets (per annum)	**3.00**	3.00
Expected rate of salary increase (per annum)	**3.50 - 5.00**	3.50 - 5.00

B. EMPLOYEES' SHARE OPTION SCHEME

I. Eastern & Oriental Berhad Employees' Share Option Scheme

The Employees' Share Option Scheme of the Company ("EOB ESOS") which is governed by its by-laws lapsed on 28 April 2007, was approved by the stockholders of the Company at an Extraordinary General Meeting held on 28 September 2006 for an extended period of five years from 29 April 2007 to 28 April 2012.

The salient features of the EOB ESOS are as follows:

a. the number of new stock units to be offered under the Scheme shall be subject to a maximum of 10% of the issued and paid-up share capital of the Company at any time during the existence of the EOB ESOS.

b. any employee shall be eligible to participate in the EOB ESOS if the following conditions are satisfied:

   i. the employee must be a confirmed employee of the Company or of an eligible subsidiary and not be on probation;

   ii. the employee must have served the Company or of an eligible subsidiary for a period of at least six continuous months; and

   iii. the employee must have attained the age of 18 years.

   An Executive Director of the Company is eligible to participate in the EOB ESOS if the Executive Director is involved in the day-to-day management of the Company, on the payroll of the Company, and the allotment to be made to the Executive Director has been approved by the Company in a general meeting.

c. the option price shall be based on a discount of not more than 10% of the five days weighted average market price at the date on which the options are offered. Notwithstanding this, the exercise price per new stock unit shall in no event be less than its par value.

d. the new stock units to be allotted upon exercise of an option will upon allotment rank pari passu in all respects with the then existing issued stock units save and except that they will not be entitled to any dividends, rights, allotment or any distribution declared, made or paid to stockholders in respect of which the entitlement date precedes the allotment date of the aforesaid stock units.

e. the Scheme shall be in force for a period of five years and may be extended for another five years subject to the approval of the stockholders and relevant authorities.

f. the options granted may be exercised at any time from the date of offer of the options up to five years from the date of implementation of the scheme on 29 April 2002.

The following table illustrates the number and movements in, share options with exercise price of RM1.05 during the financial year:

NUMBER OF SHARE OPTIONS					
OUTSTANDING AT 1 APRIL 2006	MOVEMENT DURING THE YEAR GRANTED	EXERCISED	FORFEITED	EXPIRED	OUTSTANDING AT 31 MARCH 2007
'000	'000	'000	'000	'000	'000
11,576	-	(4,338)	(62)	-	7,176

As disclosed in Note 29, options exercised during the financial year resulted in the issuance of 4,496,745 ordinary stock units at RM1.00 each. The weighted average share prices at the date of exercise was RM2.00.

The fair value of share options granted during the financial year was estimated using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

Weighted average share price (RM)	1.07
Weighted average exercise price (RM)	1.05
Expected volatility (%)	52.00
Expected life (years)	5.58
Risk free rate (%)	3.96
Expected dividend yield (%)	2.00

The expected volatility reflects the assumption of future trends, which may may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

37. EMPLOYEE BENEFITS (contd)

B. EMPLOYEES' SHARE OPTION SCHEME (contd)

II. Putrajaya Perdana Berhad Employees' Share Option Scheme

A subsidiary of the Company implemented an Employees' Share Option Scheme on 13 October 2006, namely the Putrajaya Perdana Berhad Employees' Share Option Scheme ("PPB ESOS") which is governed by the by-laws approved by the shareholders of PPB at an Extraordinary General Meeting held on 22 August 2006. The PPB ESOS is to be in force for a period of 5 years from the date of implementation.

The salient features of the PPB ESOS are:

a. The Options Committee appointed by the Board of Directors of PPB to administer the PPB ESOS, may from time to time grant options to eligible persons of the Group to subscribe for new ordinary shares of RM0.50 each in PPB.

b. Subject to the discretion of the Options Committee, any employee of PPB whose employment has been confirmed and a Director of PPB or a person connected to such Director shall be eligible to participate in the PPB ESOS provided that the offer and consequent allotment of new shares (if any) to such Director or person connected, shall, if required by the relevant authorities, have first been approved by the shareholders of PPB in general meeting.

c. The total number of shares to be issued under the PPB ESOS shall not exceed in aggregate 15% of the issued share capital of PPB at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management. In addition, not more than 10% of the shares available under the PPB ESOS shall be allocated to any individual director or employee who, either singly or collectively through his/her associates, hold 20% or more in the issued and paid-up capital of PPB.

d. Where the option were granted pursuant to the Initial Public Offering ("IPO"), the option share price shall not be less than the IPO price, while the option price for each share of the subsequent grant shall be the weighted average of the market price as quoted in the Daily Official List issued by Bursa Securities for the 5 market days immediately preceding the date on which the option is granted less, if the Options Committee shall so determine at their discretion from time to time, a discount of not more than 10% or the par value of the shares of PPB, whichever is higher.

e. The options shall become exercisable once granted. The employees' entitlement to the options are vested as soon as they become exercisable.

f. All new ordinary shares issued upon exercise of the options granted under the PPB ESOS will rank pari passu in all respects with the existing ordinary shares of PPB other than the new shares so issued shall not be entitled to any dividends rights, allotments or any other distribution declared, made or paid to shareholders, the record date for which precedes the date of the allotment of new shares.

g. The person to whom the options have been granted has no rights to participate by virtue of the options, in any share issue of any other company within the PPB Group unless otherwise provided or approved by the committee.

The following table illustrates the number and movements in, share options with exercise prices of RM1.80 during the financial year:

NUMBER OF SHARE OPTIONS					
	MOVEMENT DURING THE YEAR				
OUTSTANDING AT 1 APRIL 2006	GRANTED	EXERCISED	FORFEITED	EXPIRED	OUTSTANDING AT 31 MARCH 2007
'000	'000	'000	'000	'000	'000
-	5,300	(1)	(74)	-	5,225

The options exercised during the financial year resulted in the issuance of 1,000 ordinary shares of PPB at RM1.80 each. The share price at the date of exercise was RM2.00.

The fair value of share options granted during the financial year was estimated using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

Weighted average share price (RM)	1.74
Weighted average exercise price (RM)	1.80
Expected volatility (%)	23.00
Expected life (years)	4.98
Risk free rate (%)	3.61
Expected dividend yield (%)	4.96

The expected volatility reflects the assumption of the future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

38. COMMITMENTS

a. CAPITAL COMMITMENTS

	GROUP	
	2007	2006
	RM'000	RM'000
Approved and contracted for		
Proposed acquisition of land	**19,579**	4,050
Property, plant and equipment	**6,913**	-
Others	**22,711**	-

b. NON-CANCELLABLE LEASE COMMITMENTS

The future minimum lease payables of the Group under non-cancellable operating leases are summarised as follows:

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
1 year after balance sheet date	**720**	1,378	**720**	720
More than 1 year but not later than 5 years	**120**	2,001	**120**	840

39. CONTINGENT LIABILITIES

	COMPANY	
	2007	2006
	RM'000	**RM'000**
Guarantees given to financial institutions for credit facilities granted to subsidiaries:		
- Secured *	**30,135**	34,346

* The secured portion relates to term loans secured by legal charges over the Group's property, plant and equipment, investment properties and pledge of fixed deposits as disclosed in the relevant notes.

40. RELATED PARTY DISCLOSURES

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year:

	GROUP	
	2007	2006
	RM'000	**RM'000**
Associate:		
Management fee receivable	**11**	-
Progress billings to affiliated companies:		
Putrajaya Holdings Sdn. Bhd.'s Group	**(26,501)**	(63,331)
Transactions with companies in which a director of a subsidiary company has financial interest:		
Progress claim from Tidalmarine Engineering Sdn. Bhd.	**13,644**	3,615
Progress claim from Dr.Nik & Associates Sdn. Bhd.	**418**	165
Procurement of consultancy services from ANZ Equities Sendirian Berhad in which a director of the Company has financial interest	**480**	-
Procurement of consultancy services from GDP Group companies in which certain key management personnel also holds directorship in the Company	**5,467**	3,600

The other transactions between related parties on corporate affairs are dealt with in Notes 42 and 43.

Information regarding outstanding balances arising from related party transactions as at 31 March 2007 are disclosed in Notes 25 and 35.

