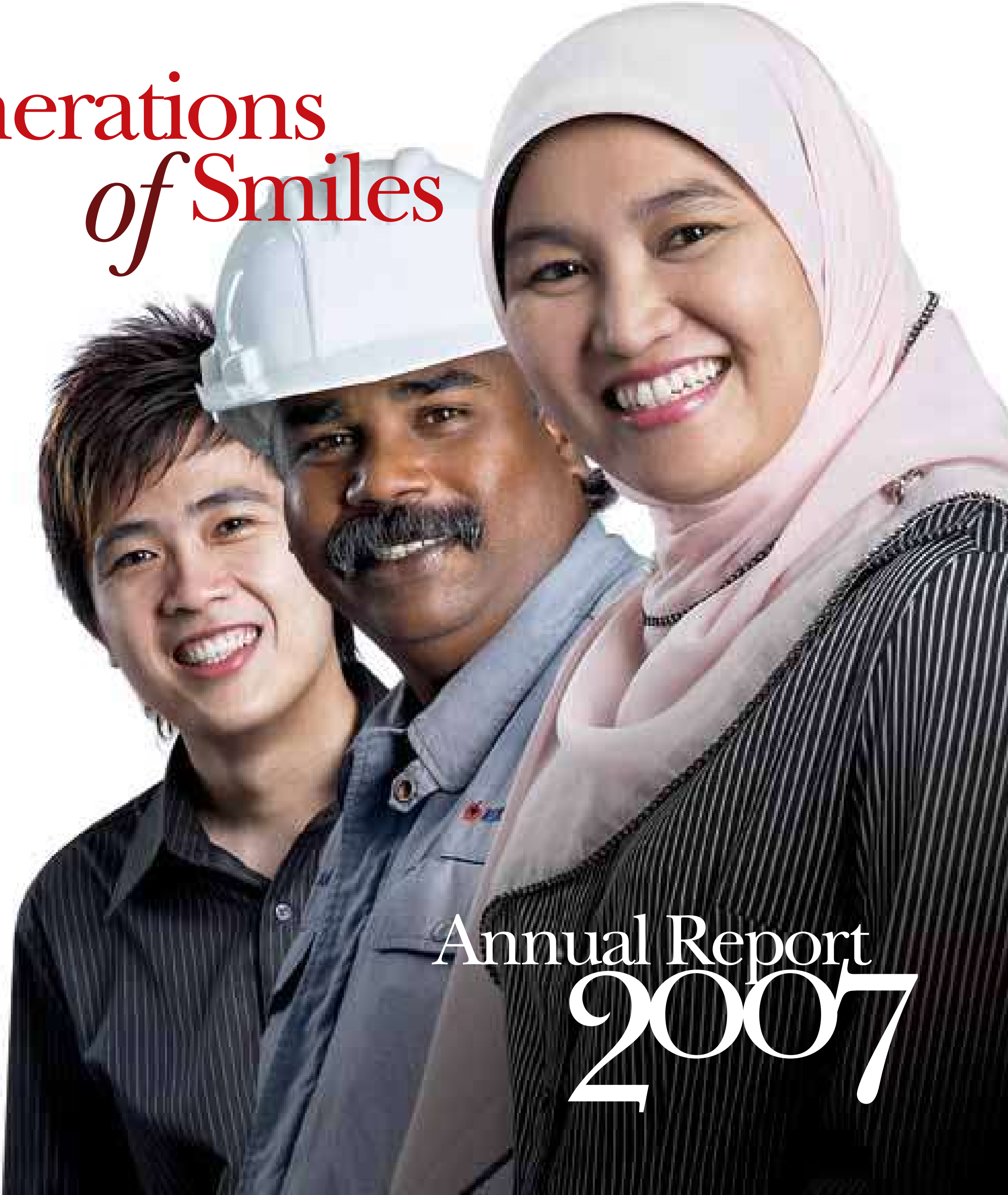
EUPE
CORPORATION BERHAD
(377762-V)

Generations of Smiles



Annual Report 2007

Eupe Corporation Berhad (377762-V)
Annual Report 2007

The photos on these pages are of our employees from all our different divisions - property, construction, golf and hospitality; in their daily work attire. They represent the individuality of their divisions and the integration of these into a united entity.

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Financial Statements

CORPORATE INFORMATION

Board Of Directors

Managing Director
Beh Huck Lee

Non Independent Executive Director
Muhamad Faisal Bin Tajudin

Non-Independent Non-Executive Director
Datin Teoh Choon Boay

Independent Non-Executive Director
Dato' Jaafar Bin Jamaludin

Independent Non-Executive Director
Tan Hiang Joo

Independent Non-Executive Director
Kek Jenny

Audit Committee

Chairman of the Committee
*Dato' Jaafar Bin Jamaludin**

Members of the Committee
Beh Huck Lee
*Tan Hiang Joo**
*Kek Jenny**

* Independent Non-Executive Directors

Company Secretaries

Lim Hooi Mooi (MAICSA 0799764)
Ng Bee Lian (MAICSA 7041392)

Registered Office

5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman, Malaysia.
Tel: +604-441 4888 • Fax: +604-441 4548
Email: eupe@streamyx.com • Website: www.eupe.com.my

Auditors

BDO Binder
Chartered Accountants
12th Floor, Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur

Solicitors

Wong, Beh & Toh
Haji Mahmud & Partners
Ng & Anuar
Young & Company
Nor, Ding & Co

Principal Bankers

CIMB Bank Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad

Registrar

Mega Corporate Services Sdn Bhd (187984-H)
Level 11-2, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.
Tel: +603-2692 4271 • Fax: +603-2732 5388

Stock Exchange Listing

Main Board of the Bursa Malaysia Securities Exchange Berhad

MESSAGE FROM THE MANAGING DIRECTOR

FINANCIAL PERFORMANCE

Revenue for the financial year ended 28 February 2007 improved by 70% to RM170.2 million. At net earnings level, net profit grew 128% to RM11.6 million as compared to RM5.1 million in the previous financial year. Consequently, the net earnings per share (EPS) for the year was higher at 9.04 sen compared to 3.96 sen the previous year.

The property development division accounted for 63% of the operating profit, whilst the civil engineering and construction division contributed 30%. The hotel and golf as well as the property investment division accounted for the rest.

The improved performance was mainly attributable to the consistently strong take up rate registered at our 650-acre Seri Astana township in Sungai Petani. Parcel C comprising 740 units of residential property was officially launched in January 2007 and so far has seen a 43% take up rate. Parcel A, comprising 1,300 units has been 100% sold and Parcel B, comprising 1,047 units has a 99.1% take up rate. 723 units in Parcel A have since obtained their Certificate of Fitness for Occupation.

Although the take up rate in the Taman Ria Mesra 2 township in Gurun comprising 196 acres and 1,816 residential houses lags behind the projects in Sungai Petani, the sales has been consistent. We believe this market has potential and will be launching several new products which are anticipated to boost demand. Currently, over 700 units of residential properties have been sold in this township and 460 units obtained their Certificate of Fitness for Occupation in July 2007.

OPERATIONS

Property Development

I believe our strong sales figures are mainly the result of a turnaround in the property market, which has been in a slump for the previous decade. The resultant release of pent-up demand has seen the general property take up rates in the nation jump significantly despite a tighter monetary policy, domestic inflationary pressures and competition with the secondary market and unsold stocks.

MESSAGE FROM THE MANAGING DIRECTOR (CONTINUED)

OPERATIONS (CONTINUED)

Property Development (Continued)

Most importantly, we have also been attempting to differentiate our products from that of our competitors. I would like to think that this has had an impact on our sales. In designing our houses, we have taken into consideration the lifestyles of our target markets as well as their needs. As the purchase of a home is usually the largest purchase a buyer will make in his lifetime, we view our responsibility very seriously indeed.

As changing demographic patterns dictate new market trends and affect buying decisions, it has become crucial that we respond to these new challenges. The Malaysian property market has come a long way in the last decade. Traditional property developers purchased large tracts of land for massive developments with the main aim of reaping capital appreciation via asset inflation. In the current market, merely building houses is no longer sufficient. There has to be an integration of services within the development. This has been a key focus of our townships but I see this as something that will increase in importance as buyers mature. This is also why landscaped parks, jogging trails, as well as amenities such as markets, commercial plots and schools are becoming more integral to our developments.

As the commercial developments in Astana have yet to obtain approvals, we are constructing a temporary structure of 50,516 sf to house a wet market and a home renovation centre comprising shops selling furniture, sanitary fittings, fabrics and the like to address the needs of the new homeowners. We are also extremely gratified that construction of the new school on the plot of land we donated has commenced, and SRJK (C) Lin Khay will officially open in Seri Astana in January 2008.

This integration of services will be further seen when we launch Cinta Sayang Resort Homes in October 2007. The Homes which are immediately adjacent to The Carnivall Water Theme Park and Cinta Sayang Golf and Country Resort will come with golf memberships and access to the facilities of the Resort and Water Park. They will also be gated and guarded. A new concept here, Cinta Sayang Resort Homes focuses on lifestyle – golf in the morning, a soak in the pool in the evening, with horseriding, archery and tennis on weekends.

Following this, and in line with the Malaysia My Second Home (MM2H) programme we will also be launching a condominium project, Sky Residences, within Cinta Sayang Golf and Country Resort itself. This again will be a lifestyle development, targeting foreigners who want a holiday home in a golf resort, or locals, who want a resort style home in the sky away from the bustle of city life. These units come with membership to the resort and access to its facilities. Innovative architecture, sky gardens, sky spas, sumptuous views of the golf course and the fostering of community living are the key elements of the development.

MESSAGE FROM THE MANAGING DIRECTOR (CONTINUED)

OPERATIONS (CONTINUED)

Property Development (Continued)

I believe that in the past, our resources have not been fully tapped into and this will change as we go into the future. Our focus will be on two key areas here; innovation and strong differentiation in the provision of unique designs tailored to the needs of the buyers; and secondly, the integration of this with the surroundings and facilities to create communities in sought after developments. Ultimately, the aim is to provide buyers with a home that fulfills their needs and an investment that will yield good returns.

Civil Engineering and Construction

The profit of this division improved substantially due to the massive construction activities undertaken during the year. This is expected to continue into the following year based on the contracts in hand. However, the increase in material prices will have an impact on construction costs and ultimately our profit margin.

Property Investment and Management

The Group's property rental rates have remained stable throughout the past year. The occupancy of the Group's privately-run wet market, Pasar Taman Ria is close to 100%, due, in no small part, to the 3,000-plus residential units immediately surrounding it. Wisma Ria, the Group's office building is 76% occupied with a rental return of RM952,000 per annum.

Hotel and Resort Division

Cinta Sayang Golf and Country Resort, Cinta Sayang Hotel
The Carnivall Water and Land of Excitement

The hotel and golf division recorded an improved performance driven mainly by the MICE (Meetings, Incentives, Conventions, Exhibitions) market. Function halls averaged an 85% occupancy whilst room occupancy averaged 70% for the year. Consequently, the food and beverage division reported the highest profits. The strong growth of this market was due to the comprehensiveness of the facilities of the resort and water park. Having said this, the function halls are running at almost maximum capacity and this has become something of a bottleneck. In response to this, we are looking at expanding our convention facilities to take advantage of this rapidly expanding market.

The launch of the first water theme park in Kedah; The Carnivall Water and Land of Excitement in December 2006 has significantly boosted the revenue of this division. The integration of the Carnivall with the Hotel and the facilities of the

MESSAGE FROM THE MANAGING DIRECTOR (CONTINUED)

OPERATIONS (CONTINUED)

Hotel and Resort Division (Continued)

Resort comprising golf, archery, paintball, and horse riding among others has made the entire development the first of its kind in this region.

On the golf side, foreign golfers comprise a key revenue component and efforts will be ongoing to improve this. However, going forward, we intend to look into hosting more tournaments, an area that was not a key focus previously; in order to tap new markets and increase the visibility of the golf resort to locals and foreigners.

We anticipate that Visit Malaysia Year 2007 will be a boost for the Carnivall, Cinta Sayang Golf and Country Resort as well as the hotel. In conjunction with this, a host of activities and an exciting calendar of events have been lined up to spur tourist arrivals.

Prospects and plans

On the whole, 2007 began with a challenging backdrop for operations, with domestic inflationary pressures, rising interest rates, intense competition and spiraling material costs. Fortunately, the repercussions of this were somewhat alleviated by the robust share market, improving consumer sentiments and the stabilization of energy and oil prices. The recent increment in the salaries of government sector employees is also anticipated to trigger new demand.

Furthermore, GDP is expected to grow at 6% in 2007, led by the implementation of projects under the 9th Malaysian Plan. The relaxation of rules governing the Employees' Provident Fund (EPF) withdrawals for property purchases, exemption of the Real Property Gains Tax (RPGT) and the relaxation of legislation on the purchase of properties by foreigners under the Malaysia My Second Home (MM2H) scheme bode well for the property sector. Changes in these policies indicate that the government is attempting to stimulate the economy through a more buoyant property market.

This year, we will continue to focus on integrating our divisions, and strengthening our core competence of township planning. Going forward, geographical diversification is a distinct possibility. We have been in Kedah for over 20 years and have honed a strong track record. We believe that branching out elsewhere will give us plenty of upside potential and avoid the cannibalization of our existing projects.

Corporate Social Responsibility

To be in a position to give is indeed a blessing. Therefore, our Group will continue to support developments in our community, and to contribute towards the less fortunate to make a positive impact on society.

MESSAGE FROM THE MANAGING DIRECTOR (CONTINUED)

OPERATIONS (CONTINUED)

Corporate Social Responsibility (Continued)

Within the past financial year, we donated a plot of land totaling 5.33 acres within the heart of Seri Astana to SRJK(C) Lin Khay. The school is currently under construction and is targeted to open for the 2008 school year.

A donation of RM420,000 was also recently made to Setiausaha Jabatan Zakat Negeri Kedah to part finance the construction of a mosque in Taman Ria Jaya, one of the Group's previous projects. The mosque is currently under construction. We are also proud to be one of the sponsors of the Beng Siew Dialysis Centre in Sungai Petani, which is a non-profit organization that offers dialysis to those who would otherwise be unable to afford it. Other ways of contributing include offering our land to charitable organizations to conduct fund raising activities annually.

In a different, yet still meaningful way, underprivileged children were treated to a day out at the Carnivall water park when it first opened. The excitement reflected on their faces was a reminder of the significance of the role we can play and the difference we can make.

In Remembrance

We would like to record our sincerest gratitude and appreciation for all the support and contribution of our late director Dato' Paduka Haji Radzi bin Bassir. He was not only a great intellectual, but a kind and compassionate individual with an engaging sense of humour which never failed to light up board meetings. He will be greatly missed.

Appreciation

We would not be where we are today if it were not for our dedicated management team, employees and associates. As always, my fellow board members and I would like to convey our heartfelt appreciation to our customers, suppliers, subcontractors, bankers, government authorities and other associates for their support and assistance.