Related companies in these financial statements refer to companies within EOB Group.

The affiliated companies and their relationships with the Group are as follows:

AFFILIATED COMPANIES	RELATIONSHIP
Putrajaya Holdings Sdn. Bhd. ("PHSB") Group of companies	PHSB is a substantial shareholder of Putrajaya Perdana Berhad, which in turn is a subsidiary of the Company.
KGN	KGN is a corporate shareholder of TPD

41. SEGMENT INFORMATION

a. REPORTING FORMAT

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The Group operates mainly in Malaysia. Hence, there is no secondary information to be reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

b. BUSINESS SEGMENTS

The Group operates mainly in four major business segments for the financial year ended 31 March 2007:

Construction and related activities - construction and building contracting works
Properties - development and investment in residential and commercial properties
Hotel operations - management and operations of hotels
Investments and others

c. ALLOCATION BASIS AND TRANSFER PRICING

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segements are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfer between business segments. These transfers are eliminated on consolidation.

BUSINESS SEGMENTS

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

	CONSTRUCTION AND RELATED ACTIVITIES	PROPERTIES	HOTEL OPERATIONS	INVESTMENT AND OTHERS	TOTAL	ELIMINATION	CONSOLIDATED
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2007							
Revenue							
External sales	**532,513**	**493,596**	**28,557**	**1,810**	**1,056,476**	-	**1,056,476**
Inter-segment sales	**4,721**	-	-	**1,564**	**6,285**	**(6,285)**	-
Total revenue	**537,234**	**493,596**	**28,557**	**3,374**	**1,062,761**	**(6,285)**	**1,056,476**
Result							
Segment results	**50,994**	**120,165**	**77**	**12,229**	**183,465**	**2,306**	**185,771**
Finance costs							**(38,417)**
Share of loss of associates	-	-	-	**(6,772)**	**(6,772)**	-	**(6,772)**
Share of loss of jointly controlled entity	-	**(26)**	-	-	**(26)**	-	**(26)**
Profit before tax							**140,556**
Income tax expense							**(35,850)**
Profit for the financial year							**104,706**

41. SEGMENT INFORMATION (contd)

BUSINESS SEGMENTS (contd)

	CONSTRUCTION AND RELATED ACTIVITIES RM'000	PROPERTIES RM'000	HOTEL OPERATIONS RM'000	INVESTMENT AND OTHERS RM'000	TOTAL RM'000	ELIMINATION RM'000	CONSOLIDATED RM'000
2007 (contd)							
Assets							
Segment assets	**456,958**	**1,656,908**	**175,673**	**801,245**	**3,090,784**	**(682,116)**	**2,408,668**
Investments in associates	-	-	-	**24,670**	**24,670**	-	**24,670**
Investment in jointly controlled entity	-	**99**	-	-	**99**	-	**99**
Unallocated corporate assets							**28,039**
Consolidated total assets							**2,461,476**
Liabilities							
Segment liabilities	**403,544**	**650,591**	**4,001**	**36,199**	**1,094,335**	**(624,341)**	**469,994**
Unallocated corporate liabilities							**994,224**
Consolidated total liabilities							**1,464,218**
Other Information							
Capital expenditure	**5,815**	**3,629**	**1,233**	**4,606**	**15,283**	-	**15,283**
Depreciation	**839**	**876**	**6,267**	**672**	**8,654**	-	**8,654**
Amortisation	**52**	**4**	-	**125**	**181**	-	**181**
Reversal of impairment loss	-	-	-	**(3,872)**	**(3,872)**		**(3,872)**
Other significant non-cash expenses:							
- Provisions	**586**	**178**	-	-	**764**	-	**764**
- Increase in liability for defined benefit plan	**625**	**68**	-	-	**693**	-	**693**
- Share options granted under ESOS	**842**	**76**	-	**2,017**	**2,935**	-	**2,935**
2006							
Revenue							
External sales	223,453	251,409	23,598	578	499,038	-	499,038
Inter-segment sales	33,617	189,686	288	5,636	229,227	(229,227)	-
Total revenue	257,070	441,095	23,886	6,214	728,265	(229,227)	499,038
Result							
Segment results	25,543	59,894	959	(5,935)	80,461	(14,333)	66,128
Finance costs							(29,100)
Share of profit of associates	-	-	-	7,891	7,891	-	7,891
Profit before tax							44,919
Income tax expense							(12,972)
Profit for the financial year							31,947
Assets							
Segment assets	234,065	1,555,964	174,706	848,708	2,813,443	(776,718)	2,036,725
Investments in associates	-	-	-	18,054	18,054	-	18,054
Unallocated corporate assets							26,738
Consolidated total assets							2,081,517

	CONSTRUCTION AND RELATED ACTIVITIES RM'000	PROPERTIES RM'000	HOTEL OPERATIONS RM'000	INVESTMENT AND OTHERS RM'000	TOTAL RM'000	ELIMINATION RM'000	CONSOLIDATED RM'000
Liabilities							
Segment liabilities	226,711	593,405	6,949	178,223	1,005,288	(591,686)	413,602
Unallocated corporate liabilities							1,106,552
Consolidated total liabilities							1,520,154
Other Information							
Capital expenditure	2,835	49,273	-	928	53,036	(6,982)	46,054
Depreciation	636	265	3,504	778	5,183	-	5,183
Other significant non-cash expenses:							
- Provisions	17,776	11	-	-	17,787	-	17,787
- Increase in liability for defined benefit plan	794	7	16	-	817	-	817

Note : No geographical segment information is presented as the Group operates principally within Malaysia.

Certain comparative amounts as at 31 March 2006 have been reclassified to conform with the current financial year's presentation.

42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

A. COMPLETED EVENTS

1. The Ministry of International Trade and Industries ("MITI") had, vide its letters dated 29 April 2006 and 1 September 2006, approved the allocation of 18,900,000 and 14,809,000 of the total aggregate of 33,709,000 new stock units respectively, to the identified Bumiputra investors at an issue price of RM1.00 per new stock unit which were fully subscribed for on 21 November 2006.

   The Company allotted and issued 8,300,000, 14,809,000 and 10,600,000 new stock units of RM1.00 each on 26 May 2006, 1 December 2006 and 15 December 2006 respectively, pursuant to the full subscription of the allocated 33,709,000 new stock units, at an issue price of RM1.00 per new stock unit.

   The 8,300,000, 14,809,000 and 10,600,000 new stock units were granted listing and quotation on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") on 5 June 2006, 1 December 2006 and 15 December 2006 respectively.

2. On 3 August 2006, the Company ("EOB") had completed the EOB Fund Raising exercise which comprised:

   a. a renounceable two-call rights issue of 80,556,964 new stock units of RM1.00 each in EOB ("Rights Stock Units") at an indicative issue price of RM1.00 each ("Rights Issue") (of which the first call of RM0.35 is payable in cash on application and the second call of RM0.65 is payable out of the Company's share premium account) together with an offer for sale of 80,556,964 E & O Property Development Berhad ("E&OProp") shares by EOB at an offer price of RM0.65 per share on the basis of one Rights Stock Unit and one E&OProp share for every three existing stock units of RM1.00 each in EOB held; and

   b. the issuance of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") which entails:

      i. a renounceable rights issue of RM120,835,446 nominal value of five (5)-year ICULS in EOB at 100% of its nominal value on the basis of RM1.00 nominal value of ICULS for every two existing EOB stock units held; and

42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (contd)

A. COMPLETED EVENTS (contd)

2. b. the issuance of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") which entails: (contd)

   ii. a restricted issue of RM35,000,000 nominal value of five (5)-year ICULS in EOB to the eligible management staff of EOB ("Management ICULS"), at 100% of its nominal value.

   (collectively referred to as the "EOB Fund Raising").

   The Company had also issued 11,786,357 additional warrants pursuants to the adjustments arising from the EOB Fund Raising.

   The new 80,556,964 EOB new stock units, 155,835,446 ICULS and an additional 11,786,357 new warrants issued were granted listing and quotation on the Main Board of Bursa Securities on 3 August 2006.