And to our shareholders, thank you for your confidence in us.

Beh Huck Lee
Managing Director

18 July 2007

PROFILE OF DIRECTORS

Beh Huck Lee
Managing Director

Aged 36. Malaysian. Appointed to the Board on 19 May 1997.

Holds a Bachelor of Commerce and a Bachelor of Engineering (First Class Honours) from the University of Western Australia. Was attached to Hewlett-Packard before he joined the Group in 1995. Taking over at the helm, he oversaw the operations of the Group, its restructuring and the subsequent listing of the Company on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Bhd).

Attended all four board meetings in the financial year. No conflict of interest with the Group and is the son of Datin Teoh Choon Boay. Is also a director of Betaj Holdings Sdn Bhd and Beh Heng Seong Sdn Bhd; both of which are major shareholders of the Company. Has not been convicted of offences within the past ten years.

Muhamad Faisal bin Tajudin
Non-Independent Executive Director

Aged 36. Appointed to the Board on 30 June 2006.

Holds a Bachelor of Arts from the Loyola Marymount University. Was attached to Aima Development Sdn Bhd which was responsible for the development of City Plaza in Alor Setar prior to joining the Group.

Attended two out of two board meetings in the financial year. No conflict of interest with the Group and is the son of Dato' Tajudin bin Haji Hashim. Is also a director of Betaj Holdings Sdn Bhd, a major shareholder of the Company. Has not been convicted of offences within the past ten years.

PROFILE OF DIRECTORS (CONTINUED)

Dato' Jaafar bin Jamaludin
DSDK, ARICS, ARVA, MISM
Independent Non-Executive Director

Aged 61. Malaysian. Appointed to the Board on 28 February 1997.

Is a Member of the Institution of Surveyors, Malaysia; a Professional Associate of the Royal Institution of Chartered Surveyors; an Associate Member of the Rating and Valuation Associate (ARVA) in the United Kingdom; and a Registered Valuer with the Board of Valuers, Appraisers and Estate Agents, Malaysia. Key positions held include Technical Manager of the Malaysian Building Society Berhad (1975-1980); Executive Director of Advance Development Sdn Bhd (a subsidiary of Kulim (Malaysia) Berhad) (1980-1985); Chief Executive of Kedah State Economic Development Corporation (1985-1993); and Chairman of Chesterton International (Malaysia) Sdn Bhd as well as Chairman and Director of various other companies including Bina Puri Holdings Berhad (1994-1997).

Attended two out of four board meetings in the financial year. No conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. Has not been convicted of offences within the past ten years.

Tan Hiang Joo
Independent Non-Executive Director

Aged 43. Malaysian. Appointed to the Board on 19 May 1997.

Holds a law degree (LLB(Hons)) from the University of Malaya and is an advocate and solicitor with the High Court of Malaya. Has been in practice since 1989 and is a partner of Syarikat Ng & Anuar.

Attended all four board meetings in the financial year. No conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. Has not been convicted of offences within the past ten years.

PROFILE OF DIRECTORS (CONTINUED)

Datin Teoh Choon Boay
Non-independent Non-Executive Director

Aged 58. Malaysian. Appointed to the Board on 19 May 1997.

Has been a director of Beh Heng Seong Sdn Bhd, an investment holding company since 1982 and is also a director of several private limited companies.

Attended three out of four board meetings in the financial year. No conflict of interest with the Group and is the mother of Beh Huck Lee. Is also a director of Beh Heng Seong Sdn Bhd, a major shareholder of the Company. Has not been convicted of offences within the past ten years.

Kek Jenny
Independent Non-Executive Director

Aged 42. Malaysian. Appointed to the Board on 28 March 2002.

Holds a Bachelor of Commerce degree majoring in Accountancy, from the University of Canterbury and is a Chartered Accountant by profession. Is also a member of the Malaysian Institute of Accountants (MIA).

Was with KPMG (Malaysia) as Senior Manager / Head of Department and was primarily involved in statutory audits, financial due diligence and special audits (1990-1997). Prior to her relocation to KPMG (Malaysia), was attached to KPMG's Christchurch, New Zealand and Brussels, Belgium offices (1987-1990). Is currently the Executive Director of Comet Asset Management Sdn Bhd, a company which provides corporate advisory and investment services.

Attended all four board meetings in the financial year. No conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. Has not been convicted of offences within the past ten years.

STATEMENT OF CORPORATE GOVERNANCE

PRINCIPLES STATEMENT

A. BOARD OF DIRECTORS

Board responsibilities

The Group is headed by a Board, comprising executive, non-executive and independent non-executive Directors. The Board is responsible for the overall direction of the Company and Group and oversees their strategic development, critical business issues as well as financial performance. Although all Directors owe fiduciary duties towards the shareholders, the executive Directors overlook the daily business operations, whereas the non-executive Directors' main role is to bring objective and independent insight into Board's decisions. The non-executive Directors, having been chosen for their vast experience and diversity of professional backgrounds, bring a wealth of experience and valuable judgement into the Board's stewardship role of steering the Group towards greater heights.

The Board's formal schedule of matters for deliberation and decision includes the overall Group strategy and direction, significant financial matters and key acquisitions, as well as the review of the financial and operating performance of the Group.

The Board has a formalized structure to identify, evaluate and manage key business risks faced by the Group and an internal audit function to ensure the controls to address the risks are in place. Currently, the internal audit function is outsourced to an independent firm of consultants.

Meetings

The Board meets at least four (4) times a year at quarterly intervals, with additional meetings convened when circumstances dictate, and is provided with not only a summary of the financial performance of the Group, but also a summary on all the activities of the subsidiaries. This enables the Board to assess not only the quantitative aspects, but the qualitative ones as well. It is imperative that the Directors obtain an overall picture of the performance and direction of the Group to equip them to make objective evaluations. A formal schedule of matters for Board discussion is also circulated in advance of meetings.

The Board receives documents on matters requiring its consideration in advance of each meeting. All proceedings from the Board meetings are recorded and the minutes thereof signed by the Chairman of the meeting.

During the year ended 28 February 2007, four board meetings were convened. The details of board attendance are as follows:

Name of directors		No. of meetings attended
Dato' Tajudin Bin Haji Hashim	*(Non-Independent Executive Director)* -resigned on 30.6.06	2 out of 2
Beh Huck Lee	*(Non-Independent Executive Director)*	4 out of 4
Muhamad Faisal bin Tajudin	*(Non-Independent Executive Director)* -appointed on 30.6.06	2 out of 2
Dato' Jaafar Bin Jamaludin	*(Independent Non-Executive Director)*	2 out of 4
Dato' Paduka Haji Radzi Bin Haji Bassir	*(Independent Non-Executive Director)* - deceased	3 out of 3

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

PRINCIPLES STATEMENT (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

Meetings (Continued)

Name of directors		No. of meetings attended
Datin Teoh Choon Boay	*(Non-Independent Non-Executive Director)*	3 out of 4
Mohamed Rizal Bin Tajudin	*(Non-Independent Non-Executive Director)* -resigned on 30.6.06	2 out of 2
Tan Hiang Joo	*(Independent Non-Executive Director)*	4 out of 4
Kek Jenny	*(Independent Non-Executive Director)*	4 out of 4

Board committees

Certain responsibilities have been delegated to the Audit Committee, details of which are disclosed in the Audit Committee Report set out on pages 20 to 23 of the Annual Report.

There is currently no Nomination Committee as the Directors are of the opinion that it is just as effective to have the entire Board review any potential new recruits due to the strength and size of its non-executive participation.

There is no Remuneration Committee to recommend to the Board the remuneration of executive Directors. The entire Board will review the remuneration of the executive Directors should this issue arise.

Board Balance

The Board comprises six (6) Directors as follows:

- 2 non-independent executive Directors ;
- 1 non-independent non-executive Director; and
- 3 independent non-executive Directors.

The Board has an independent element comprising half of the Board balance. This prevents domination of Board discussion and unfettered decision-making by executive Directors.

The two (2) executive Directors directly oversee the daily business operations, but are able to draw on the insights, ideas, judgement and experience of the four (4) non-executive Directors.

Supply of information

All Directors have full and timely access to information through the Board Papers distributed in advance of meetings. The Directors also have full access to the advice and services of the Company Secretary, who is capable of carrying out the duties in which the post entails.

The Board Papers include, among others, the following:
- Minutes of the previous Board meeting;
- Minutes of the previous Audit Committee meeting;
- Quarterly financial results of the Group;

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

PRINCIPLES STATEMENT (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

Supply of information

- Financial performance and operations of the divisions;
- Update on development projects; and
- Future plans and projections of the Group.

Separate reports are prepared as and when needed for the Board's deliberation on strategic and policy issues, major investments and major financial decisions.

In the intervening period between meetings, reports detailing all relevant information are sent to all Board members before significant decisions to enable the Directors to provide feedback.

Directors' training

There is no formal training programme for Directors as the Board ensures that it recruits only individuals of sufficient calibre, knowledge and experience to fulfill the duties required of a Director. Directors are encouraged to undergo relevant training to further enhance their skills and knowledge. In addition, Executive Directors regularly attend seminars on the property industry. All Directors are briefed regularly on current regulatory issues as well as new relevant laws and regulations by the Group's auditors and Company Secretary. All Directors have also attended and successfully completed the training programmes prescribed by Bursa Malaysia to accumulate the requisite 72 Continuous Education Programme Points within the stipulated period as required by the Bursa Securities Listing Requirements.

Appointment and Re-election of Directors

Article 82 of the Articles of Association provides that one-third of the Directors, or if their number is not a multiple of three, the number nearest to one-third, shall retire from office at each Annual General Meeting and they may offer themselves for re-election. All Directors, including the Managing Director shall retire at least once in each three years and shall be eligible for re-election. This will provide an opportunity for the shareholders to renew their mandates. The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as the personal profile and the meetings attendance of each Director are furnished in the Annual Report.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act 1965.

B. DIRECTORS' REMUNERATION

There are no formal procedures for determining the remuneration packages of Directors. Broadly, the Directors' remuneration packages are dictated by market competitiveness and level of experience or responsibilities involved. Any review or change to the existing package will be deliberated upon by the Board as a whole. The practice is to ensure that the remuneration packages are tailored to retain and motivate Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders. It is also the practice for the Directors concerned to abstain from deliberating their individual remuneration.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

PRINCIPLES STATEMENT (CONTINUED)

B. DIRECTORS' REMUNERATION (CONTINUED)

The aggregate remuneration of Directors for the financial year ended 28 February 2007 is as follows:

	Salaries and EPF RM	Bonuses RM	Fees RM	Allowances RM	Total RM
Executive Directors	659,504	119,750	40,000	5,000	824,254
Non-executive Directors			108,000	11,000	119,000

The number of Directors whose remuneration fall within the following bands are:

Remuneration bands (RM)	Executive Directors	Non-Executive Directors
50,000 and below	-	6
100,001 to 150,000	1	
300,001 to 350,000	1	
400,001 to 450,000	1	

Note: During the financial year ended 28 February 2007, 2 directors resigned, 1 was deceased and 1 was appointed.

C. SHAREHOLDERS

Dialogue between companies and investors

Communication is crucial to a Company's progress as members of the investing public, shareholders and customers are the key determinants of a Company's success. With this in mind, the Company maintains an open communications policy with its shareholders, individuals or institutional members, and welcomes feedback from them. Whenever appropriate, the Board or the relevant management personnel will respond to these queries or opinions on an individual level. Requests for Annual Reports or other corporate literature are filed and fed into a database so that the relevant information can be disseminated to the requestors on a timely basis. The Board is aware of the confidentiality and sensitivity of undisclosed information and ensures that measures are in place to prevent divulgence of such information.

The Annual General Meeting ("AGM")

The AGM is a platform for shareholders to raise their concerns and opinions about the Company and its performance. Apart from shareholders, the Company's employees, bankers, lawyers and the press are invited to attend the AGM. It is an appropriate avenue to obtain feedback directly from shareholders and to let them know of the direction and performance of the Company. The Chairman of the Board or the Managing Director addresses the shareholders on the review of the Group's performance for the financial year and outlines the prospects of the Group for the subsequent financial year. The Company's external auditors and Company Secretary are also present to clarify and explain any issues that may arise. Usually, a press conference is held immediately after the AGM where the Chairman and the Managing Director will answer questions on the Group.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

PRINCIPLES STATEMENT (CONTINUED)

D. ACCOUNTABILITY AND AUDIT

Financial reporting

The Board aims to provide and 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 Report and the quarterly announcement of results. Prospects of the Group and an overview of its business performance are detailed in the Annual Report. The Board also deliberates on the quarterly results before they are publicly released together with explanatory notes on the Group's quarterly and year-end performances.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their profit or loss and cashflow for the period then ended.

In preparing the financial statements, the Directors have:

- ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied; and
- selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Internal control

The Statement on Internal Control furnished on pages 18 to 19 of the Annual Report provides an overview of the state of internal control within the Group.

Relationship with the auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 20 to 23 of the Annual Report.

Compliance Statement

Throughout the financial year ended 28 February 2007, the Company has substantially applied all the Best Practices of the Malaysian Code on Corporate Governance, with the exception of the following:

- The Board has not identified a senior independent non-executive Director to whom concerns may be conveyed (in accordance with Best Practice Provision AA VII) because the Chairman normally encourages open discussion during meetings and thus ensures that Directors are free to voice any concerns they may have. Additionally, there is a strong independent element in the Board, as half of its composition comprises independent non-executive Directors;

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Compliance Statement (Continued)

- There is no Nomination Committee (in accordance with Best Practice Provisions AA VIII, AA IX and AA X) as the appointment of new Board members would be a matter for the Board as a whole. There is no formal assessment carried out on the performance of the Board, the Audit Committee and individual Directors. This is because the Board is of the view that the required mix of skills and experience of existing Directors, including core competencies which non-executive Directors bring to the Board, are deemed adequate in addressing the current business needs and issues faced by the Group. The Board's strong independent element and non-executive participation will further ensure unfettered decision-making. As for individual Directors, sufficient information such as their personal profile and meetings attendance are furnished in the Annual Report to assist shareholders to provide a fresh mandate for Directors who retire at the AGM and who have offered themselves for re-election. Appointment of Directors to be members of the Audit Committee is decided by the Board as a whole;

- There is no orientation and education program for new recruits to the Board (in accordance with Best Practice Provision AA XIII) as it is the Company's practice to appoint only individuals of sufficient experience and calibre to carry out their Directorial duties. Moreover, all Directors have successfully completed the Mandatory Accreditation Programme organized by RIIAM;

- A Remuneration Committee has not been established (in accordance with Best Practice Provision AA XX IV) because Directors' remuneration is a matter for the Board as a whole; and

- The Audit Committee has not separately met with the external auditors without the presence of executive Board members during the financial year (in accordance with Best Practice Provision BB III) in view of other direct communication channels available between the Audit Committee members and the external auditors.

Nevertheless, the Board is mindful of the above Best Practices and will review the necessity to comply with them from time to time.

ADDITIONAL COMPLIANCE INFORMATION

Status of utilisation of proceeds raised from any corporate proposal

This is not applicable for the financial year ended 28 February 2007.

Share buybacks

There was no share buyback scheme implemented during the financial year ended 28 February 2007.

Amount of options, warranties or convertible securities exercised in respect of the financial year

This is not applicable for the financial year ended 28 February 2007.

American Depository Receipt (“ADR”) / Global Depository Receipt (“GDR”)

The Group has not sponsored any ADR or GDR programme during the financial year ended 28 February 2007.

Sanctions and / or penalties

There were no sanctions and / or penalties imposed on the Company, its other subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 28 February 2007.

Non-audit fees

There were no non-audit fees paid to the external auditors during the financial year ended 28 February 2007.

Profit guarantees

There were no profit guarantees given by the Company during the financial year ended 28 February 2007.

Material Contracts

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries which involves directors’ and major shareholders’ interests during the financial year ended 28 February 2007.

Revaluation policy

The revaluation policy on landed properties is as disclosed in the financial statements.

STATEMENT OF INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") requires Directors of the listed companies to include a statement in their annual reports on the state of their internal controls.

The Board of Directors of EUPE Corporation Berhad ('The Board') is pleased to issue the following statement on the state of internal control of the Group, which has been prepared in accordance with the "Statement on Internal Control - Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

Responsibilities

The Board is responsible for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework, and for reviewing its adequacy and integrity. The system of internal control covers risk management and the relevant controls put into place to monitor the principal risks, both financial and otherwise, faced by the Group.

Because of the limitations inherent in any system of internal control, this system is designed to manage rather than eliminate the risks involved. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management Framework

The Board confirms that there is an ongoing process of identifying, evaluating and managing significant business risks faced by the Group, which has been in place during the financial year.

The Board retains overall risk management responsibility and within this ambit,

- determines and approves the risk management policy of the Group;
- oversees overall risk management; and
- reviews the risk profile of the Group.

Internal Audit Function

The internal audit function is outsourced to an independent firm of consultants to assist the Board in the review and appraisal of the internal control system within the Group. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the updated risk profiles of the major business units of the Group.

During the financial year, the internal audit function reviewed the internal control systems in the Group's golf and hospitality division. The findings by the internal audit function, including the recommended corrective actions, were reported directly to the Audit Committee. Follow-up work on previous internal audit findings was also carried out by the internal audit function on the implementation of corrective actions by Management. The Audit Committee considers reports from the internal audit function and comments from Management before making recommendations to the Board to strengthen the internal control and governance systems.

STATEMENT OF INTERNAL CONTROL (CONTINUED)

System of Internal Control

Apart from risk management and internal audit, the other key elements of the Group's system of internal controls are as follows:

- The Group has in place an organisation structure with clearly defined reporting lines aligned with business and operational requirements;

- The Audit Committee, chaired by an Independent Non-Executive Director reviews the internal controls system and findings of the internal and external auditors;

- Policies and procedures for key processes are documented and communicated to employees for application across the Group. These are supplemented by operating procedures set by individual companies, as required for the type of business of each company;

- A regular review of the Annual Budget is undertaken by management to identify, and where appropriate, to address any significant variance from the Budget;

- An effective reporting system, which ensures the timely generation of financial information for management review has been put in place. Financial Results are reviewed quarterly by the Board and the Audit Committee; and

- The Group has in place continuous quality improvement initiatives to ensure accreditation to the MS ISO 9001:2000 certification for selected businesses.

Weakness in Internal Control that Results in Material Loss

The Board is of the opinion that there were no material losses incurred during the financial year ended 28 February 2007 as a result of weaknesses in internal control. Nevertheless, the Board and Management continue to take appropriate measures from time to time to strengthen the existing control environment within the Group.

This statement is made at the Board of Directors' Meeting held on 23 July 2007 and had been reviewed by the external auditor in compliance with Bursa Malaysia's Listing Requirements Paragraph 15.24

AUDIT COMMITTEE REPORT

Composition

The present members of the Committee comprise:

Chairman:

Dato' Jaafar Bin Jamaludin	Independent Non-Executive Director

Members:

Beh Huck Lee	Non-Independent Executive Director
Tan Hiang Joo	Independent Non-Executive Director
Kek Jenny	Independent Non-Executive Director

Meetings

The Audit Committee convened four meetings during the financial year. The Company Secretary and representatives of the external auditors and internal auditors also attended the meetings upon invitation.

Summary Of Activities During The Financial Year

The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and audit plans for the year. Prior to the audit, representatives of the external auditors presented their audit strategy and plan;
- Reviewed with the external auditors' the results of the audit, the audit report and the response of management;
- Reviewed the Group's quarterly and annual financial statements before recommending to the Board for approval;
- Reviewed the programme, plans, scope and results of work carried out by the internal audit function, which was outsourced to an independent firm of consultants, and the corrective actions taken by Management to address the findings raised by the internal audit function;
- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group;
- Reviewed key business proposals such as land acquisitions and investments and recommended proposals to the Board; and
- Reviewed the Company's compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, the Malaysian Accounting Standards Board and other relevant legal and regulatory requirements, particularly with regards to the quarterly and year end financial statements.

Internal Audit Function

The effectiveness of the system of internal control is reviewed in two ways; firstly through the internal audit function, and secondly through the MS ISO 9001: 2000 certification, which has been obtained by the civil engineering and construction arm of the Group.

The internal audit function is currently outsourced to an independent firm of consultants, which is responsible for the review and appraisal of the internal control system within the Group. The scope and plan of their work, including the approach and the programme, is presented to the Audit Committee for approval before commencement of audit. The maintenance of the ISO 9001 certification requires two independent audits by Lloyds Register Quality Assurance and two internal quality audits per year. These audits serve as platforms to ensure that the requisite internal controls are in place. More information on this is contained in the Statement on Internal Control set out on pages 18 to 19 of the Annual Report.

AUDIT COMMITTEE REPORT (CONTINUED)

Terms Of Reference

Objectives

The Audit Committee's aim is to assist the Board of Directors in fulfilling the following objectives:

- Review the Group's processes relating to risks and internal control;
- Oversee the corporate accounting and financial reporting practices; and
- Evaluate the internal and external audit processes.

Membership

The Committee shall be appointed by the Board from amongst their number and shall be composed of no fewer than three (3) members, the majority of whom should be independent Directors.

At least one member of the Audit Committee:

- Must be a member of the Malaysia Institute of Accountants; or
- If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
  - He must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
  - He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; and
  - He must fulfill such other requirements as prescribed by Bursa Malaysia.

The Board must ensure that no alternate Director is appointed as a member of the Audit Committee.

The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director. In the event of any vacancy in the Audit Committee resulting in the non-compliance of the above requirements, the vacancy shall be filled within 3 months.

Quorum and Committee's procedures

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate.

In order to form a quorum for the meeting, the majority of the members present must be independent non-executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

Any two (2) members of the Committee present at the meeting shall constitute a quorum.

The Company Secretary shall be appointed Secretary of the Committee and, in conjunction with the Chairman, shall draw up the agenda which shall be sent to all members of the Committee and other persons who may be required / invited to attend. All meetings to review the quarterly results and annual financial statements, shall be held prior to such quarterly results and annual financial statements being presented to the Board for approval.

Notwithstanding the above, upon the request of any member of the Committee, the external auditors or the internal auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider matters brought to its attention.

AUDIT COMMITTEE REPORT (CONTINUED)

Quorum and Committee's procedures (Continued)

The external auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee.

The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

The internal auditors shall be in attendance at meetings of the Committee to present and discuss the audit findings and the recommendations relating to such findings.

It is at the Committee's discretion to meet with the external auditors at least once a year without the presence of the executive Directors. If the Committee members are satisfied with the reporting practices as well as the level of independence shown by the external auditors, or they are able to clarify matters directly with the external auditors and do not feel the need to convene an additional meeting, this meeting shall not be held.

The Committee shall regulate the manner of the proceedings of its meetings.

Authority and Rights

The Committee shall in accordance with the procedure determined by the Board and at the cost of the Company:

- Have the authority to investigate any matter within its terms of reference;
- Have the resources which are required to perform its duties;
- Have full and unrestricted access to any information pertaining to the Group;
- Have direct communication channels with the external and internal auditors;
- Be able to obtain independent professional or other advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary; and
- Be able to convene meetings with the external auditors, without the presence of the Executive Directors, whenever deemed necessary.

Responsibilities and duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties - review the following and report the same to the Board:

- with the external auditors, the audit scope and plan;
- with the external auditors, an evaluation of the quality and effectiveness of the accounting system;
- with the external auditors, the audit report;
- the assistance rendered by employees of the Company to the auditors;
- with the internal auditors, the adequacy of the scope, duties and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- with the internal auditors, the adequacy and integrity of the internal control system and the efficiency of the Group's operations and efforts taken to reduce the Group's operational risks;
- the internal audit programme, processes and results, and the actions taken on the recommendations of the internal audit function;
- the appointment, performance and remuneration of the internal audit staff;

AUDIT COMMITTEE REPORT (CONTINUED)

Responsibilities and duties (Continued)

- the quarterly results and annual financial statements prior to the approval by the Board, focusing particularly on:
  - changes in or implementation of major accounting policy;
  - significant or unusual events;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements;
- any related party transaction and conflict of interest situation that may arise within the Company / Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
- the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
- with the external and internal auditors, major audit findings, reservations or material weaknesses and the Management's response in resolving the audit issues reported during the year; and any other activities, as authorized by the Board.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 28 February 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiary companies are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	11,567,387	1,658,473
Attributable to:		
Equity holders of the Company	11,566,956	1,658,473
Minority interests	431	-
	11,567,387	1,658,473

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in Note 30 to the financial statements.

ISSUES OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures during the financial year.

DIRECTORS

The Directors who held office since the date of the last report are:

Beh Huck Lee *(Managing Director)*

Dato' Jaafar bin Jamaludin

Datin Teoh Choon Boay

Tan Hiang Joo

Kek Jenny

Muhamad Faisal bin Tajudin *(appointed on 30 June 2006)*

Dato' Tajudin bin Haji Hashim *(Executive Chairman) (resigned on 30 June 2006)*

Dato' Paduka Haji Radzi bin Haji Bassir *(demised on 3 January 2007)*

Mohamed Rizal bin Tajudin *(resigned on 30 June 2006)*

DIRECTORS' REPORT (CONTINUED)

DIRECTORS (CONTINUED)

In accordance with Article 82 of the Company's Articles of Association, Tan Hiang Joo and Beh Huck Lee retire by rotation from the Board at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

In accordance with Article 88 of the Company's Articles of Association, Muhamad Faisal bin Tajudin retires from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS IN SHARES

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and its related corporations during the financial year ended 28 February 2007 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	Number of ordinary shares of RM1.00 each			
Shares in the Company	**Balance as at 1.3.2006/ At date of appointment**	**Bought**	**Sold**	**Balance as at 28.2.2007**
Direct interest				
Datin Teoh Choon Boay	234,416	-	-	234,416
Tan Hiang Joo	10,000	-	-	10,000
Beh Huck Lee	3,500,000	-	-	3,500,000
Indirect interest				
Beh Huck Lee	51,914,989	-	-	51,914,989
Datin Teoh Choon Boay	51,914,989	-	-	51,914,989
Muhamad Faisal bin Tajudin	30,508,392	-	-	30,508,392

By virtue of their interests in the ordinary shares of the Company, all the Directors except Dato' Jaafar bin Jamaludin, Kek Jenny and Tan Hiang Joo, are also deemed to be interested in the shares of all the subsidiary companies to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year held any interests in the shares of the Company and its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the remuneration received and receivable by the Directors from the related corporations in their capacity as Directors of those corporations.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS (CONTINUED)

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:

(I) AS AT THE END OF THE FINANCIAL YEAR

(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 have 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 book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render 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 material extent; or

(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; and

(iii) 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) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) 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 and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

DIRECTORS' REPORT (CONTINUED)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY: (CONTINUED)

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

The auditors, BDO Binder, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

Muhamad Faisal bin Tajudin
Director

Beh Huck Lee
Director

Sungai Petani, Kedah Darul Aman
11 June 2007

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 30 to 85 have been drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of:

(i) the state of affairs of the Group and of the Company as at 28 February 2007 and of their results for the financial year then ended; and

(ii) the cash flows of the Group and of the Company for the financial year ended 28 February 2007.

On behalf of the Board,

Muhamad Faisal bin Tajudin
Director

Beh Huck Lee
Director

Sungai Petani, Kedah Darul Aman
11 June 2007

STATUTORY DECLARATION

I, Muhamad Faisal bin Tajudin, being the Director primarily responsible for the financial management of Eupe Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 30 to 85 are, to the best of my knowledge and belief, 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 at)
Sungai Petani this)
11 June 2007)

Before me:

REPORT OF THE AUDITORS
TO THE MEMBERS OF EUPE CORPORATION BERHAD

We have audited the financial statements set out on pages 30 to 85.