3. KCB Holdings Sdn. Bhd. ("KCB Holdings"), a wholly-owned subsidiary of E&OProp, which in turn is a subsidiary of the Company has on 3 April 2006 entered into a Share Sale Agreement for the acquisition of the remaining 150,000 ordinary shares of RM1.00 each representing 30% equity interest in KCB Geotechnics Sdn. Bhd. ("KCB Geotechnics"), a subsidiary of the company, for a cash consideration of RM145,000 and accordingly, KCB Geotechnics became a wholly-owned subsidiary of KCB Holdings.

4. E&OProp has on 9 May 2006 entered into a Share Sale Agreement with Tinggi Murni Sdn. Bhd. ("TMSB"), to dispose of its entire equity interest in Samudra Pelangi Sdn. Bhd. ("SPSB") for a consideration of RM120,486,000 to be satisfied via the issuance of 120,486 redeemable preference shares at nominal value of RM1.00 each ("RPS") in TMSB at an issue price of RM1,000 per RPS. TMSB and SPSB are wholly-owned subsidiaries of E&OProp.

5. RISB, a wholly-owned subsidiary of E&OProp, has on 16 May 2006 entered into a conditional Joint Venture Agreement for Joint Venture Company with LCSB to establish MPDSB on a 50:50 basis. Accordingly, MPDSB ceased to be a subsidiary of the Group and accordingly became a jointly controlled entity of the Group.

6. On 4 October 2006, the Company and its subsidiary, Dynamic Degree Sdn. Bhd. ("DDSB") received 33,306,021 and 10,218,253 ordinary shares of RM0.50 each in Putrajaya Perdana Berhad ("PPB") ("PPB Shares") pursuant to the implementation of a special dividend by E&OProp, that a holder of 100 ordinary shares of RM0.50 each in E&OProp would entitle to 4.8274 PPB Shares.

   The distribution of the special dividend by E&OProp of its entire holding in PPB was deemed as a disposal of PPB and resulted in PPB ceasing to be a subsidiary of E&OProp.

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

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

8. On 15 January 2007, Kamunting Tin Dredging Limited, a wholly-owned subsidiary of E&OProp, has acquired a shelf company, namely Goldtap Services Limited with an issued and paid-up share capital of £1.00 comprising of one ordinary share of £1.00.

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

The cost of the Share Disposal was approximately RM39,200,000 and the Share Disposal has resulted in a gain of approximately RM24,800,000 at Company level for the financial year ended 31 March 2007. At Group level, the gain is approximately RM23,100,000.

10. On 7 March 2007, Kamunting Management Services Sdn. Bhd., a wholly-owned subsidiary of E&OProp has completed the acquisition of 21,000 ordinary shares of RM1.00 each, representing 60% equity interest in KGN-PDC for a purchase consideration of RM37,000,000 and accordingly, KGN-PDC became a subsidiary of E&OProp.

11. On 23 March 2007, E&OProp has completed the acquisition of 100 ordinary shares of RM1.00 each, representing 100% of equity interest in TWSB for a purchase consideration of RM8,300,000 from E & O Developers Sdn. Bhd., a wholly-owned subsidiary of the Company, and Budaya Berjasa Sdn. Bhd. Accordingly, TWSB became a wholly-owned subsidiary of E&OProp.

B. EVENTS PENDING COMPLETION

1. On 16 May 2006, the Company ("EOB") entered into the conditional Supplementary Sale and Purchase Agreement cum Transfer Agreement ("SSPA") with LCB, MPDSB ("JVC") and the Synod of the Diocese of West Malaysia ("Synod"), essentially for the JVC to acquire for the purpose of development certain lands in Jalan Tengah, Kuala Lumpur from the Synod and to simultaneously nominate EOB or its subsidiary to receive the direct transfer and conveyance of part of such lands from the Synod upon certain agreed terms.

   Consequently to the above, on 16 May 2006, EOB through its wholly-owned subsidiary, Radiant Kiara Sdn. Bhd. entered into the conditional Land Purchase Agreement with the JVC to formalise such transfer and conveyance of that part of such lands as envisaged in the SSPA.

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

   The JVA is not subject to any regulatory approval but is conditional upon the shareholders' agreement between CMREF 1 Sdn. Bhd. and Al Salam Bank- Bahrain B.S.C., shareholders of KLPC procuring the requisite approvals from the Foreign Investment Committee, Bank Negara Malaysia and any other relevant authorities, if required.

3. On 11 January 2007, AmInvestment Bank Berhad on behalf of E&OProp announced that E&OProp proposed to undertake a private placement of up to 61,026,623 new ordinary shares of RM1.00 each in the Company, representing up to 10% of the issued and paid-up share capital of E&OProp as at 28 September 2006, being the date when E&OProp's shareholders approved the resolution for the empowerment of the Directors of E&OProp to allot and issue the E&OProp's shares not exceeding 10% of the total issued capital of E&OProp. The issue price of the Placement Shares will be determined based on market-based principles and shall be determined by the Board of E&OProp at a price-fixing date after all relevant approvals for the Proposed Placement have been obtained.

   As of 3 April 2007, the first tranche of 36,000,000 new ordinary shares of RM1.00 each in E&OProp has been issued pursuant to the private placement, out of which 25,000,000 new ordinary shares were issued up to 31 March 2007.

4. On 7 March 2007, EOPP, a subsidiary of E&OProp, has entered into a conditional Agreement to Lease with Tesco Stores (Malaysia) Sdn. Bhd. ("Tesco") for the proposed lease of the Land together with the Building (as defined hereunder) to Tesco ("Lease"). EOPP will be constructing a hypermarket building on the Land with gross built-up area measuring approximately 23,400 square metres with not less than 800 surrounding car park bays. The Agreement to Lease is conditional upon the following conditions precedent being fulfilled within 12 months from the date of the Agreement to Lease. The Lease shall be for a term of twenty years commencing from and including the Lease Commencement Date.

42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (contd)

B. EVENTS PENDING COMPLETION (contd)

5. On 12 March 2007, E&OProp has 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 PRSB for a purchase consideration of RM22,500,000. The agreement shall be completed upon full settlement of the purchase consideration within six months of the date of the Agreement.

43. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

1. On 5 April 2007, KCB Trading Sdn. Bhd., a wholly-owned subsidiary of E&OProp, has entered into a conditional Sale and Purchase Agreement with Mezzon Development Sdn. Bhd. for the acquisition of all that freehold development land held under HS(D) 111939 for PT56, Seksyen 43, Kuala Lumpur measuring approximately 5,219 square meters for a cash consideration of RM47,760,000.

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

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

3. On 27 April 2007, Hexon Housing Development Sdn. Bhd., a wholly-owned subsidiary of E&OProp, entered into a conditional Sale and Purchase Agreement with Graphics Divine Sdn. Bhd. for the acquisition of two pieces of freehold land identified as GM 3011, Lot No. 55502 and GM 3012, Lot No. 55503 both in the Mukim of Kuala Lumpur, Tempat Swettenham Road, Daerah Kuala Lumpur, Wilayah Persekutuan measuring approximately 12,312 square metres for a cash consideration of approximately RM33,790,000.

4. On 14 May 2007, the Company announced that it has acquired the approval of Securities Commission ("SC") via its letter dated 10 May 2007 in relation to the proposal for the issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of Islamic Securities up to RM150,000,000 in nominal value via issuance of BG CP/MTNs based on the principles of Murabahah.

   The approval by the SC is subject to certain terms and conditions.

5. On 29 May 2007, Kamunting Management Services Sdn. Bhd., a wholly-owned subsidiary of E&OProp, entered into a Share Sale Agreement with North Zest Sdn. Bhd. for the proposed acquisition of 24 ordinary shares of RM1.00 each, representing 24% equity interest in Bridgecrest Resources Sdn. Bhd., a subsidiary of E&OProp, for a cash consideration of RM25,000,000.

6. 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 DDSB 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").

   (collectively referred to as the "Proposed 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 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 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, if required.

7. On 19 July 2007, the Company entered into a Sale and Purchase Agreement with Edisi Utama Sdn. Bhd., a wholly-owned subsidiary of E&OProp, for the acquisition of a three-storey commercial block together with 54 car parking bays known as Dua Residency Annexe located at Jalan Tun Razak, Kuala Lumpur, for a purchase consideration of RM16,000,000.