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 towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These 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 financial statement presentation. 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 applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:

 (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

 (ii) the state of affairs of the Group and of the Company as at 28 February 2007 and of their results and cash flows for the financial year then ended;

 and

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

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 8 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 subsidiary companies that have been consolidated with the Company's financial statements 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 subsidiary companies were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

BDO Binder
AF:0206
Chartered Accountants

Yong Kam Fei
2562/07/08 (J)
Partner

Kuala Lumpur 11 June 2007

BALANCE SHEETS
AS AT 28 FEBRUARY 2007

		Group		Company	
	NOTE	2007 RM	2006 RM	2007 RM	2006 RM
ASSETS EMPLOYED					
PROPERTY, PLANT AND EQUIPMENT	7	95,398,369	75,413,657	593	1,257
INVESTMENT IN SUBSIDIARY COMPANIES	8	-	-	119,094,082	119,094,082
INVESTMENT IN AN ASSOCIATED COMPANY	9	-	25,483	-	-
OTHER INVESTMENTS	10	10,979	10,705	-	-
LAND HELD FOR PROPERTY DEVELOPMENT	11	106,269,648	112,057,936	-	-
INVESTMENT PROPERTIES	12	21,057,000	21,153,507	-	-
DEFERRED PLANTATION EXPENDITURE	13	1,109,252	997,442	-	-
DEFERRED TAX ASSETS	31	460,579	55,638	-	-
CURRENT ASSETS					
Property development costs	14	29,335,395	31,335,473	-	-
Inventories	15	11,838,339	15,184,348	-	-
Trade receivables	16	27,103,186	18,249,416	-	-
Other receivables, deposits and prepayments		2,162,513	1,697,755	4,500	4,500
Amounts owing by subsidiary companies	17	-	-	35,555,713	34,088,313
Sinking and redemption funds	18	768,693	560,070	-	-
Tax recoverable		193,606	661,404	180,249	131,461
Fixed deposits with licensed banks	19	2,220,144	764,004	-	-
Cash and bank balances	20	4,391,031	7,474,117	6,985	3,074
		78,012,907	75,926,587	35,747,447	34,227,348

BALANCE SHEETS (CONTINUED)
AS AT 28 FEBRUARY 2007

		Group		Company	
		2007	**2006**	**2007**	**2006**
	NOTE	**RM**	**RM**	**RM**	**RM**
LESS: CURRENT LIABILITIES					
Trade payables	21	16,753,953	10,027,843	-	-
Progress billings		8,187,605	12,598,078	-	-
Other payables, deposits and accruals	22	16,596,638	19,621,105	53,000	57,000
Provision for infrastructure cost	23	204,800	255,998	-	-
Amount owing to Directors	24	148,000	152,000	-	-
Amounts owing to subsidiary companies	17	-	-	15,142,335	15,277,373
Borrowings	25	14,275,623	9,938,423	-	-
Tax liabilities		1,546,396	193,425	-	-
		57,713,015	52,786,872	15,195,335	15,334,373
NET CURRENT ASSETS		20,299,892	23,139,715	20,552,112	18,892,975
		244,605,719	232,854,083	139,646,787	137,988,314
FINANCED BY					
SHARE CAPITAL	29	128,000,000	128,000,000	128,000,000	128,000,000
RESERVES	30	82,452,646	70,885,690	11,646,787	9,988,314
EQUITY ATTRIBUTABLE TO					
EQUITY HOLDERS OF THE COMPANY		210,452,646	198,885,690	139,646,787	137,988,314
MINORITY INTERESTS		92,879	92,448	-	-
TOTAL EQUITY		210,545,525	198,978,138	139,646,787	137,988,314
NON-CURRENT AND DEFERRED LIABILITIES					
Borrowings	25	13,654,712	11,752,948	-	-
Deferred tax liabilities	31	20,405,482	22,122,997	-	-
		244,605,719	232,854,083	139,646,787	137,988,314

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2007

		Group		Company	
		2007	2006	2007	2006
	NOTE	RM	RM	RM	RM
Revenue	32	170,204,933	99,730,506	2,803,300	4,952,000
Cost of sales		(143,728,491)	(83,548,095)	-	-
Gross profit		26,476,442	16,182,411	2,803,300	4,952,000
Other operating income		806,102	532,696	-	-
Amortisation of reserve on consolidation		-	553,729	-	-
Marketing and distribution costs		(1,979,599)	(1,629,214)	-	-
Administration expenses		(7,471,072)	(6,814,229)	(230,668)	(223,457)
Other operating expenses		(1,924,946)	(1,331,122)	(206,055)	(166,374)
Profit from operations		15,906,927	7,494,271	2,366,577	4,562,169
Finance cost		(1,050,235)	(1,062,324)	-	-
Share of results in an associated company		-	(474)	-	-
Profit before tax	33	14,856,692	6,431,473	2,366,577	4,562,169
Tax expense	34	(3,289,305)	(1,360,665)	(708,104)	(1,277,407)
Profit for the financial year		11,567,387	5,070,808	1,658,473	3,284,762
Attributable to:					
Equity holders of the Company		11,566,956	5,071,857		
Minority interests		431	(1,049)		
		11,567,387	5,070,808		
Basic earnings per ordinary share attributable to equity holders of the Company (sen)	35	9.0	3.9		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2007

	Attributable to equity holders of the Company						
Group	**Ordinary share capital RM**	**Share premium RM**	**Reserve on consolidation RM**	**Retained profits RM**	**Sub-total RM**	**Minority interests RM**	**Total equity RM**
Balance as at 1 March 2005	128,000,000	5,982,397	30,641,437	30,903,865	195,527,699	93,497	195,621,196
Amortisation for the financial year	-	-	(553,729)	-	(553,729)	-	(553,729)
Amount credited to the income statement upon sale of development properties	-	-	(1,160,137)	-	(1,160,137)	-	(1,160,137)
Profit for the financial year	-	-	-	5,071,857	5,071,857	(1,049)	5,070,808
Balance as at 28 February 2006	128,000,000	5,982,397	28,927,571	35,975,722	198,885,690	92,448	198,978,138
Balance as at 1 March 2006, as previously reported	128,000,000	5,982,397	28,927,571	35,975,722	198,885,690	92,448	198,978,138
Effect of adopting FRS 3 (Note 6(a)(i))	-	-	(28,927,571)	28,927,571	-	-	-
Balance as at 1 March 2006, as restated	128,000,000	5,982,397	-	64,903,293	198,885,690	92,448	198,978,138
Profit for the financial year	-	-	-	11,566,956	11,566,956	431	11,567,387
Balance as at 28 February 2007	128,000,000	5,982,397	-	76,470,249	210,452,646	92,879	210,545,525

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

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2007

Company	Ordinary Share Capital RM	Share premium RM	Retained profits RM	Total RM
Balance as at 1 March 2005	128,000,000	5,982,397	721,155	134,703,552
Profit for the financial year	-	-	3,284,762	3,284,762
Balance as at 28 February 2006	128,000,000	5,982,397	4,005,917	137,988,314
Profit for the financial year	-	-	1,658,473	1,658,473
Balance as at 28 February 2007	128,000,000	5,982,397	5,664,390	139,646,787

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2007

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	158,252,250	100,813,948	-	-
Cash payments to suppliers and creditors	(121,557,858)	(71,673,238)	-	-
Cash payments to employees and for expenses	(17,477,874)	(15,355,452)	(440,059)	(389,168)
Cash generated from/(used in) operations	19,216,518	13,785,258	(440,059)	(389,168)
Interest income received	26,318	12,449	-	-
Rental income received	165,759	257,985	-	-
Option fees received	-	53,000	-	-
Bank overdraft interest paid	(39,045)	(7,571)	-	-
Deposit paid	(164,505)	(28,092)	-	-
Tax paid	(3,590,996)	(2,558,215)	-	-
Net cash from/(used in) operating activities	15,614,049	11,514,814	(440,059)	(389,168)
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances to subsidiary companies	-	-	(1,602,439)	(3,178,340)
Dividend received	-	-	2,046,409	3,565,440
Interest income received	177,587	72,471	-	-
Insurance claim received	22,085	6,379	-	-
Proceeds from disposal of property, plant and equipment	1,000	3,214	-	-
Investment in unit trust	(274)	(198)	-	-
Proceeds from disposal of investment properties	-	1,500	-	-
Proceeds from disposal of an associated company	25,990	-	-	-
Purchase of land held for development	(3,601,584)	-	-	-
Purchase of property, plant and equipment (Note 36)	(18,647,112)	(1,838,701)	-	-
Net (placement)/withdrawal of fixed deposits	(535,100)	304,800	-	-
Net cash (used in)/from investing activities	(22,557,408)	(1,450,535)	443,970	387,100

CASH FLOW STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2007

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of term loan	10,086,675	-	-	-
Drawdown of revolving credit	3,000,000	1,500,000	-	-
Repayment of revolving credit	(3,500,000)	(1,000,000)	-	-
Repayment of term loan	(4,491,526)	(3,420,244)	-	-
Repayment of hire-purchase	(123,888)	(99,870)	-	-
Term loan interest paid	(1,160,736)	(1,239,973)	-	-
Revolving credit interest paid	(8,975)	-	-	-
Hire-purchase interest paid	(23,761)	(25,158)	-	-
Repayment to Directors	-	(11,370)	-	-
Net cash from/(used in) financing activities	3,777,789	(4,296,615)	-	-
Net (decrease)/increase in cash and cash equivalents	(3,165,570)	5,767,664	3,911	(2,068)
Cash and cash equivalents at beginning of financial year	6,756,911	989,247	3,074	5,142
Cash and cash equivalents at end of financial year (Note 37)	3,591,341	6,756,911	6,985	3,074

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2007

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman.

The financial statements are presented in Ringgit Malaysia.

2. PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiary companies are set out in Note 8.

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors recognises the importance of financial risk management in the overall management of the Group's businesses. A sound risk management system will not only mitigate financial risk but will be able to create opportunities if risk elements are properly managed.

The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders whilst minimising the potential adverse effects on the performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies, set out as follows:

Liquidity and cash flow risks

The Group is actively managing its operating cash flow to suit the debt maturity profile so as to ensure all commitments and funding needs are met. As part of the overall liquidity management, it is the Group's policy to ensure continuity in servicing its cash obligations in the future by forecasting its cash commitments and maintaining sufficient levels of cash or cash equivalents to meet its working capital requirements. In addition, the Group also maintains available banking facilities sufficient to meet its operational needs.

Credit risk

For the property development arm, credit risk is minimal since most of the property buyers would have charged their properties to financial institutions. With regards to the hospitality division, credit risk is controlled by the application of credit approvals, limit and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to parties with high credit worthiness. Trade receivables are monitored on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its risk.

4. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

At the beginning of current financial year, the Group and the Company adopted new and revised Financial Reporting Standards ("FRSs") which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 6.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies.

The preparation of financial statements in conformity with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In addition, the Directors are also required to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of events and action, actual results could differ from those estimates.

5.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year using the acquisition method of accounting.

Under the purchase method of accounting, the cost of business combination is measured as the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed plus any costs directly attributable to the business combination and equity instruments issued.

Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2007

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.2 Basis of consolidation

(a) Reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and

(b) Recognise immediately in profit or loss any excess remaining after that reassessment.

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

Intragroup transactions, balances and unrealised gains on transactions between companies within a Group are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

Minority interests is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the parent. 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 that date. Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and equity holders of the parent. Where losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are attributable against the Group's interest except to the extent that the minority has binding obligation to, and is able to make additional investment to cover the losses. If the subsidiary company subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

5.3 Investments

(i) Subsidiaries

A subsidiary is a company in which the Group has power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting of rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2007

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.3 Investments (Continued)

(i) Subsidiaries (Continued)

Investments in subsidiaries, which are eliminated on consolidation, are stated at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Associates

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

In the Company's separate financial statements, investment in associates is stated at cost less impairment losses, if any.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. The investment in associates is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investment.

The Group's share of the profit or loss of the associate during the financial year is recognised in the consolidated profit and loss.

Goodwill arising on acquisition of the associates is the excess of cost of investment over the Group's share of the net fair value of net assets of the associate's identifiable assets, liability and contingent liabilities at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The 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 investment is 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.

The associate is accounted for using the equity method from the date significant influence commences until the date the Group ceases to have significant influence over the associate.

When the Group's share of losses on the associate equals or exceeds its interest in the associate, the Group does not recognise further losses unless it has incurred legal or construction obligations or made payments on its behalf. The interest in the associate is the carrying amount of the investment in associate under the equity method together with any long-term interest that, in substance form part of the Group's net interest in the associate.

The most recent available financial statements of the associate are used by the Group in applying the equity method. Where the dates of the financial statements are not co-terminous, the share of results is arrived at using the latest audited financial statements and management financial statements made up to the same year end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2007

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.3 Investments (Continued)

(ii) Associates

Uniform accounting policies are adopted for like transactions and events in similar circumstances. Upon disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(iii) Other investments

Non-current investment other than investments in subsidiaries, associates, jointly controlled entities and investment properties are stated at cost unless in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Such decline is recognised as an expense in the period in which the decline is identified.

Upon disposal of such investments, the difference between net disposal proceeds and its carrying amount is recognised in profit and loss.

5.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is recognised in the carrying amount of the item only when incurred of which it is probable that the future economic benefits embedded within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

An item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and which have different useful lives, are depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Depreciation is calculated to write off the cost of assets to its residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates used are as follows:

Buildings	2%
Renovation, electrical and amusement equipment	10% to 20%
Motor vehicles	20%
Furniture, fittings and equipment	10% to 20%
Sports equipment, machinery and others	10% to 20%

Freehold land is not depreciated. Construction-in-progress represents machinery under installation and renovation in progress and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use. Leasehold golf course and club buildings which has a remaining lease period of 11 years are amortised over the original lease period of 54 years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2007

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.4 Property, plant and equipment and depreciation (Continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying value is then written down immediately to its recoverable amount if the assets carrying amount exceeds its estimated recoverable amount.

The residual values, useful lives 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.

The carrying amount of an item of property, plant and equipment is derecognised on 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 carrying amount is recognised in the income statement and the revaluation reserve related to those assets, if any, is transferred directly to retained earnings.

5.5 Land held for property development

Land held for property development, stated at cost less impairment losses, if any, is classified as non-current assets when no development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

5.6 Property development costs

Property development costs comprise costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They consist of costs of land under development, construction costs and other related development costs common to the whole project including administrative overheads and borrowing costs.

Property development costs on which development activities have commenced or where it can be demonstrated that the development activities can be completed within the normal operating cycle are classified as current assets.

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised in income statement as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the balance sheet date. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2007

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.6 Property development costs (Continued)

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

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

When revenue recognised in the income statement exceeds progress billings to purchasers, the balance is shown as accrued billings under current assets. When progress billings exceed revenue recognised in the income statement, the balance is shown as progress billings under current liabilities.

5.7 Investment properties

Investment properties are properties which are held to earn rentals or for capital appreciation or for both. Such properties are measured initially at cost, including the transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rental or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

In the previous years, investment properties were stated at cost less impairment losses, if any. Following the adoption of FRS 140 Investment Property, these investment properties are now stated at fair value.

The adoption of FRS 140 has resulted in a change in accounting policy for investment properties. The effect of this change in accounting policy is disclosed in Note 6(d).

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. The gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and shall be recognised in profit or loss in the period of the retirement or disposal.

5.8 Assets acquired under hire-purchase agreements

Assets acquired under hire-purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.8 Assets acquired under hire-purchase agreements (Continued)

rate implicit in the leases, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The financial charges are recognised in profit and loss over the period of the term of the hire-purchase to produce a constant periodic rate of interest on the remaining lease and hire-purchase liabilities.

5.9 Deferred plantation expenditure

New planting expenditure which is incurred from land clearing to the point of harvesting and replanting expenditure which is incurred in replanting old planted areas, are capitalised under deferred plantation expenditure and amortised to the income statement on a systematic basis of 10 years commencing from the year of harvesting.

5.10 Impairment of non-financial assets

The carrying amounts of the Group's and Company's assets, except for financial assets, excluding investment in subsidiary companies and associates, property development costs, construction contract assets, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit (CGU) to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the income statement when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first,

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2007

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.10 Impairment of non-financial assets (Continued)

to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rate basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve account to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to income statement.

Such reversals are recognised as income immediately in income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognised.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.11 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out basis and comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

5.12 Construction contract

Contract cost comprises cost related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other cost that are specifically chargeable to the consumer under the terms of the contract.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the construction activity at the balance sheet date. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2007

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.12 Construction contract (Continued)

When the outcome of a construction contract cannot be estimated reliably, contract revenue are recognised only to the extent of contract cost incurred that it is probable to be recoverable and contract cost are recognised as an expense in the period in which they are incurred.