44. FINANCIAL INSTRUMENTS

a. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

b. INTEREST RATE RISK

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at bank.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	NOTE	WAEIR %	WITHIN 1 YEAR RM'000	1-2 YEARS RM'000	2-3 YEARS RM'000	3-4 YEARS RM'000	4-5 YEARS RM'000	MORE THAN 5 YEARS RM'000	TOTAL RM'000
2007									
GROUP									
Fixed rate									
Deposits	27	**3.03**	**19,681**	**-**	**-**	**-**	**-**	**-**	**19,681**
Term loans	33	**4.67**	**(108,601)**	**(8,262)**	**(52,940)**	**(2,940)**	**(2,940)**	**(265)**	**(175,948)**
Irredeemable convertible unsecured loan stocks	30	**8.00**	**-**	**-**	**-**	**-**	**(49,731)**	**-**	**(49,731)**
Commercial paper	33	**4.15**	**(80,000)**	**-**	**-**	**-**	**-**	**-**	**(80,000)**
Medium term notes	33	**4.63**	**-**	**(20,000)**	**(50,000)**	**(100,000)**	**(100,000)**	**-**	**(270,000)**
Hire purchase	33	**5.34**	**(422)**	**(423)**	**(421)**	**(405)**	**(103)**	**-**	**(1,774)**

44. FINANCIAL INSTRUMENTS (contd)

b. INTEREST RATE RISK (contd)

	NOTE	WAEIR %	WITHIN 1 YEAR RM'000	1-2 YEARS RM'000	2-3 YEARS RM'000	3-4 YEARS RM'000	4-5 YEARS RM'000	MORE THAN 5 YEARS RM'000	TOTAL RM'000
2007 (contd)									
GROUP (contd)									
Floating rate									
Deposits	27	**3.12**	**112,222**	-	-	-	-	-	**112,222**
Bank overdrafts	33	**8.25**	**(299)**	-	-	-	-	-	**(299)**
Revolving credits	33	**5.94**	**(76,500)**	-	-	-	-	-	**(76,500)**
Term loans	33	**6.45**	**(77,661)**	**(77,434)**	**(25,125)**	**(22,688)**	**(19,250)**	**(22,947)**	**(245,105)**
Bridging loans	33	**8.30**	**(4,000)**	-	-	-	-	-	**(4,000)**
Trade payables	35	**8.00**	**(15,940)**	-	-	-	-	-	**(15,940)**
COMPANY									
Fixed rate									
Deposits	27	**2.80**	**5,607**	-	-	-	-	-	**5,607**
Term loans	33	**6.40**	-	-	**(30,000)**	-	-	-	**(30,000)**
Irredeemable convertible unsecured loan stocks	30	**8.00**	-	-	-	-	**(49,731)**	-	**(49,731)**
Floating rate									
Deposits	27	**3.15**	**44,600**	-	-	-	-	-	**44,600**
Revolving credit	33	**7.10**	**(5,000)**	-	-	-	-	-	**(5,000)**
Term loans	33	**6.39**	**(66,096)**	**(67,090)**	**(14,000)**	**(10,000)**	**(10,000)**	**(10,000)**	**(177,186)**
2006									
GROUP									
Fixed rate									
Deposits	27	2.98	38,143	-	-	-	-	-	38,143
Term loans	33	5.04	(116,723)	(12,641)	(2,940)	(52,940)	(2,940)	(5,900)	(194,084)
Redeemable secured bonds	33	4.00	-	(113,912)	-	-	-	-	(113,912)
Floating rate									
Deposits	27	3.01	91,718	-	-	-	-	-	91,718
Bank overdrafts	33	7.68	(34,201)	-	-	-	-	-	(34,201)
Revolving credits	33	7.02	(11,970)	-	-	-	-	-	(11,970)
Term loans	33	6.76	(241,872)	(147,566)	(162,450)	(68,590)	(61,465)	(22,931)	(704,874)
Bridging loans	33	7.56	(4,000)	-	-	-	-	(5,000)	(9,000)
Trade payables	34	8.00	(12,752)	(3,188)	-	-	-	-	(15,940)
COMPANY									
Fixed rate									
Deposits	27	2.65	5,096	-	-	-	-	-	5,096
Term loans	33	6.40	-	-	-	(30,000)	-	-	(30,000)
Floating rate									
Bank overdrafts	33	7.61	(29,198)	-	-	-	-	-	(29,198)
Revolving credit	33	6.05	(5,250)	-	-	-	-	-	(5,250)
Term loans	33	6.04	(179,501)	(76,096)	(87,090)	(4,000)	-	-	(346,687)

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months except for term loans and floating rate loans which are repriced annually. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

c. FOREIGN CURRENCY RISK

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia.

The Group does not engage in any hedging transactions.

d. LIQUIDITY RISK

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

e. CREDIT RISK

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group has no significant concentrations of credit risk other than those receivables as analysed in Note 25. The Group's maximum exposure to credit risk, in the event that the counter-party to the transaction with the Group fails to perform its obligation as of 31 March 2007, is the carrying amount of the trade receivables as indicated in the balance sheet.

f. FAIR VALUES

The carrying amounts of the Group and of the Company's borrowings, which are variable rate borrowings, is considered to be a reasonable estimate of the fair values as the borrowings will be repriced immediately in the event of any changes to the market interest rates.

The carrying amounts of financial assets and liabilities approximate their fair value. For unquoted investments, it is not practical to estimate the fair value of the unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group and the Company believe that the carrying amount represents the recoverable amount.

Group's Properties

AS AT 27 JULY 2007

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2007 RM'000
PT No. 6332 Mukim Petaling Daerah Petaling Selangor	Freehold	2006	0.056 acres	Vacant Land	-	16
Lot No. 305, 633-637, 643, 644, 646 & 647 Mukim 2, Daerah Barat Daya Pulau Pinang	Freehold	2006	16.398 acres	Vacant Land	-	12,831
Lot No. 43, 62, 72, 73, 76, 77, 88, 89, 91, 93, 94, 137-140, 149, 150, 168, 169, 171, 172, 177, 179, 183-189, 192(New Lot 244), 194, 202-204, 222-224, 228-234 & PT No. 2 Mukim 8, South-West District Pulau Pinang	Freehold	2006	339.184 acres	Vacant Land	-	116,755
	Lease expiring 10.12.2022	2006	7.787 acres	Vacant Land	-	2,684
	Lease expiring 9.6.2019	2006	1.397 acres	Vacant Land	-	481
	Lease 29.6.2053	2006	0.245 acres	Vacant Land	-	85
Lot No. 334, Seksyen 0063 Bandar dan Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	Freehold	2006	5,842 sq. m	Vacant Land	-	33,358
Lot No. 468 PN 2174 (previously H.S.(D) 8969), Lot No. 472 PN 2175 (previously H.S.(D) 8970), Lot No. 475 PN 2176 (previously H.S.(D) 8965), Lot No. 476 PN 2177 (previously H.S.(D) 8966), Lot No. 936 PN 14383 (previously H.S.(D) 29453), Lot No. 1002 PN 22525 (previously H.S.(D) 34270) Kawasan Bandar XXXIX Daerah Melaka Tengah Melaka	Lease expiring 4.10.2082	2006	1.831 acres	Land held for development (Commercial Building)	-	3,590
	Lease expiring 20.3.2094	2006	1.737 acres	Land held for development (Commercial Building)	-	4,540
	Lease expiring 6.12.2095	2006	0.3 acres	Land held for development (Commercial Complex)	-	780
Pangsapuri Seri Idaman Lot No. 467, PN 2173 (previously H.S.(D) 8968) Kawasan Bandar XXXIX Daerah Melaka Tengah Melaka	Lease expiring 4.10.2082	2006	16 Units	5-Storey Apartment	9	1,470
PT No. 969 PN 14416 Kawasan Bandar XXXIX Melaka Tengah, Melaka (Plot No. 82)	Lease expiring 20.3.2094	2006	1 Unit	3-Storey Shop Office	10	538
Danau Point PT No. 2494, H.S.(D) 794 Precinct 16, Bandar Putrajaya Daerah Putrajaya Wilayah Persekutuan Putrajaya.	Freehold	2006	1 Unit	4-Storey Commercial Building with one (1) level sub-basement car park	4	16,169

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2007 RM'000
PT No. 2690, H.S.(D) 913, PT No. 2698, H.S.(D) 921, PT No. 2565, H.S.(D) 845 Precinct 16, Bandar Putrajaya Daerah Putrajaya Wilayah Persekutuan Putrajaya.	Freehold	2006	3 Units	Semi-detached houses	6	2,176
PT No. 2506, H.S.(D) 796, PT No. 2508, H.S.(D) 798, PT No. 2512, H.S.(D) 802, PT No. 2519, H.S.(D) 809, PT No. 2521, H.S.(D) 811, PT No. 2525, H.S.(D) 815, PT No. 2526, H.S.(D) 816, PT No. 2527, H.S.(D) 817, PT No. 2539, H.S.(D) 829, PT No. 2540, H.S.(D) 830, PT No. 2546, H.S.(D) 836, Precinct 16, Bandar Putrajaya Daerah Putrajaya Wilayah Persekutuan Putrajaya.	Freehold	2006	13 Units	Townhouses	3	4,005
PT No. 2744, H.S.(D) 967, Precinct 16, Bandar Putrajaya Daerah Putrajaya Wilayah Persekutuan Putrajaya.	Freehold	2006	1 Unit	Terrace houses	-	376
PT No. 2306 H.S.(D) 669, PT No. 2395 H.S.(D) 712, PT No. 2317 H.S.(D) 680 - PT No. 2320 H.S.(D) 683, PT No. 2328 H.S.(D) 685 - PT No. 2330 H.S.(D) 687, PT No. 2332 H.S.(D) 689, PT No. 2334 H.S.(D) 691, PT No. 2336 H.S.(D) 693, PT No. 2338 H.S.(D) 695, PT No. 2396 H.S.(D) 713 - PT No. 2403 H.S.(D) 720, PT No. 2424 H.S.(D) 733, PT No. 2425 H.S.(D) 734, PT No. 2432 H.S.(D) 741, PT No. 2436 H.S.(D) 745 - PT No. 2438 H.S.(D) 747, PT No. 2440 H.S.(D) 749, PT No. 2442 H.S.(D) 751, PT No. 2443 H.S.(D) 752, PT No. 2446 H.S.(D) 755, PT No. 2450 H.S.(D) 756 - PT No. 2461 H.S.(D) 767, PT No. 2463 H.S.(D) 769 - PT No. 2467 H.S.(D) 773, PT No. 2469 H.S.(D) 775, PT No. 2471 H.S.(D) 777, PT No. 2472 H.S.(D) 778, PT No. 2387 H.S.(D) 711 Precinct 16, Bandar Putrajaya Daerah Putrajaya Wilayah Persekutuan Putrajaya.	Freehold	2006	29.940 acres	Land held for development	-	61,523

Group's Properties

AS AT 27 JULY 2007

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2007 RM'000
PT No. 2368 H.S.(D) 706, PT No. 2422 H.S.(D) 731, PT No. 2423 H.S.(D) 732, PT No. 2431 H.S.(D) 740 Precinct 16, Bandar Putrajaya Daerah Putrajaya Wilayah Persekutuan Putrajaya.	Freehold	2006	1.052 acres	Currently Under Development (Bungalows)	-	3,077
PT No. 1-710 All within Bandar Tanjung Pinang Daerah Timur Laut Pulau Pinang	Freehold	2007	12.90 acres	Currently Under Development	-	114,260
	Lease expiring 28.4.2103	2006	98.99 acres	Currently Under Development	-	500,913
Lot No. 1300 to 1314, 1316, 1318 to 1320, 1322, 1323, 1325, 1326, 1329 to 1333, 1335, 1336, 1338 to 1340, 1342, 1343, 1345 to 1347, 1349, 1351 to 1354, 1356, 1357, 1359, 1360, 1363 to 1369, 1372 to 1374, 1376, 1377, 1379 to 1393 All within Mukim of Ulu Kelang District of Gombak Selangor Darul Ehsan	Lease expiring 2088/89	2006	303.276 acres	Vacant Land	-	104,786
	Lease expiring 19.05.2097	2006	6.256 acres	Vacant Land	-	1,260
H.S.(D) 32393 PT No. 14951 H.S.(D) 32396 PT No. 14954 Jalan Jeletek, Ampang Mukim of Ulu Kelang District of Gombak Selangor Darul Ehsan	Freehold	2006	0.51 acres 3.43 acres	Vacant Land	-	1,778 9,000
PT No. 867, 906, 930-933, 935-939, 942-945, 947-948, 952, 964, 967, 969- 973, 976, 979, 986, 994-996, 1000, 1003 HS(D) 44764, 44803, 44825, 44827-830, 44832-836, 44839-842, 44844-845, 44849, 44861, 44864, 44866-870, 44873, 44876, 44883, 44891-893, 44897, 44900 Mukim of Batu District of Gombak Selangor Darul Ehsan	Freehold	2006	62 Units	Strata Shop/Office	9	8,022
PT 1017, Mukim of Batu District of Gombak Selangor Darul Ehsan	Freehold	2006	1,840 units	7 blocks of low cost apartments	-	5,516
Master Title, PT No. 20213, PT No. 1020 Mukim of Batu District of Gombak Selangor Darul Ehsan	Freehold	2006	1.846 acres	Land held for development	-	8,147
202 Desa Cahaya Jalan Ampang Kuala Lumpur	Freehold	2006	8 Units	Residential Condominium	14	8,540
Geran 26963 Lot 183 Seksyen 43 Bandar Kuala Lumpur	Freehold	2006	1427.687 sq. m	Land held for development	-	4,649

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2007 RM'000
Lot No. 56, Section 51A Town of Petaling Jaya District of Petaling, Petaling Jaya Selangor Darul Ehsan	Lease expiring 2056	2006	1.545 acres	Vacant Land	-	9,800
Taman Zooview Hulu Kelang Selangor Darul Ehsan Lot No. 1685, 3731 to 3733 Mukim of Hulu Kelang District of Gombak Selangor Darul Ehsan	Freehold	2006	0.41 acres	Vacant Land	-	1,074
Jalan Batai Barat Damansara Heights Kuala Lumpur PT No. 1357 H.S.(D) 32559, Lot No. 46346 H.S.(D) 45608 & Lot No. 45424 (G 22944) All in Mukim and District of Kuala Lumpur Wilayah Persekutuan	Freehold	2006	0.309 acres	Vacant Bungalow Land	-	1,994
Ukay Heights Selangor Darul Ehsan Lot No. 1621 to 1625, 1641 to 1645, 1647 to 1648 Mukim of Ulu Kelang Lot No. 4779, 4780, 4782, 4786 to 4790, 4796, 4797 Mukim of Ampang All on the District of Kuala Lumpur	Freehold	2006	9.365 acres	Vacant Land	-	16,247
Jalan Teruntung Damansara Heights Kuala Lumpur PT No. 783 & PT No. 784 Mukim and District of Kuala Lumpur Wilayah Persekutuan	Freehold	2006	3.933 acres	Land held for development	-	52,082
Jalan Batai Barat Damansara Heights Kuala Lumpur PT No. 1343 H.S. (D) 32545 Lot No. 45263 (G 21368)	Freehold	2006	1 Unit	Bungalow	4	3,271
Jalan Teberau Ukay Heights Selangor Darul Ehsan Lot No. 1650, 1651 & 4795 Mukim of Ulu Kelang & Ampang District of Kuala Lumpur Selangor Darul Ehsan	Freehold	2006	2 Units	Double Storey Detached Houses	44	3,300
Jalan Teberau 2 Ukay Heights Selangor Darul Ehsan Lot No. 4792 to 4794, 1630 to 1632, Mukim of Ulu Kelang & Ampang District of Kuala Lumpur Selangor Darul Ehsan	Freehold	2006	3 Units	Double Storey Detached Houses	34	6,800