When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When costs incurred plus attributable profits or less foreseeable losses, if any, exceed progress billings, the balance is shown as amounts due from customers for contract works. When progress billings exceed costs incurred plus attributable profits or less foreseeable losses, if any, the balance is shown as amounts due to customers for contract works.

5.13 Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

Receivables are not held for trading purpose.

5.14 Non-current assets classified as held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amounts 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 assets are 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 assets is brought-up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets are measured at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement immediately except for the impairment on a revaluation asset where the impairment loss is recognised directly against the revaluation reserve account to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the income statement. Gain is not recognised in excess of any accumulated impairment loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is a subsidiary company acquired exclusively with a view to resale.

5.15 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2007

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.16 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

5.17 Employee benefits

5.17.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave and bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

5.17.2 Defined contribution plans

The Company and subsidiary companies make contributions to a statutory provident fund and recognise the contribution payable:

(a) after deducting contributions already paid as a liability; and

(b) as an expense in the financial year in which the employees render their services.

5.18 Income tax

Income tax in the financial statements for the financial year comprises current tax expense and deferred tax.

5.18.1 Current tax expense

Current tax expense is the amount of income taxes payable or receivable, in respect of the taxable profit or tax loss for the period.

Current tax expense for the current and prior periods is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.18 Income tax (continued)

5.18.2 Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the balance sheet and its tax base.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and the deferred tax liabilities relate to the same taxation authority.

5.19 Revenue recognition

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

(a) Sale of completed properties

Revenue from sale of completed properties is recognised in the income statement when significant risks and rewards of ownership have been transferred to the customers.

(b) Sale of development properties

Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 5.6.

(c) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion as described in Note 5.12.

(d) Sale of building materials and playground materials

Revenue from sale of building and playground materials are recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery of goods and acceptance by customers.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2007

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.19 Revenue recognition (continued)

(e) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, which generally coincides with delivery of goods and services and acceptance by customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(f) Revenue from rendering of services

Revenue from the provision of tuition, sports and recreation services is recognised upon rendering of these services unless collectibility is in doubt.

(g) Rental income

Rental income is recognised on accrual basis unless collectibility is in doubt.

(h) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(i) Interest income

Interest income is recognised based on accrual basis.

5.20 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risks of changes in value.

5.21 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to the income statement. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income from temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5.22 Segment information

Segment information is presented in respect of the Group's business segments. The primary reporting segment information is in respect of business segments as the Group's risk and rates of return are affected predominantly by differences in the nature of its businesses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.22 Segment information (Continued)

A segment with a majority of operating income earned from providing product or services to external clients and whose operating income, results or assets are 10 percent or more of all the segments is reported separately.

Segments 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 mainly comprise finance cost and corporate administration expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that is expected to be used for more than one period.

5.23 Financial instruments

5.23.1 Financial instruments recognised on the balance sheets

Financial instruments are recognised on 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 losses, and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument is debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(a) Equity instruments

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise they are charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared.

Where the Company reacquires its own equity instrument, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

(b) Other financial instruments

The accounting policies for other financial instruments recognised on the balance sheet are disclosed in the individual policy associated with each item.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.23 Financial instruments (Continued)

5.23.2 Financial instruments not recognised on the balance sheets

There are no financial instruments not recognised on the balance sheets.

5.24 Significant accounting estimates and judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Significant assumptions and estimates have been made by the Directors in arriving at the financial statements of the Company. The assumptions and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these assets based on common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) 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 cost 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.

A 10% difference in the estimated total property development costs would result in approximately 16% variance in the Group's revenue and 2% variance in the Group's cost of sales.

(iii) Taxation

(a) Income taxes

Significant judgement is required in determining the capital allowances, deductibility of certain expenses and taxability of certain income during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and Company recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.24 Significant accounting estimates and judgement (Continued)

(iii) Taxation (Continued)

(b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and temporary differences 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 total carrying value of recognised tax losses, capital allowances and other deductible temporary differences of the Group was RM460,579 (2006: RM55,638) and the unrecognised tax losses, capital allowances and other deductive temporary differences of the Group was RM20,408 (2006: RM24,405)

(iv) 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 continued to sub-let a significant portion of its office building and single storey complexes and hence, decided to treat these properties as investment properties. The Group also has vacant land which are currently held for long term capital appreciation with the intention of converting the land to office buildings to earn rentals in the foreseeable future. As such, the above properties are classified as investment properties.

(v) Classification between investment properties and inventories

During the financial year, the Group has temporarily sub-let vacant properties comprising semi light industrial factory, shop houses, single storey and double storey houses, but has decided not to treat these properties as investment properties because it is not the Group's intention to hold these properties in the long-term for capital appreciation or rental income. Accordingly, these properties are still classified as inventories.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2007

6. EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs

On 1 March 2006, the Group and the Company adopted the following new and revised FRSs which are mandatory for annual 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

The adoption of the above FRSs has not resulted in significant changes in accounting policies of the Group except as follows:

(a) **FRS 3 Business Combinations, FRS 136 Impairment of Assets and FRS 138 Intangbile Assets**

The adoption of FRS 3 has resulted in consequential amendments to FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 is applicable for business combinations for which the agreement date is on or after 1 January 2006.

(i) **Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill)**

Under FRS 3, any excess of the Group's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of business combinations, after reassessment, is now recognised immediately in profit or loss. Prior to 1 March 2006, negative goodwill arising from the acquisition of development property companies is amortised or credited to the consolidated income statement upon sale of the development properties. Negative goodwill arising from the acquisition of non-development property companies is amortised over the expected useful economic life of twenty-five (25) years. In accordance with the transitional provisions of FRS 3, negative goodwill as at 1 March 2006 of RM28,927,571 is derecognised with a corresponding increase in retained earnings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

6. EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (CONTINUED)

(a) FRS 3 Business Combinations, FRS 136 Impairment of Assets and FRS 138 Intangbile Assets (Continued)

(i) Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill) (Continued)

The change in accounting policy has no impact on amounts reported for financial year 2006 or prior periods, as the revised accounting policy has been applied prospectively. The effects on the consolidated balance sheet as at 28 February 2007 and consolidated income statement for the year ended 28 February 2007 are set out in Note 6(d)(i) and Note 6(d)(ii) respectively. This change has no impact on the Company's financial statements.

(ii) Accounting for acquisitions

FRS 3 requires the Group to recognise separately, at the acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy its recognition criteria at that date. Prior to 1 March 2006, the Group did not recognise separately the acquiree's contingent liabilities at the acquisition date as part of allocating the cost of a business combination. The change has not materially affected the financial statements of the Group and the Company.

(b) FRS 101 Presentation of Financial Statements

(i) Presentation and disclosure of minority interest

FRS 101 requires disclosure, on the face of the consolidated income statement, an allocation of an entity's profit or loss for the period between the profit or loss attributable to minority interest and profit or loss attributable to equity holders of the parent. FRS 101 also requires minority interest to be presented within total equity on the consolidated balance sheet at the balance sheet date.

Prior to 1 March 2006, minority interest was presented as an item of income or expense in the consolidated income statement. Minority interest in the consolidated balance sheet was presented separately from equity and liabilities.

All changes in presentation have been applied retrospectively and as disclosed in Note 6(e), certain comparatives have been restated. The effects on the consolidated balance sheet as at 28 February 2007 and consolidated income statement for the year ended 28 February 2007 are set out in Note 6(d)(i) and Note 6(d)(ii) respectively. These changes in presentation have no impact on the Company's financial statements.

(ii) Presentation of share of taxation of associate

FRS 101 requires the share of taxation of associate which is accounted for using the equity method be 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. Prior to 1 March 2006, the Group's share of taxation of associate which is accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2007

6. EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (CONTINUED)

(b) FRS 101 Presentation of Financial Statements (Continued)

(iii) Disclosure of judgements and estimates

FRS 101 requires disclosures of judgements made by management in the process of applying the Company's accounting policies that has the most significant effect in the amounts recognised in the financial statements and the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. These disclosures are made in Note 5.24.

(c) FRS 140 Investment Properties

Prior to 1 March 2006, investment properties were stated at cost less impairment losses, if any. Upon the adoption of FRS 140, investment properties are now stated at fair value and gains or losses arising from changes in fair values are recognised in profit or loss in the year in which they arise.

The effects on the consolidated balance sheet and consolidated income statement as at 28 February 2007 are set out in Note 6(d).

(d) **Summary of effects of adopting new and revised FRSs on the current year's financial statements**

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 28 February 2007 is higher or lower than it would have been had the previous policies been applied in the current year.

(i) **Effects on balance sheets as at 28 February 2007**

	Increase/(Decrease)			
Description of Change	**FRS 3 Note 6(a)(i) RM**	**FRS 101 Note 6(b)(i) RM**	**FRS 140 Note 6(c) RM**	**Total RM**
Group				
Reserve on consolidation	(27,561,535)	-	(52,826)	(27,614,361)
Retained earnings	27,561,535	-	52,826	27,614,361
Total equity	-	92,879	-	92,879

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2007

6. EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (CONTINUED)

(d) Summary of effects of adopting new and revised FRSs on the current year's financial statements (Continued)

(ii) Effects on income statements for the year ended 28 February 2007

	Increase/(Decrease)			
Description of Change	**FRS 3 Note 6(a)(i) RM**	**FRS 101 Note 6(b)(i) RM**	**FRS 140 Note 6(c) RM**	**Total RM**
Group				
Amortisation of reserve on consolidation	(553,729)	-	-	(553,729)
Reserve on consolidation credited to income statement upon sale of development properties	(812,307)	-	-	(812,307)
Other income- Fair value adjustments	-	-	52,826	52,826
Profit for the financial year	(1,366,036)	431	52,826	(1,312,779)
Basic earnings per share (sen)	(1.07)	-	0.04	(1.03)

(e) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

		Increase/(Decrease)	
Description of Change	**Previously stated RM**	**FRS 101 Note 6(b)(i) RM**	**Restated RM**
Group			
At 28 February 2006			
Total equity	198,885,690	92,448	198,978,138
Group			
For the financial year ended 28 February 2006			
Profit for the financial year	5,071,857	(1,049)	5,070,808

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2007

6. EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (CONTINUED)

The accounting standards that are mandatory to the Group issued by the MASB but are not effective at the time of issuance of this financial statement are as follows:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
FRS 124	Related Party Disclosures
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 119	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosure

FRS 6 (effective for accounting period beginning on or after 1 January 2007) is not applicable to the Group and the Company as the Group and the Company are not involved in the exploration of mineral resources.

FRS 117 (effective for accounting period beginning on or after 1 October 2006) is not expected to have any material impact to the Group's financial statements. The adoption of this standard will result in the Group's classification of its leasehold properties as prepaid lease payments. The transitional provision allows the revalued leasehold properties' unamortised carrying amount to be taken as the surrogate carrying amount of prepaid lease payments. Such prepaid lease payments shall be amortised over the remaining lease term. The Group will apply this standard from financial year beginning on 1 March 2007.

FRS 124 (effective for accounting period beginning on or after 1 October 2006) is not expected to have any material impact to the Group and the Company other than additional disclosure on key management personnel remuneration and disclosure at Company level on related party transactions. The Group will apply this standard from financial year beginning on 1 March 2007.

FRS 139 (effective date yet to be determined by MASB) is a new standard that established principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard when effective.

The Amendment to FRS 119 which introduces the option of an alternative recognition approach for actuarial gains and losses arising from post-employment benefit plans is not relevant to the Group's operations as the Group does not participate in any defined benefit post-employment plan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

7. PROPERTY, PLANT AND EQUIPMENT

Group 2007	Balance as at 1.3.2006 RM	Additions RM	Transfers from land held for Property development RM	Transfers from investment properties RM	Disposals RM	Written off RM	Reclassification RM	Balance as at 28.2.2007 RM
At cost								
Freehold land and buildings	36,919,420	8,728,474	3,635,900	-	-	-	503,064	49,786,858
Short term leasehold golf course and club buildings	40,000,000	-	-	-	-	-	-	40,000,000
Renovation, electrical and amusement equipment	5,102,243	1,615,195	-	-	-	(33,920)	(167,962)	6,515,556
Motor vehicles	1,898,136	-	-	-	-	-	-	1,898,136
Motor vehicles under hire-purchase	606,000	-	-	-	-	-	-	606,000
Furniture, fittings and equipment	6,380,078	1,836,796	-	-	(6,830)	(43,953)	-	8,166,091
Sports equipment, machinery and others	7,726,206	6,628,678	-	149,333	-	(90,552)	-	14,413,665
Construction-in-progress	243,901	91,201	-	-	-	-	(335,102)	-
	98,875,984	18,900,344	3,635,900	149,333	(6,830)	(168,425)	-	121,386,306

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2007	Balance as at 1.3.2006 RM	Charge for the financial Year RM	Disposals RM	Written off RM	Balance as at 28.2.2007 RM
Accumulated depreciation/ amortisation					
Freehold land and buildings	1,796,889	326,731	-	-	2,123,620
Short term leasehold golf course and club buildings	7,367,002	740,741	-	-	8,107,743
Renovation, electrical and amusement equipment	2,672,371	399,352	-	(13,977)	3,057,746
Motor vehicles	1,505,489	119,932	-	-	1,625,421
Motor vehicles under hire-purchase	131,300	121,200	-	-	252,500
Furniture, fittings and equipment	5,075,572	413,168	(6,114)	(37,146)	5,445,480
Sports equipment, machinery and others	4,913,704	533,677	-	(71,954)	5,375,427
	23,462,327	2,654,801	(6,114)	(123,077)	25,987,937

Group 2006	Balance as at 1.3.2005 RM	Additions RM	Disposals RM	Written off RM	Balance as at 28.2.2006 RM
At cost					
Freehold land and buildings	36,919,420	-	-	-	36,919,420
Short term leasehold golf course and club buildings	40,000,000	-	-	-	40,000,000
Renovation, electrical and amusement equipment	4,216,533	911,176	(25,466)	-	5,102,243
Motor vehicles	1,765,136	133,000	-	-	1,898,136
Motor vehicles under hire-purchase	606,000	-	-	-	606,000
Furniture, fittings and equipment	6,138,679	260,829	(6,270)	(13,160)	6,380,078
Sports equipment, machinery and others	7,406,581	375,055	(54,980)	(450)	7,726,206
Construction-in-progress	85,260	158,641	-	-	243,901
	97,137,609	1,838,701	(86,716)	(13,610)	98,875,984

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2006	Balance as at 1.3.2005 RM	Charge for the financial Year RM	Disposals RM	Written off RM	Balance as at 28.2.2006 RM
Accumulated depreciation/ amortisation					
Freehold land and buildings	1,598,749	198,140	-	-	1,796,889
Short term leasehold golf course and club buildings	6,626,261	740,741	-	-	7,367,002
Renovation, electrical and amusement equipment	2,270,179	406,626	(4,434)	-	2,672,371
Motor vehicles	1,375,001	130,488	-	-	1,505,489
Motor vehicles under hire-purchase	10,100	121,200	-	-	131,300
Furniture, fittings and equipment	4,636,078	456,163	(6,270)	(10,399)	5,075,572
Sports equipment, machinery and others	4,562,307	406,486	(54,826)	(263)	4,913,704
	21,078,675	2,459,844	(65,530)	(10,662)	23,462,327

Company 2007	Balance as at 1.3.2006 RM	Addition RM	Balance as at 28.2.2007 RM
At cost			
Furniture, fittings and equipment	6,633	-	6,633

	Balance as at 1.3.2006 RM	Charge for the financial year RM	Balance as at 28.2.2007 RM
Accumulated depreciation			
Furniture, fittings and equipment	5,376	664	6,040

Company 2006	Balance as at 1.3.2005 RM	Addition RM	Balance as at 28.2.2006 RM
At cost			
Furniture, fittings and equipment	6,633	-	6,633

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Balance as at 1.3.2005 RM	Charge for the financial year RM	Balance as at 28.2.2006 RM
Accumulated depreciation			
Furniture, fittings and equipment	4,712	664	5,376

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Net book value				
Freehold land and buildings	47,663,238	35,122,531	-	-
Short term leasehold golf course and club buildings	31,892,257	32,632,998	-	-
Renovation, electrical and amusement equipment	3,457,810	2,429,872	-	-
Motor vehicles	272,715	392,647	-	-
Motor vehicles under hire-purchase	353,500	474,700	-	-
Furniture, fittings and equipment	2,720,611	1,304,506	593	1,257
Sports equipment, machinery and others	9,038,238	2,812,502	-	-
Construction-in-progress	-	243,901	-	-
	95,398,369	75,413,657	593	1,257

Certain freehold land and buildings of the Group with net book value of RM31,486,507 (2006: RM23,544,620) have been pledged to licensed banks for credit facilities granted to the Group as disclosed in Notes 26 and 27.