Group's Properties

AS AT 27 JULY 2007

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2007 RM'000
Kampung Warisan Condominium Jalan Jelatek Kuala Lumpur PT No. 14952, H.S. (D) 32394 Mukim of Ulu Kelang District of Gombak Selangor Darul Ehsan	Freehold	2006	35 units	Residential Condominium	10	12,386
Bukit Tunku Kuala Lumpur Lot No. 4833 Mukim of Batu, District of Kuala Lumpur Wilayah Persekutuan	Freehold	2006	1 Unit	3-Storey Detached House	53	4,678
Geran 53370, Lot No. 55332 Geran 53373, Lot No. 55335 Geran 53379, Lot No. 55340 Jalan Damansara Kuala Lumpur Geran 10348, Lot No. 37860 Mukim and District of Kuala Lumpur Wilayah Persekutuan	Freehold	2006	3 Units	Luxurious detached houses	-	24,884
Jalan Tun Razak Lot No. 123, 130 and 131 Section 63, Town and District of Kuala Lumpur Wilayah Persekutuan	Freehold	2006	5.01 acres	Currently Under development - 288 units of high end condominiums	-	86,124
Lot No. 45191, Geran 9337 Lot No. 55482, Geran 50059 Daerah Kuala Lumpur Mukim Kuala Lumpur	Freehold	2006	12.996 acres	Currently Under development - 82 units of semi-detached houses and 9 units of bungalows	-	53,495
Lot No. 2 & 3 Section 2, Town of Batu Ferringgi North East District Penang	Freehold	1995	1.682 acres	Land with building for hotel use	-	12,600
Lot No. 589, Geran 49047 Town of Batu Ferringgi North East District Penang	Lease expiring 2008	1996	1.86 acres	Land with building for hotel use	-	400
Lot No. 124, Geran 35844 Lot No. 831, Geran 61602 (previously Lot No. 125, Geran 35845) 10 Farquhar Street 10200 Penang	Freehold	1978	1.95 acres	Land held for development	-	55,356
Lot No. 224, Geran 63919 Lot No. 249, Geran 35873 10 Farquhar Street 10200 Penang	Lease expiring 01.01.2013	1978	0.10 acres	Land with building for hotel use	-	66
	Freehold	1978	2.42 acres	Land with building for hotel use	-	92,459
Lot No. 407, PN 1380 10 Farquhar Street 10200 Penang	Lease expiring 31.12.2055	1978	0.08 acres	Land with building for hotel use	-	241

Analysis of Stockholdings

AS AT 27 JULY 2007

ORDINARY SHARE CAPITAL

Authorised Share Capital	:	RM800,000,000.00
Issued and Fully Paid Up Capital	:	RM397,519,238
Class of Share	:	Ordinary Stock Unit of RM1.00 each
Voting Rights	:	One (1) vote per Ordinary Stock Unit
Number of Treasury Stock Units held	:	772,900

DISTRIBUTION OF STOCKHOLDINGS

SIZE OF STOCKHOLDINGS	NO. OF STOCKHOLDERS	%	NO. OF STOCK UNITS	%
Less than 99	378	11.97	11,776	0.00
100 to 1,000	536	16.98	307,480	0.08
1,001 to 10,000	1,846	58.47	6,668,599	1.68
10,001 to 100,000	298	9.44	8,218,019	2.07
100,001 to less than 5% of issued Stock Units	93	2.95	164,015,732	41.26
5% and above of issued Stock Units	6	0.19	218,297,632	54.91
TOTAL	3,157	100.00	397,519,238	100.00

THIRTY LARGEST STOCKHOLDERS

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
1.	Cimsec Nominees (Asing) Sdn Bhd *CIMB-GK Securities Pte Ltd for Ample Echo Limited*	55,333,333	13.93
2.	HSBC Nominees (Asing) Sdn Bhd *BBH and Co Boston for Halfmoon Bay Enterprise Limited*	41,421,132	10.42
3.	Citigroup Nominees (Asing) Sdn Bhd *UBS AG*	39,219,400	9.87
4.	Citigroup Nominees (Asing) Sdn Bhd *Goldman Sachs International*	34,445,400	8.67
5.	Cimsec Nominees (Asing) Sdn Bhd *Exempt An for CIMB-GK Securities Pte Ltd (Retail Clients)*	27,123,367	6.83
6.	Terra Realty Sdn Bhd	20,755,000	5.22
7.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Morgan Stanley & Co. Incorporated*	15,441,200	3.89
8.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Morgan Stanley & Co. International PLC*	15,016,200	3.78
9.	AMMB Nominees (Tempatan) Sdn Bhd *AmInternational (L) Ltd for Pusaka Setia Sendirian Berhad (Pusaka)*	9,926,528	2.50
10.	Halfmoon Bay Enterprise Limited	8,300,500	2.09
11.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)*	7,267,075	1.83
12.	Amanah Raya Nominees (Tempatan) Sdn Bhd *Skim Amanah Saham Bumiputera*	7,000,000	1.76
13.	West Country Sdn Bhd	6,480,600	1.63
14.	Minister of Finance *Akaun Jaminan Pinjaman Kerajaan Persekutuan*	5,600,000	1.41
15.	Cartaban Nominees (Asing) Sdn Bhd *Credit Suisse Securities (Europe) Limited*	5,135,500	1.29
16.	Citigroup Nominees (Asing) Sdn Bhd *Merrill Lynch International*	4,916,533	1.24

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Alliance Investment Bank Berhad*	4,699,586	1.18
18.	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for Wells Fargo Advantage Asia Pacific Fund*	4,348,000	1.09
19.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Alliance Merchant Nominees (Tempatan) Sdn Bhd for Terra Realty Sdn Bhd*	4,325,000	1.09
20.	Tham Ka Hon	4,150,000	1.04
21.	Citigroup Nominees (Asing) Sdn Bhd *Bear Stearns Securities Corp for Third Avenue Real Estate Opportunities Fund LP*	3,648,066	0.92
22.	Citigroup Nominees (Asing) Sdn Bhd *UBS AG for Vault Global Opportunities Master Fund, LTD*	3,388,500	0.85
23.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Azizan Bin Abd Rahman (100722)*	3,000,000	0.76
24.	ECM Libra Avenue Nominees (Asing) Sdn Bhd *DBS Vickers (Hong Kong) Limited for CIM Global Property Fund Limited*	2,900,000	0.73
25.	Malayasset Ventures Sdn Bhd	2,758,000	0.69
26.	Salter's Assets Limited	2,500,000	0.63
27.	Tham Ka Hon	2,362,500	0.59
28.	Citigroup Nominees (Asing) Sdn Bhd *GSCO for Cadogan Kangae Fund Limited*	2,216,400	0.56
29.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sow Cheng Kow*	2,028,400	0.51
30.	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for Inter Ikea Finance S.A.)*	1,992,300	0.50
	TOTAL	**347,698,520**	**87.50**

SUBSTANTIAL STOCKHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL STOCKHOLDERS AS AT 27 JULY 2007

	STOCKHOLDINGS			
NAME OF STOCKHOLDERS	DIRECT	%	INDIRECT	%
Ample Echo Limited	55,333,333	13.95	-	-
Halfmoon Bay Enterprises Limited	49,721,632	12.53	-	-
UBS AG London	26,942,500	6.79		
Goldman Sachs International	25,608,000	6.45		
Terra Realty Sdn Bhd	25,080,000	6.32	-	-
Dato' Tham Ka Hon	11,212,086	2.83	(1)90,339,861	22.77
Datin Chua Cheng Boon	-	-	(2)35,006,528	8.82
G.K. Goh Holdings Limited	-	-	(3)73,049,699	18.42
GKG Investment Holdings Pte Ltd	-	-	(4)73,849,699	18.62
Goh Geok Khim	-	-	(5)73,849,699	18.62
Goh Yew Lin	-	-	(5)73,849,699	18.62
Nik Anida Binti Nik Manshor, Puan Sri	1,000,000	0.25	(6)52,479,632	13.23
Goldman Sachs Group, Inc	-	-	(7)25,608,000	6.45

(1) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through Terra Realty Sdn. Bhd, Ample Echo Limited and Pusaka Setia Sendirian Berhad.

(2) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through Terra Realty Sdn. Bhd. and Pusaka Setia Sendirian Berhad.

(3) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through Ample Echo Limited and Cacona Pte. Ltd.

(4) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through G.K. Goh Holdings Limited and Alpha Securities Pte. Ltd.
(5) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through GKG Investment Holdings Pte. Ltd.
(6) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through Halfmoon Bay Enterprises Limited and Malayasset Ventures Sdn. Bhd.
(7) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through Goldman Sachs International.