The title to certain freehold land with a cost of RM7,133,779 (2006: RM7,133,779) is pending issuance of the master title by the relevant authority.

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2007 RM	2006 RM
Unquoted shares, at cost	119,094,082	119,094,082

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The details of the subsidiary companies which are all incorporated in Malaysia are as follows:

Name of company	Group's effective Interest 2007 %	2006 %	Principal activities
Subsidiaries of the Company			
Eupe Realty Sdn. Bhd.	100	100	Property investment and management
Riacon Sdn. Bhd.	100	100	Building construction and sale of building materials
Bukit Makmur Sdn. Bhd.	100	100	Property development
Mera-Land (Malaysia) Sdn. Bhd.	100	100	Property development
Esteem Glory Sdn. Bhd.	100	100	Property development
Eupe Kemajuan Sdn. Bhd.	100	100	Property development
Eupe Homes (MM2H) Sdn. Bhd.* (formerly known as Desani Enterprise Sdn. Bhd.)	100	100	Provision of services allowed under MM2H to non residents
Eupe Hotel Sdn. Bhd.*	100	100	Property rental
Ria Plaza Sdn. Bhd.*	100	100	Operating a complex for rental of stalls
Ria Food Centre Sdn. Bhd.*	100	100	Operating a complex for rental of stalls
Pasar Taman Ria Sdn. Bhd.*	100	100	Operating a complex for rental of stalls
Eupe Golf Management Berhad*	100	100	Management of club providing golf and recreation facilities
Eupe Golf Recreation & Tour Sdn. Bhd.*	100	100	Chalet and restaurant operation, recreation and tour services
Subsidiary of Eupe Kemajuan Sdn. Bhd.			
Eupe Development Sdn. Bhd.*	60	60	Dormant
Subsidiary of Bukit Makmur Sdn. Bhd.			
Makmur Longan Farming Sdn. Bhd.*	70	70	Fruit cultivation
Subsidiary of Eupe Hotel Sdn. Bhd.			
Millennium Pace Sdn. Bhd.*	100	100	Fruit cultivation
Subsidiary of Eupe Golf Recreation & Tour Sdn. Bhd.			
Tadika Pro-Dedikasi Sdn. Bhd.*	51	51	Operating and management of a kindergarten

* Companies not audited by BDO Binder

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

9. INVESTMENT IN AN ASSOCIATED COMPANY

	Group	
	2007	**2006**
	RM	**RM**
Unquoted shares, at cost	-	30,000
Share of post acquisition reserves, net of dividend received	-	(4,517)
	-	25,483

The details of the associated company that is incorporated in Malaysia are as follows:

Name of company	Group's effective interest 2007 %	2006 %	Principal activities
Integrated Manufacturing Centre Management Sdn. Bhd.	-	30	Dormant

On 8 May 2006, the Group had disposed off 30,000 ordinary shares of RM1 each representing 30% stake in Integrated Manufacturing Centre Management Sdn. Bhd. ("IMCM") to Cubic Solutions Sdn. Bhd. for a net cash consideration of RM25,990.

The summarised financial information of the associate is as follows:

	2006
	RM
Assets and liabilities	
Current assets	86,899
Non-current assets	641
Total assets	87,540
Current liabilities	2,594
Non current liabilities	-
Total liabilities	2,594
Results	
Revenue	2,412
Profit for the year	(1,447)

10. OTHER INVESTMENTS

	Group	
	2007	**2006**
	RM	**RM**
Quoted in Malaysia, at cost		
Investment in fixed income unit trusts	10,979	10,705
Market value of fixed income unit trusts	11,022	10,688

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

11. LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2007 RM	2006 RM
Cost		
Balance as at 1 March	112,057,936	111,191,814
Additions during the financial year	3,740,889	4,330,707
Transferred to property development costs (Note 14)	(5,893,277)	(3,464,585)
Transferred to property, plant and equipment (Note 7)	(3,635,900)	-
Balance as at 28 February	106,269,648	112,057,936
Freehold land, at cost	78,244,021	86,860,899
Development cost	28,025,627	25,197,037
	106,269,648	112,057,936

Freehold land with cost of RM12,156,761 (2006: RM15,922,361) is registered under a third party's name. The title of the land will be transferred upon settlement of purchase consideration due to Perbadanan Kemajuan Negeri Kedah (Note 22).

Freehold land at cost of RM20,433,684 (2006: RM22,533,137) is pledged to licensed banks for credit facilities as disclosed in Note 26.

Included in the development costs is borrowing cost capitalised during the financial year amounting to RM827,435 (2006: RM1,277,229).

12. INVESTMENT PROPERTIES

	Group 2007 RM	2006 RM
Balance as at 1 March	21,153,507	21,153,507
Transferred to property, plant and equipment (Note 7)	(149,333)	-
Fair value adjustments	52,826	-
Balance as at 28 February	21,057,000	21,153,507

The Group does not have investment properties which are held under lease terms.

Included in investment properties are freehold land and building with carrying value of RM13,740,000 (2006: RM13,680,000) that have been pledged to licensed banks for credit facilities as disclosed in Note 26.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

13. DEFERRED PLANTATION EXPENDITURE

	Group 2007 RM	2006 RM
Cost		
Balance as at 1 March	1,016,113	809,630
Additions during the financial year	136,913	206,483
	1,153,026	1,016,113
Amortisation		
Balance as at 1 March	18,671	1,293
Amortisation charge for the financial year	25,103	17,378
	(43,774)	(18,671)
Balance as at 28 February	1,109,252	997,442

14. PROPERTY DEVELOPMENT COSTS

	Group 2007 RM	2006 RM
Freehold land, at cost		
Balance as at 1 March	25,739,795	28,995,317
Transferred from land held for property development during the year	4,144,818	3,931,777
Transferred to development expenditure	-	(540,749)
Completed development project	(1,096,725)	(6,646,550)
	28,787,888	25,739,795
Development expenditure		
Balance as at 1 March	78,733,239	108,308,410
Incurred during the financial year	94,089,153	52,728,342
Transferred from land cost	-	540,749
Transferred from/(to) land held for property development during the year	1,748,459	(467,192)
Completed development project	(9,118,328)	(82,377,070)
	165,452,523	78,733,239
	194,240,411	104,473,034

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

14. PROPERTY DEVELOPMENT COSTS (CONTINUED)

	Group 2007 RM	Group 2006 RM
Recognised as an expense in the income statement		
- In previous years	70,275,335	101,164,366
- During the financial year	101,982,508	56,909,903
- Completed development project	(7,352,827)	(87,798,934)
	(164,905,016)	(70,275,335)
Transferred to inventories	-	(2,862,226)
	29,335,395	31,335,473

Freehold land at cost of RM5,514,264 (2006: RM6,566,317) is pledged to licensed banks for term loan facilities as disclosed in Note 26.

Included in development costs is borrowing cost capitalised during the financial year amounting to RM811,233 (2006: RM904,171).

15. INVENTORIES

	Group 2007 RM	Group 2006 RM
At cost		
Completed properties	11,327,453	14,639,556
Building materials	158,648	386,070
Food and beverage	312,260	120,595
Spare parts and consumables	39,978	38,127
	11,838,339	15,184,348

16. TRADE RECEIVABLES

	Group 2007 RM	Group 2006 RM
Trade receivables	27,150,987	18,266,193
Less: Allowance for doubtful debts	(47,801)	(16,777)
	27,103,186	18,249,416

The credit term of trade receivables is 21 days from date of progress billings or ranges from 30 to 90 days from date of invoice.

The allowance for doubtful debts is net of bad debt written off of RM Nil (2006: RM288,083).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

17. AMOUNTS OWING BY/(TO) SUBSIDIARY COMPANIES

The amounts owing by/(to) subsidiary companies represent advances and payments made on behalf which are unsecured, interest-free and repayable on demand.

18. SINKING AND REDEMPTION FUNDS

The sinking and redemption funds of the Group are created under a trust deed to meet the refund of deposits on refundable membership and cost of major periodic repairs of the golf club.

19. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group as at 28 February 2007 have maturity periods ranging between 30 days and 365 days.

Included in fixed deposits with licensed banks of the Group is an amount of RM1,017,040 (2006: RM492,890) that is pledged to licensed banks for bank guarantee facilities granted to the Group as disclosed in Note 37.

20. CASH AND BANK BALANCES

Included in the Group's cash and bank balances is an amount of RM2,737,661 (2006: RM4,553,587) held under the Housing Development Accounts pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966.

21. TRADE PAYABLES

The credit terms available to the Group in respect of trade payables range from 30 to 45 days from date of invoice.

22. OTHER PAYABLES, DEPOSITS AND ACCRUALS

Included in other payables of the Group is a balance of RM14,230,000 (2006: RM17,941,016) due to Perbadanan Kemajuan Negeri Kedah in relation to the acquisition of certain freehold land of which the Sale and Purchase Agreement and Supplemental Agreement were signed on 20 March 2003 and 27 June 2003 respectively as disclosed in Note 38.

23. PROVISION FOR INFRASTRUCTURE COST

	Group	
	2007	**2006**
	RM	**RM**
Balance as at 1 March	255,998	1,859,770
Amount used during the financial year	(51,198)	(1,603,772)
Balance as at 28 February	204,800	255,998

The provision for infrastructure cost is in respect of a housing development project undertaken by a subsidiary company of which the subsidiary company is obliged to incur to meet the requirements of the authorities for the completion of the development project.

24. AMOUNT OWING TO DIRECTORS

The amount owing to Directors represents advances and payments made on behalf which are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

25. BORROWINGS

	Group 2007 RM	2006 RM
Current liabilities		
Term loans - secured (Note 26)	5,734,465	2,844,642
Term loans - unsecured	802,277	-
Revolving credit - unsecured	5,500,000	6,000,000
Bank overdrafts - secured (Note 27)	1,129,209	-
Bank overdrafts - unsecured	873,585	988,320
Hire-purchase creditors (Note 28)	236,087	105,461
	14,275,623	9,938,423
Non-current liabilities		
Term loans - secured (Note 26)	11,811,677	11,408,322
Term loans - unsecured	1,499,692	-
Hire-purchase creditors (Note 28)	343,343	344,626
	13,654,712	11,752,948
Total borrowings		
Terms loans - secured (Note 26)	17,546,142	14,252,964
Term loans - unsecured	2,301,969	-
Revolving credit - unsecured	5,500,000	6,000,000
Bank overdrafts - secured (Note 27)	1,129,209	-
Bank overdrafts - unsecured	873,585	988,320
Hire-purchase creditors (Note 28)	579,430	450,087
	27,930,335	21,691,371

26. TERM LOANS - SECURED

	Group 2007 RM	2006 RM
(a) Term loan I repayable by 132 monthly instalments of RM47,851 each commencing June 1996	566,630	1,069,537
(b) Term loan II repayable within 36 months by way of redemption of land titles	-	1,048,687
(c) Term loan III repayable by 96 monthly instalments of RM267,183 each commencing March 2004	9,417,028	12,134,740

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

26. TERM LOANS - SECURED (CONTINUED)

	Group 2007 RM	Group 2006 RM
(d) Term loan IV repayable by 36 monthly instalments of RM222,222 each commencing February 2007	7,562,484	-
	17,546,142	14,252,964
Repayable as follows:		
Current liabilities:		
- not later than one year	6,536,742	2,844,642
Non current liabilities:		
- later than one year and not later than five years	13,311,369	11,408,322
	19,848,111	14,252,964

The term loans are secured by way of fixed charges over:

(i) certain freehold land and buildings as disclosed in Note 7;

(ii) certain freehold land as disclosed in Note 11 and Note 14; and

(iii) certain investment properties as disclosed in Note 12.

27. BANK OVERDRAFTS - SECURED

The bank overdrafts are secured by first legal charges over certain parcels of freehold land of the Group with net book values of RM1,083,664 (2006: RM1,083,664) and corporate guarantees issued by the Company.