DIRECTORS' INTEREST IN STOCK UNITS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 27 JULY 2007

	STOCKHOLDINGS			
NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
Dato' Tham Ka Hon	11,212,086	2.83	(1)90,339,861	22.77
Datuk Azizan Bin Abd Rahman	3,000,000	0.76	-	-
Datuk Henry Chin Poy Wu	-	-	-	-
Kamil Ahmad Merican	1,100,000	0.28	-	-
Vijeyaratnam A/L V. Thamotharam Pillay	-	-	-	-
Chan Kok Leong	-	-	-	-

(1) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through Terra Realty Sdn Bhd, Ample Echo Limited and Pusaka Setia Sendirian Berhad.

DIRECTORS' INTEREST IN ESOS OPTIONS AS AT 27 JULY 2007

	ESOS OPTIONS			
NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
Dato' Tham Ka Hon	4,500,000	-	-	-
Datuk Azizan Bin Abd Rahman	-	-	-	-
Datuk Henry Chin Poy Wu	-	-	-	-
Kamil Ahmad Merican	-	-	-	-
Vijeyaratnam A/L V. Thamotharam Pillay	-	-	-	-
Chan Kok Leong	-	-	-	-

Analysis of Warrantholdings

AS AT 27 JULY 2007

WARRANTS 2001/2011

Total No of Warrants Issued	:	72,962,980
Outstanding Warrants	:	43,190,597
Exercise Price of Warrants	:	RM1.00
Voting Rights	:	One (1) vote per Warrant

DISTRIBUTION OF WARRANT HOLDINGS

SIZE OF WARRANT HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 90	340	35.49	17,643	0.04
100 to 1,000	111	11.59	65,353	0.15
1,001 to 10,000	298	31.11	1,268,154	2.94
10,001 to 100,000	169	17.64	6,037,394	13.98
100,001 to less than 5% of Warrants in issue	37	3.86	9,205,337	21.31
5% and above of Warrants in issue	3	0.31	26,596,716	61.58
TOTAL	958	100.00	43,190,597	100.00

THIRTY LARGEST WARRANTHOLDERS

NO.	NAME OF WARRANTHOLDERS	NO. OF WARRANTS	%
1.	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt An for Deutsche Bank AG Singapore (PWM Asing)*	11,927,000	27.61
2.	Terra Realty Sdn Bhd	7,871,820	18.23
3.	Tham Ka Hon	6,797,896	15.74
4.	Cimsec Nominees (Asing) Sdn Bhd *Exempt an for CIMB-GK Securities Pte Ltd (Retail Clients)*	1,536,192	3.56
5.	Universal Trustee (Malaysia) Berhad *Pacific Premier Fund*	879,800	2.04
6.	RHB Merchant Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Devanna Limited*	763,130	1.77
7.	ECM Libra Avenue Nominees (Asing) Sdn Bhd *DBS Vickers Securities (Singapore) Pte Ltd for Optimus Capital International Limited*	609,800	1.41
8.	Wong Nyook Yin	433,011	1.00
9.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Gan Eng Kwong (CEB)*	427,172	0.99
10.	Raja Zainal Abidin Bin Raja Hussin	346,598	0.80
11.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Sin Chong (CEB)*	295,474	0.68
12.	Lim Kiat Lee	214,022	0.50
13.	Citigroup Nominees (Asing) Sdn Bhd *UBS AG for Black River Asia Fund Ltd*	206,100	0.48
14.	Susan Liew Shau Nyee	200,000	0.46
15.	Loo Soo Loong	178,005	0.41
16.	Eng Ah Leak @ Ng Kok Wah	168,540	0.39
17.	Geh Siew Yin (Eng Ah Leak @ Ng Kok Wah)	168,540	0.39
18.	TCL Nominees (Asing) Sdn Bhd *OCBC Securities Private Limited for Tan Lian Hock*	155,000	0.36
19.	Wong Seng Mow	153,243	0.35

NO.	NAME OF WARRANTHOLDERS	NO. OF WARRANTS	%
20.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Beh Lee Fong (E-SS2)*	151,000	0.35
21.	Mayban Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Heng Poh Suan (R01-Margin)*	142,546	0.33
22.	Yong Kut Sen	139,200	0.32
23.	DB (Malaysia) Nominee (Asing) Sdn Bhd *Deutsche Bank AG London for RAB-Northwest Fund Limited*	128,573	0.30
24.	B T C Development Sdn Bhd	127,800	0.30
25.	Kenanga Nominees (Asing) Sdn Bhd *Exempt An for Philip Securities Pte Ltd (Client Account)*	120,043	0.28
26.	HDM Nominees (Asing) Sdn Bhd *Philip Securities Pte Ltd for Topline Asia Limited*	120,000	0.28
27.	HDM Nominees (Asing) Sdn Bhd *DBS Vickers Secs (S) Pte Ltd for Khoo Chye Kim*	120,000	0.28
28.	Madam Lee Kim Chin	119,452	0.28
29.	Tong Chin Hen	119,270	0.28
30.	Pek Chern Kuok Don (Bai Zhenguo Don)	118,540	0.27
	TOTAL	**34,737,767**	**80.44**

DIRECTORS' INTEREST IN WARRANTS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 27 JULY 2007

	WARRANTHOLDINGS			
NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
Dato' Tham Ka Hon	6,797,896	15.74	(1)7,871,820	18.23
Datuk Azizan Bin Abd Rahman	-	-	-	-
Datuk Henry Chin Poy Wu	-	-	-	-
Aloysius Choong Kok Sin	-	-	-	-
Kamil Ahmad Merican	-	-	-	-
Vijeyaratnam A/L V. Thamotharam Pillay	-	-	-	-
Chan Kok Leong	-	-	-	-

(1) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through Terra Realty Sdn Bhd

Analysis of ICULS holdings

AS AT 27 JULY 2007

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2006/2011 ("ICULS")

Nominal Value of ICULS Issued	:	RM155,835,446
Nominal Value of Outstanding ICULS	:	RM141,999,442
Conversion Price of ICULS	:	RM1.00
Voting Rights	:	One (1) vote per ICULS

DISTRIBUTION OF ICULS HOLDINGS

SIZE OF ICULS HOLDINGS	NO. OF ICULS HOLDERS	%	NO. OF ICULS	%
Less than 99	125	17.73	1706	0.00
100 to 1,000	131	18.58	80,882	0.06
1,001 to 10,000	326	46.24	1,030,072	0.73
10,001 to 100,000	79	11.21	2,490,759	1.75
100,001 to less than 5% of ICULS in issue	38	5.39	43,329,221	30.51
5% and above of ICULS in issue	6	0.85	95,066,802	66.95
TOTAL	705	100.00	141,999,442	100.00

THIRTY LARGEST ICULS HOLDERS

NO.	NAME OF ICULS HOLDERS	NO. OF ICULS	%
1.	HSBC Nominees (Asing) Sdn Bhd *BBH and Co Boston for Halfmoon Bay Enterprises Limited*	29,299,923	20.63
2.	Cimsec Nominees (Asing) Sdn Bhd *CIMB-GK Securities Pte Ltd for Ample Echo Limited*	20,000,000	14.08
3.	AMMB Nominees (Tempatan) Sdn Bhd *AmInternational (L) Ltd for Pusaka Setia Sendirian Berhad (Pusaka)*	14,889,793	10.49
4.	AMMB Nominees (Tempatan) Sdn Bhd *AmInternational (L) Ltd for Aloysius Choong Kok Sin (Aloysius)*	10,430,000	7.35
5.	AMMB Nominees (Tempatan) Sdn Bhd *AmInternational (L) Ltd for Tham Ka Hon (KA Tham)*	10,430,000	7.35
6.	Cimsec Nominees (Asing) Sdn Bhd *Exempt an for CIMB-GK Securities Pte Ltd (Retail Clients)*	10,017,086	7.05
7.	Citigroup Nominees (Asing) Sdn Bhd *Goldman Sachs International*	6,068,150	4.27
8.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chan Kok Leong*	4,530,000	3.19
9.	Tham Ka Hon	4,500,000	3.17
10.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Loo Soo Loong*	4,458,950	3.14
11.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Morgan Stanley & Co. International Plc*	2,424,300	1.71
12.	Citigroup Nominees (Asing) Sdn Bhd *Bear Stearns Securities Corp for Third Avenue Real Estate Opportunities Fund LP*	2,403,950	1.69
13.	MWE Holdings Berhad	2,091,621	1.47
14.	Multi-Purpose Insurans Bhd	2,001,800	1.41
15.	AMMB Nominees (Tempatan) Sdn Bhd *AmInternational (L) Ltd for Mohamed Razeek Bin Md Hussain Maricar (Razeek)*	1,750,000	1.23