28. HIRE-PURCHASE CREDITORS

	Group 2007 RM	Group 2006 RM
Minimum hire-purchase payments:		
- not later than one year	250,063	125,028
- later than one year and not later than five years	354,522	369,782
	604,585	494,810
Less: Future interest charges	(25,155)	(44,723)
Present value of hire-purchase liabilities	579,430	450,087
Repayable as follows:		
Current liabilities		
- not later than one year	236,087	105,461
Non current liabilities		
- later than one year and not later than five years	343,343	344,626
	579,430	450,087

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

29. SHARE CAPITAL

	Group and Company			
	2007		2006	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM1.00 each:				
Authorised	300,000,000	300,000,000	300,000,000	300,000,000
Issued and fully paid-up	128,000,000	128,000,000	128,000,000	128,000,000

30. RESERVES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-distributable				
Share premium	5,982,397	5,982,397	5,982,397	5,982,397
Reserve on consolidation				
As at 1 March	28,927,571	30,641,437	-	-
Amortisation for the financial Year	-	(553,729)	-	-
Amount credited to the income statement upon sale of development properties	-	(1,160,137)	-	-
Effect of adopting FRS 3	(28,927,571)	-	-	-
As at 28 February	-	28,927,571	-	-
	5,982,397	34,909,968	5,982,397	5,982,397
Distributable				
Retained profits	76,470,249	35,975,722	5,664,390	4,005,917
	82,452,646	70,885,690	11,646,787	9,988,314

The Company has:-

(a) tax exempt account of approximately RM607,780 (2006: RM607,780) available for distribution as tax exempt dividends; and

(b) sufficient tax credit under Section 108 of the Income Tax Act, 1967 and balance in the tax exempt account to frank the payment of net dividends out of its entire retained profits as at 28 February 2007 without incurring additional tax liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

31. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group 2007 RM	Group 2006 RM
Balance as at 1 March	22,067,359	22,737,619
Recognised in the income statement		
- current year (Note 34)	(1,749,620)	(633,695)
- over provision in prior years (Note 34)	(372,836)	(36,565)
	(2,122,456)	(670,260)
Balance as at 28 February	19,944,903	22,067,359
Presented after appropriate offsetting:		
Deferred tax assets	(460,579)	(55,638)
Deferred tax liabilities	20,405,482	22,122,997
	19,944,903	22,067,359

(b) The movements of deferred tax assets and liabilities during the year prior to offsetting are as follows:

	Group 2007 RM	Group 2006 RM
Deferred tax assets		
Balance as at 1 March	271,441	337,098
Recognised in the income statement		
Unabsorbed capital allowances	720	674
Unabsorbed agricultural allowances	14,631	50,193
Unutilised tax losses	39,517	(131,290)
Other deductible temporary differences	392,559	14,766
	447,427	(65,657)
Balance as at 28 February	718,868	271,441

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

31. DEFERRED TAX (CONTINUED)

(b) The movements of deferred tax assets and liabilities during the year prior to offsetting are as follows: (Continued)

	Group	
	2007 **RM**	**2006** **RM**
Deferred tax liabilities		
Balance as at 1 March	22,338,800	23,074,717
Recognised in the income statement Excess of capital allowances over depreciation	(150,636)	237,069
Realisation of deferred tax upon sale of development Properties	(1,292,975)	(661,024)
Realisation of deferred tax on surplus arising from revaluation of land under property, plant and equipment through usage	(273,264)	(390,529)
Deferred plantation expenditure	41,846	78,567
	(1,675,029)	(753,917)
Balance as at 28 February	20,663,771	22,338,800

(c) The components of deferred tax assets and deferred tax liabilities as at end of the financial year comprise tax effect of:

	Group	
	2007 **RM**	**2006** **RM**
Deferred tax assets		
Unabsorbed capital allowances	3,029	2,309
Unabsorbed agricultural allowances	138,526	123,895
Unutilised tax losses	169,988	130,471
Other deductible temporary differences	407,325	14,766
	718,868	271,441

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

31. DEFERRED TAX (CONTINUED)

(c) The components of deferred tax assets and deferred tax liabilities as at end of the financial year comprise tax effect of: (Continued)

	Group 2007 RM	Group 2006 RM
Deferred tax liabilities		
Revaluation surplus arising from land held under property development	9,409,163	9,682,427
Revaluation surplus arising from subsidiary companies' development properties	10,208,429	11,501,404
Excess of capital allowances over corresponding depreciation	789,620	940,256
Deferred plantation expenditure	256,559	214,713
	20,663,771	22,338,800

(d) The amount of temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follows:

	Group 2007 RM	Group 2006 RM
Other deductible temporary differences	20,408	24,405

Deferred tax assets in respect of these items of certain subsidiary companies in the previous year have not yet been recognised as it is not probable that taxable profit of these subsidiary companies would be available against which the deductible temporary differences can be utilised.

32. REVENUE

	Group 2007 RM	Group 2006 RM
Revenue from development properties	118,161,678	62,539,330
Revenue from water theme park operations	996,958	-
Sale of completed properties	1,169,780	3,697,540
Sale of goods	41,217,418	25,061,484
Rental income	5,166,092	5,031,337
Sports and recreation services	2,147,965	1,964,127
Subscription and entrance fees	910,367	954,760
Tuition fees	311,099	330,319
Sales of longan, fruits and other supplies	123,576	151,609
	170,204,933	99,730,506

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

33. PROFIT BEFORE TAX

	Group		Company	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Profit before tax is arrived at after charging:				
Allowance for doubtful debts	33,260	16,777	-	-
Amortisation of leasehold golf course and club buildings (Note 7)	740,741	740,741	-	-
Amortisation of deferred plantation expenditure (Note 13)	25,103	17,378	-	-
Auditors' remuneration:				-
- current year	112,450	99,450	30,000	25,000
- over provision in prior year	-	(500)	-	-
Bad debts written off	85,030	41,581	-	-
Cost of completed properties sold during the financial year	651,143	2,307,574	-	-
Contract cost recognised	94,248,160	47,123,492	-	-
Depreciation of property, plant and equipment (Note 7)	1,914,060	1,719,103	664	664
Directors' emoluments paid/ payable to:				
Executive directors:				
- other emoluments:				
- paid/payable by the Company	45,000	53,000	45,000	53,000
- paid/payable by the subsidiary company	1,188,170	1,234,366	-	-
Non-executive directors:				
- other emoluments paid/ payable by the Company	119,000	134,000	119,000	134,000
Direct operating expenses of revenue generating investment properties	340,550	365,657	-	-
Interest expense on:				
- bank overdraft	39,045	7,571	-	-
- hire-purchase	23,761	25,158	-	-
- term loans	978,454	1,004,583	-	-
- revolving credit	8,975	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

33. PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Inventories written off	52	2,656	-	-
Liquidated and ascertained damages expense	40,853	-	-	-
Loss on disposal of property, plant and equipment	-	21,186	-	-
Property, plant and equipment written off	45,348	2,948	-	-
Rental expenses:				
- premises	308,952	17,320		
- equipment	31,617	55,971	-	-
And crediting:				
Bad debts recovered	(3,241)	(2,282)	-	-
Fair value adjustments of investment properties (Note 12)	(52,826)	-	-	-
Gain on disposal of property, plant and equipment	(284)	(3,214)	-	-
Interest income	(203,905)	(84,920)	-	-
Rental income	(1,877,634)	(1,183,745)	-	-
Amortisation of reserve on consolidation	-	(1,713,866)	-	-

34. TAX EXPENSE

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Current tax expense based on results for the financial year:				
Malaysian income tax	5,120,982	2,044,728	678,641	1,227,407
Deferred tax (Note 31)				
- current year	(597,594)	(633,695)	-	-
- effect of reduction in tax rate	(1,152,026)	-	-	-
	(1,749,620)	(633,695)	-	-
	3,371,362	1,411,033	678,641	1,227,407

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2007

34. TAX EXPENSE (CONTINUED)

	Group		Company	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Under/(Over) provision in prior Years				
Income tax	290,779	(13,803)	29,463	-
Deferred tax (Note 31)	(372,836)	(36,565)	-	-
	(82,057)	(50,368)	29,463	-
	3,289,305	1,360,665	708,104	1,227,407

Current tax expense is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the financial year. The statutory tax rate of 27% will be reduced to 26% for year of assessment 2008. The deferred tax balance as at 28 February 2007 has reflected these changes.

The numerical reconciliation between the effective tax rate and the applicable tax rate is as follows:

	Group		Company	
	2007 %	**2006 %**	**2007 %**	**2006 %**
Average applicable tax rate	27.0	28.0	27.0	28.0
Tax effect in respect of:				
Depreciation on non-qualifying property, plant and equipment	0.3	0.6	-	-
Non-allowable expenses	2.1	4.7	1.7	-
Effect of changes in tax rates on opening balance of deferred tax	(5.4)	-	-	-
Reduction in statutory tax rate on chargeable income up to RM500,000 of certain subsidiary Companies	(1.2)	(3.6)	-	-
Deferred tax asset not recognised	-	0.1	-	-
Utilisation of business losses brought forward	-	(0.1)	-	-
Amortisation of reserve on consolidation which is not subject to income tax	-	(7.4)	-	-
Income not subject to tax	(0.1)	-	-	-
	22.7	22.3	28.7	28.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

34. TAX EXPENSE (CONTINUED)

	Group		Company	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Under/(Over) provision in				
prior years				
- income tax	1.9	(0.2)	1.2	-
- deferred tax	(2.5)	(0.9)	-	-
Average effective tax rate	22.1	21.2	29.9	28.0

The Group has unabsorbed tax losses, unutilised capital allowances, unutilised agriculture allowances and other deductible temporary differences of approximately RM849,000 (2006: RM652,000), RM15,000 (2006: RM11,500), RM692,000 (2006: RM619,000) and RM431,225 (2006: RM Nil) respectively available for set off against future taxable profit.

Tax savings of the Group are as follows:

	Group	
	2007 RM	**2006 RM**
Arising from utilisation of unabsorbed tax losses and capital allowances	268,247	292,285

35. BASIC EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share:

The basic earnings per ordinary share for the financial year has been calculated based on the profit attributable to ordinary equity holders of the Company divided by the number of ordinary shares outstanding during the financial year:

	2007	**2006**
Profit attributable to ordinary equity holders of the Company (RM)	11,566,956	5,071,857
Number of ordinary shares outstanding	128,000,000	128,000,000
Basic earnings per ordinary shares (sen)	9.0	3.9

36. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2007 RM	**2006 RM**
Purchase of property, plant and equipment (Note 7)	18,900,344	1,838,701
Financed by hire-purchase arrangements	(253,232)	-
Cash payments on purchase of property, plant and equipment	18,647,112	1,838,701

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

37. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Cash and bank balances	4,391,031	7,474,117	6,985	3,074
Fixed deposits with licensed banks	2,220,144	764,004	-	-
Bank overdraft	(2,002,794)	(988,320)	-	-
	4,608,381	7,249,801	6,985	3,074
Less: Fixed deposits pledged to licensed banks (Note 19)	(1,017,040)	(492,890)	-	-
	3,591,341	6,756,911	6,985	3,074

38. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Group has related party relationships with its direct and indirect subsidiary companies and with the following parties:

Related parties	**Relationships**
Perbadanan Kemajuan Negeri Kedah ("PKNK")	Substantial shareholder of the Company
Beh Heng Seong Sdn. Bhd.	Companies in which the Director of the
Kampion Garden Development Sdn. Bhd.	Company, Mr. Beh Huck Lee acts as Director
RJ Properties Sdn. Bhd.	Company in which the Director, Mr. Beh Huck Lee and close family member of the Director of the Company, Dato' Tajudin bin Hashim act as Directors
Cipta Dua Sdn. Bhd.	Subsidiary company of a substantial shareholder of the Company
Teccalibre Sdn. Bhd. ("TSB")	Company in which the shareholder is a close member of the family of a key management personnel of the Company
Dato' Tajudin bin Hashim	Father of Muhamad Faisal bin Tajudin
Dato' Beh Heng Seong	Father of Beh Huck Lee

(b) Significant related party transactions and balances

In the normal course of business, the Group undertakes transactions with certain related parties listed above. Set out below is the related party transactions for the financial year (in addition to related party disclosures mentioned elsewhere in the financial statements). The related party transactions described below were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

38. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions and balances (Continued)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
* Interest on late payment charged by PKNK for purchase of land	1,186,553	1,645,958	-	-
Disposal of property, plant and equipment to TSB	4,100	-	-	-
Purchase of property, plant and equipment from TSB	8,575	-	-	-
Directors' emoluments paid/ payable to:				
Executive directors:				
- other emoluments:				
- paid/payable by the Company	45,000	53,000	45,000	53,000
- paid/payable by the subsidiary company	1,188,170	1,234,366	-	-
Non-executive directors:				
- other emoluments paid/ payable by the Company	119,000	134,000	119,000	134,000
Advisory fees paid to:				
- Dato'Beh Heng Seong	240,000	240,000	-	-
- Dato' Tajudin bin Hashim	82,000	-	-	-

* This is related to the purchase of freehold land from PKNK in the previous financial years with total purchase consideration of RM26,527,600 out of which RM12,297,600 (2006: RM8,586,584) has been paid as at the balance sheet date. The purchase price was revised to RM26,527,600 from the original purchase consideration of RM26,000,000 in financial year 2005 based on the actual measurement of the land upon sub-division of land title. The balance payable to PKNK as at the end of the financial year is RM14,230,000 (2006: RM17,941,016) as disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2007

39. CONTINGENT LIABILITIES - UNSECURED

	Company 2007 RM	Company 2006 RM
Guarantees given to licensed banks for credit facilities utilised by the subsidiary companies	29,057,568	20,672,963
Total credit facilities available to the subsidiary companies	72,690,000	61,940,000

40. CAPITAL COMMITMENT

	Group 2007 RM	Group 2006 RM
Capital expenditure in respect of acquisition of freehold land:		
Contracted but not provided for	11,122,671	13,311,857

The capital commitment is in respect of the acquisition of freehold land of 72.97 acres at the cost of RM152,460 per acre from Perbadanan Kemajuan Negeri Kedah by a subsidiary company pursuant to a Conditional Sale and Purchase Agreement entered into on 17 October 2001. The relocation of squatters on the said land have been completed in the previous financial year. The acquisition is yet to be completed pending the development plan being approved by the relevant authorities.