NO.	NAME OF ICULS HOLDERS	NO. OF ICULS	%
16.	AMMB Nominees (Tempatan) Sdn Bhd *AmInternational (L) Ltd for Kok Meng Chow (MC Kok)*	1,750,000	1.23
17.	AMMB Nominees (Tempatan) Sdn Bhd *AmInternational (L) Ltd for Chong Kim Chuan @ Chong Leong Cheng (KC Chong)*	1,750,000	1.23
18.	AMMB Nominees (Tempatan) Sdn Bhd *AmInternational (L) Ltd for Chai Kim-Lyn (KL Chai)*	1,120,000	0.79
19.	AMMB Nominees (Tempatan) Sdn Bhd *AmInternational (L) Ltd for Lum Kwok Weng @ Lum Kok Weng*	1,120,000	0.79
20.	AMMB Nominees (Tempatan) Sdn Bhd *AmInternational (L) Ltd for Loi Kok Mun (KM Loi)*	1,120,000	0.79
21.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chin Siew Ling*	664,700	0.47
22.	HSBC Nominees (Asing) Sdn Bhd *TNTC for Government of Singapore Investment Corporation Pte Ltd*	575,700	0.41
23.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chu Yoke Loong*	566,000	0.40
24.	Fong Moh Cheek @ Fong Mow Kit	500,000	0.35
25.	Mayban Nominees (Asing) Sdn Bhd *Alpha Securities Pte Ltd (260550)*	300,000	0.21
26.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for DFA Emerging Markets Fund*	283,150	0.20
27.	Chu Yoke Meng	282,000	0.20
28.	Public Invest Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Chee Kiat (C)*	275,000	0.20
29.	HSBC Nominees (Asing) Sdn Bhd *Coutts BK Von Ernst SG for Bedford Finance Limited*	250,000	0.18
30.	Citigroup Nominees (Asing) Sdn Bhd *UBS AG*	240,000	0.17
	TOTAL	**136,092,123**	**95.85**

DIRECTORS' INTEREST IN ICULS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 27 JULY 2007

	ICULS HOLDINGS			
NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
Dato' Tham Ka Hon	14,930,000	10.51	(1)34,889,793	24.57
Datuk Azizan Bin Abd Rahman	-	-	-	-
Datuk Henry Chin Poy Wu	-	-	-	-
Kamil Ahmad Merican	150,000	0.11	-	-
Vijeyaratnam A/L V. Thamotharam Pillay	-	-	-	-
Chan Kok Leong	4,695,000	3.31	-	-

(1) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through Ample Echo Limited and Pusaka Setia Sendirian Berhad

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eightieth (80th) Annual General Meeting of Eastern & Oriental Berhad ("EOB" or "Company") will be held at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 28 September 2007 at 11.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2007 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To re-elect Dato'Tham Ka Hon who retires in accordance with Article 98 of the Company's Articles of Association **(Resolution 2)**

3. To re-elect Encik Kamil Ahmad Merican who retires in accordance with Article 98 of the Company's Articles of Association **(Resolution 3)**

4. To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, Datuk Henry Chin Poy Wu be re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **(Resolution 4)**

5. To approve the payment of Directors' fees of RM148,000.00 in respect of the financial year ended 31 March 2007 **(Resolution 5)**

6. To approve a first and final dividend of 4% less taxation for the financial year ended 31 March 2007 **(Resolution 6)**

7. To re-appoint Messrs Ernst & Young as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

8. To consider and if thought fit, to pass the following Ordinary Resolution:

   Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965 **(Resolution 8)**

   "**THAT**, subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue ordinary stock units in the Company ("Stock Units") from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of Stock Units issued pursuant to this resolution does not exceed ten percent (10%) of the total issued capital of the Company and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

9. To transact any other business for which due notice shall have been given in accordance with the Articles of Association of the Company and the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT AND BOOK CLOSURE

NOTICE IS HEREBY GIVEN that, subject to the approval of the stockholders, a first and final dividend of 4% less taxation in respect of the financial year ended 31 March 2007, will be paid on 22 November 2007 to stockholders whose names appear on the Register of Members and Record of Depositors at the close of business on 25 October 2007.

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

1. Shares deposited into the Depositors' Securities account before 12.30 p.m. on 23 October 2007 (in respect of shares which are exempted from mandatory deposit);

2. Shares transferred to the Depositors' Securities account before 4.00 p.m. on 25 October 2007 in respect of ordinary transfers; and

3. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

ANG HONG MAI
Company Secretary

Kuala Lumpur
Date: 6 September 2007

NOTES

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.

3. The instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, shall be deposited at the registered office of the Company at Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela, 50490 Kuala Lumpur not later than 48 hours before the time set for the meeting or at any adjournment thereof.

4. Stockholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment) (No. 2) Act, 1998 which came into effect on 1 November 1998, all stock units not deposited with Bursa Malaysia Depository Sdn Bhd by 12.30 p.m. on 1 December 1998 and not exempted from mandatory deposit, have been transferred to the Minister Of Finance ("MOF"). Accordingly, only the MOF is eligible to attend the meeting for such undeposited stock units.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolution 8**
   The Proposed Resolution 8, if passed, will empower the Directors to allot and issue new ordinary stock units in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting

1. PLACE, DATE AND TIME OF THE MEETING

The Eightieth Annual General Meeting ("AGM") of the Company will be held at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 28 September 2007 at 11.00 a.m.

2. DIRECTORS STANDING FOR RE-ELECTION

The Directors standing for re-election at the Eightieth AGM of the Company are as follows:

(I) Pursuant to Article 98 of the Company's Articles of Association:
- Dato' Tham Ka Hon; and
- Encik Kamil Ahmad Merican

(II) Pursuant to Section 129(6) of the Companies Act, 1965:
- Datuk Henry Chin Poy Wu

Further details of the Directors standing for re-election are set out in the Directors' Profile in this Annual Report.

3. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

The details of attendance of each director at Board Meetings are set out in the Corporate Governance Statement in this Annual Report.

FORM OF PROXY

Eastern & Oriental Berhad (555-K)
(Incorporated in Malaysia)

Number of stock units held

I/We ....
(Full Name in Capital Letters)
NRIC No/Company No/CDS Account No ....

of ....
(Full Address)
being a member(s) of **EASTERN & ORIENTAL BERHAD** (Company No.: 555 – K) hereby appoint ....

....
(Full Name in Capital Letters)
of ....
(Full Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Eightieth Annual General Meeting of the Company to be held at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 28 September 2007 at 11.00 a.m. or at any adjournment thereof. The proxy is to vote in the manner indicated below, with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

RESOLUTIONS	FOR	AGAINST
1. To receive the Audited Financial Statements		
2. To re-elect Dato' Tham Ka Hon		
3. To re-elect Encik Kamil Ahmad Merican		
4. To re-elect Datuk Henry Chin Poy Wu		
5. To approve payment of Directors' fees		
6. To approve a first and final dividend of 4% less taxation		
7. To re-appoint Messrs Ernst & Young as Auditors of the Company		
8. To authorise the issue of shares pursuant to Section 132D of the Companies Act, 1965		

Signed this .... day of .... 2007 ....
Signature of member(s)/Seal

Notes:-

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
3. The instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, shall be deposited at the Registered Office of the Company at Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur not later than 48 hours before the time set for the meeting or at any adjournment thereof.
4. Stockholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment) (No. 2) Act, 1998 which came into effect on 1 November 1998, all stock units not deposited with Bursa Malaysia Depository Sdn Bhd by 12.30 p.m. on 1 December 1998 and not exempted from mandatory deposit, have been transferred to the Minister of Finance ("MOF"). Accordingly, only the MOF is eligible to attend the meeting for such undeposited stock units.

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affix
stamp

The Company Secretary
EASTERN & ORIENTAL BERHAD (555-K)
Level 3A (Annexe), Menara Milenium
8 Jalan Damanlela, Damansara Heights
50490 Kuala Lumpur

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EASTERN & ORIENTAL BERHAD (555-k)

Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela,
Damansara Heights, 50490 Kuala Lumpur, Malaysia.
Tel: 03 2095 6868 Fax: 03 2095 9898

www.easternandoriental.com