41. SEGMENT REPORTING

Business segments

The Group's operations comprise the following business segments:

Property development	: Development of residential and commercial properties.
Chalet and golf management	: Operation and management of chalet, restaurant, golf club operations and recreation facilities.
Property construction	: Construction of residential and commercial properties, and sales of building material.
Others	: Rental of properties, management of complex, fruits cultivation and kindergarten operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

41. SEGMENT REPORTING (CONTINUED)

2007	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
Revenue						
External sales	119,331,458	14,559,752	34,559,665	1,754,058	-	170,204,933
Inter-segment sales	-	35,466	98,008,814	3,144,418	(101,188,698)	-
Total revenue	119,331,458	14,595,218	132,568,479	4,898,476	(101,188,698)	170,204,933
Results						
Segment results	9,909,333	1,134,639	4,487,561	171,489	-	15,703,022
Interest income	162,116	35,713	544	5,532	-	203,905
Interest expense	(770,254)	(189,855)	(18,818)	(71,308)	-	(1,050,235)
Profit before tax						14,856,692
Tax expense						(3,289,305)
Profit for the financial year						11,567,387
Other information						
Segment assets	176,725,443	89,953,301	3,412,140	31,573,665	-	301,664,549
Tax assets	1,489	3,626	-	188,491	-	193,606
Deferred tax assets	407,325	-	-	53,254	-	460,579
Total assets						302,318,734
Segment liabilities	23,063,856	4,501,797	13,947,005	378,338	-	41,890,996
Borrowings	13,960,720	11,228,465	2,174,520	566,630	-	27,930,335
Tax liabilities	893,945	353,886	269,963	28,602	-	1,546,396
Deferred tax liabilities	10,210,763	9,953,519	24,812	216,388	-	20,405,482
Total liabilities						91,773,209
Capital expenditure	117,106	18,642,644	10,651	135,543	-	18,905,944
Depreciation and amortisation	205,050	2,155,712	163,284	155,858	-	2,679,904
Non cash items other than depreciation and amortisation	40,579	127,179	-	(52,826)	-	114,932

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

41. SEGMENT REPORTING (CONTINUED)

2006	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
Revenue						
External sales	66,236,870	12,713,025	19,000,751	1,779,860	-	99,730,506
Inter-segment sales	-	20,474	47,852,393	5,252,923	(53,125,790)	-
Total revenue	66,236,870	12,733,499	66,853,144	7,032,783	(53,125,790)	99,730,506
Results						
Segment results	3,205,275	1,576,078	1,958,161	644,825	-	7,384,339
Share of results of associated company	(474)	-	-	-	-	(474)
						7,383,865
Interest income	71,936	9,935	-	3,049	-	84,920
Interest expense	(920,910)	(101)	(12,622)	(103,679)	-	(1,037,312)
Profit before tax						6,431,473
Tax expense						(1,360,665)
Profit for the financial year						5,070,808
Other information						
Segment assets	177,973,811	73,750,619	1,864,436	31,309,564		284,898,430
Investment in an associated company	25,483	-	-	-		25,483
Tax assets	198,853	-	322,815	139,736		661,404
Deferred tax assets	14,766	-	-	40,872		55,638
Total assets						285,640,955
Segment liabilities	31,337,590	3,550,111	7,370,694	396,629		42,655,024
Borrowings	20,394,686	-	227,149	1,069,536		21,691,371
Tax liabilities	53,485	117,656	-	22,284		193,425
Deferred tax liabilities	11,553,380	10,314,553	30,800	224,264		22,122,997
Total liabilities						86,662,817
Capital expenditure	74,981	1,395,556	176,808	191,356		1,838,701

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

41. SEGMENT REPORTING (CONTINUED)

2006	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
Depreciation and amortisation	261,179	1,941,276	155,353	118,121		2,475,929
Non cash items other than depreciation and amortisation	7,613	58,789	16,777	-		83,179

The Group operates predominantly in Malaysia and accordingly, no geographical segment is presented.

The terms, conditions and prices of the inter-segment transactions are on arm's length basis that is not materially different from transactions with unrelated parties.

42. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The table below summarises the carrying amount of the Group's financial assets and liabilities, categorised by their maturity dates, which represent the Group's exposure to interest rate risk:

Group 2007	Within 1 year RM	Between 1 - 2 years RM	Between 2 - 3 years RM	Between 3 - 4 years RM	Between 4 - 5 years RM	More than 5 years RM	Total RM	Weighted Average Effective Interest Rate %
Financial assets								
Cash held in Housing Development Accounts	2,737,661	-	-	-	-	-	2,737,661	2.30
Fixed deposits	2,220,144	-	-	-	-	-	2,220,144	3.70
Financial liabilities								
Term loans	6,536,742	6,465,431	5,661,283	1,184,655	-	-	19,848,111	5.68
Revolving credit	5,500,000	-	-	-	-	-	5,500,000	5.67
Bank overdrafts	2,002,794	-	-	-	-	-	2,002,794	8.25
Hire-purchase creditors	236,087	226,411	116,932	-	-	-	579,430	2.58
2006								
Financial assets								
Cash held in Housing Development Accounts	4,553,587	-	-	-	-	-	4,553,587	2.00
Fixed deposits	764,004	-	-	-	-	-	764,004	3.70
Financial liabilities								
Term loans	2,844,642	4,107,634	2,738,065	2,946,751	1,615,872	-	14,252,964	8.38
Revolving credit	6,000,000	-	-	-	-	-	6,000,000	5.52
Bank overdrafts	988,320	-	-	-	-	-	988,320	7.50
Hire-purchase creditors	105,461	111,052	116,643	116,931	-	-	450,087	2.58

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
28 FEBRUARY 2007

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit risk

As at 28 February 2007, the Group has trade receivables of RM12,923,607 (2006: RM12,248,594) that are substantially in respect of property buyers which have exceeded the credit terms. However, such credit risk is limited by withholding legal ownership until the full consideration is received. The Group's historical experience in the collection of trade receivables from tenants falls within the recorded allowances for doubtful debts. Due to these factors, the management believes that no additional credit risk beyond amounts provided for doubtful debts is inherent in the Group's trade receivables.

The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheets.

In respect of the fixed deposits, cash and bank balances which are placed with major financial institution in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

(c) Fair values

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiary companies. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiary companies defaulting on the credit lines is remote.

The carrying amounts of the financial instruments of the Group as at the balance sheet date approximate their fair values except as set out below:

	Group	
	Carrying amount RM	Fair Value RM
As at 28 February 2007		
Non-current quoted investments	10,979	11,022
As at 28 February 2006		
Non-current quoted investments	10,705	10,688

The following methods and assumptions are used to determine the fair value of financial instruments:

(i) The carrying amount of financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.

(ii) The fair value of quoted investments is determined by reference to their quoted market prices at the balance sheet date.

(iii) The fair value of term loans is estimated based on the market rates for the same or similar loan with the same remaining maturities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2007

43. EMPLOYEE BENEFITS

	Group		Company	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Operations				
- Salaries and wages	3,807,793	3,375,415	-	-
- Contribution to defined contribution plan	408,671	368,612	-	-
- Other benefits	598,298	419,863	-	-
	4,814,762	4,163,890	-	-
Sales, marketing and distribution				
- Salaries and wages	363,518	324,475	-	-
- Contribution to defined contribution plan	56,266	47,870	-	-
- Other benefits	146,934	156,732	-	-
	566,718	529,077	-	-
Administration				
- Salaries and wages	2,523,658	2,481,777	204,800	207,400
- Contribution to defined contribution plan	246,446	310,682	5,304	3,312
- Other benefits	413,443	402,276	4,020	7,437
	3,183,547	3,194,735	214,124	218,149
	8,565,027	7,887,702	214,124	218,149

44. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 11 June 2007.

ANALYSIS OF SHAREHOLDINGS
AS AT 19 JULY 2007

Authorised Capital	: RM300,000,000.00
Issued and Fully Paid-up Capital	: RM128,000,000.00
Class of Shares	: Ordinary shares of RM1.00 each
Voting Rights	: One vote for each ordinary share

ANALYSIS BY SIZE OF SHAREHOLDING AS AT 19 JULY 2007

Category By Size	No. Of Holders		No. Of Shares		Percentages	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less Than 100 Shares	5	0	230	0	0.0002	0.0000
100 To 1,000 Shares	2,678	3	2,661,100	3,000	2.0790	0.0023
1,001 To 10,000 Shares	1,880	11	7,646,067	60,000	5.9735	0.0469
10,001 To 100,000 Shares	304	4	9,062,700	149,100	7.0802	0.1165
100,001 To Less Than 5% of Issued Shares	44	5	38,538,726	3,977,000	30.1084	3.1070
5% And Above of Issued Shares	3	1	58,576,577	7,325,500	45.7630	5.7230
TOTAL	**4914**	**24**	**116,485,400**	**11,514,600**	**91.0043**	**8.9957**

30 LARGEST SHAREHOLDERS AS AT 19 JULY 2007

No	Name	Shareholdings	Percenatges
1	BETAJ HOLDINGS SDN BHD	28,653,781	22.3858
2	BEH HENG SEONG SDN.BHD.	23,261,208	18.1728
3	CITIGROUP NOMINEES (ASING) SDN BHD GOLDMAN SACHS INTERNATIONAL	7,325,500	5.7230
4	PERBADANAN KEMAJUAN NEGERI KEDAH	6,661,588	5.2044
5	TEH AH YAU RUBBER FACTORY SDN BERHAD	4,318,729	3.3740
6	AHMAD ZAKIUDDIN BIN HARUN	4,000,000	3.1250
7	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH HUCK LEE (511356)	3,500,000	2.7344
8	SUCCESS LEADS SDN BHD	2,781,794	2.1733
9	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW HOCK LAI (M11)	2,700,000	2.1094
10	FIRM ALLIANCE SDN BHD	2,622,538	2.0489
11	THAM SAU KIEN	2,547,300	1.9901

ANALYSIS OF SHAREHOLDINGS (CONTINUED)
AS AT 19 JULY 2007

30 LARGEST SHAREHOLDERS AS AT 19 JULY 2007 (CONTINUED)

No	Name	Shareholdings	Percenatges
12	SAW TIANG AUN	2,004,500	1.5660
13	DATO TAJUDIN HOLDINGS SDN BHD	1,854,611	1.4489
14	LIEW HOCK LAI	1,613,000	1.2602
15	HSBC NOMINEES (ASING) SDN BHD HSBC PVT SUISSE FOR TOURKEY,ISMAEEL ALI	1,392,900	1.0882
16	CITIGROUP NOMINEES (ASING) SDN BHD CBLDN FOR HELIER CORPORATION	1,130,000	0.8828
17	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RCS ELECTRONICS SDN BHD (M01)	1,056,538	0.8254
18	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD SBB EMERGING COMPANIES GROWTH FUND	1,000,000	0.7813
19	CARTABAN NOMINEES (ASING) SDN BHD STATE STREET LUXEMBOURG FUND AA30 FOR ALLIANZ GLOBAL INVESTORS SELECTIONS RCM MALAYSIA FUND	994,100	0.7766
20	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KUAH HUN LIANG (MY0271)	940,000	0.7344
21	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BERHAD FOR AVENUE TACTICALEXTRA FUND (250082)	800,000	0.6250
22	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NEOH GIM CHIN (MY0287)	500,000	0.3906
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD MANULIFE INSURANCE (MALAYSIA) BERHAD (OL PAR)	320,000	0.2500
24	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KHUE YEN LIN (PB)	316,500	0.2473
25	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH CHUN HOK (M11)	308,000	0.2406
26	KE-ZAN NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEOH HIN HENG	307,000	0.2398
27	YEOH KOK CHAI	306,200	0.2392
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR EDMUND CHUAH CHOONG ENG HUAT (MY0163)	300,000	0.2344
29	HLG NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK	300,000	0.2344
30	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BERHAD FOR AVENUE EQUITYEXTRA FUND (990405)	300,000	0.2344

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

AS AT 19 JULY 2007

LIST OF SUBSTANTIAL SHAREHOLDERS (5%) AS AT 19 JULY 2007

		Direct Interest		Indirect Interest	
No.	**Name**	**Shares**	**Percentage**	**Shares**	**Percentage**
1	Betaj Holdings Sdn Bhd	28,653,781	22.3858	-	-
2	Beh Heng Seong Sdn Bhd	23,261,208	18.1728	28,653,781	22.385
3	Citigroup Nominees (Asing) Sdn Bhd Goldman Sachs International	7,325,500	5.7230	-	-
4	Perbadanan Kemajuan Negeri Kedah	6,661,588	5.2044	-	-

LIST OF DIRECTORS AS AT 19 JULY 2007

		Direct Interest		Indirect Interest	
No.	**Name**	**Shares**	**Percentage**	**Shares**	**Percentage**
1	Beh Huck Lee [c]	3,500,000	2.7344	51,914,989[a]	40.558
2	Teoh Choon Boay	234,416	0.1831	51,914,989[a]	40.558
3	Tan Hiang Joo	10,000	0.0078	-	-
4	Muhamad Faisal Bin Tajudin	-	-	30,508,392[b]	23.834

Note : (a) Deemed interested by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Beh Heng Seong Sdn. Bhd. which in turn hold shares in Betaj Holdings Sdn. Bhd.

(b) Deemed interested by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Dato' Tajudin Holdings Sdn. Bhd. which in turn hold shares in Betaj Holdings Sdn. Bhd.

(c) Held Through RHB Capital Nominees (Tempatan) Sdn Bhd

LIST OF PROPERTIES HELD

Description	Tenure & Age	Land Area	Total Built-up (sq. m.)	Net Book Value as at 28.2.2007 (RM)
P.T. 66058, H.S.(M) 2434 Mukim of Sungai Petani, District of Kuala Muda Located along the eastern side of Jln Badlishah, within Taman Ria, Sungai Petani, Kedah (Vacant plot of freehold commercial land)	Freehold	1.07 acres (46,719 sq. ft.; 4,340 sq. m.)	-	361,525
P.T. 20439, H.S.(M) 569/92 Mukim of Sungai Petani, District of Kuala Muda Located within Cinta Sayang Golf and Country Resort Sungai Petani, Kedah (Vacant condominium site)	Freehold	4.01 acres (174,885 sq. ft.: 16,247 sq. m.)	-	3,050,689
P.T. 09943, P.T. 09959 to P.T. 09962, P.T. 10134, P.T. 10252, P.T. 10256 to P.T. 10258, and P.T. 10389 to P.T. 10390 H.S.(M) 31/1989, H.S.(M) 47/1989 to H.S. (M) 50/1989, H.S.(M) 222/1989, H.S.(M) 340/1989, H.S.(M) 344/1989 to H.S.(M) 346/1989, and H.S.(M) 477/4989 to H.S.(M) 478/1989 Mukim of Sungai Petani, District of Kuala Muda Located within Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah (12 freehold vacant bungalow plots)	Freehold	2.47 acres (107,524 sq. ft.: 9,989 sq. m)	-	3,136,219
P.T. 13453, H.S.(M) 2974/1989 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (Vacant commercial complex site)	Freehold	3.35 acres (146,130 sq. ft.: 13.575 sq. m.)	-	4,834,675
P.T. 13454 to P.T.13456 H.S.(M) 2975/1989 to H.S.(M) 2977/1989 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (3 vacant commercial lands)	Freehold	2.19 acres (95,453 sq. ft.: 8,868 sq. m.)	-	2,466,995
P.T. 10713 to P.T. 10793 H.S.(M) 797/89 to H.S.(M) 877/89 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (81 freehold vacant commercial plots)	Freehold	3.18 acres (138,643 sq. ft: 12,880 sq. m.)	-	4,280,442
P.T. 15777 to P.T. 15793 H.S.(M) 5298/1989 to H.S.(M) 5314/1989 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (17 vacant detached plots)	Freehold	3.11 acres (135,539 sq. ft.: 12,592 sq. m.)	-	897,029

LIST OF PROPERTIES HELD (CONTINUED)

Description	Tenure & Age	Land Area	Total Built-up (sq. m.)	Net Book Value as at 28.2.2007 (RM)
P.T. 71108 to P.T. 71128 H.S.(M) 2972 to H.S.(M) 2990 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (17 vacant industrial lots & 2 sub-station lots)	Freehold	10.78 acres (469,716 sq. ft.: 43,638 sq. m.)	-	1,089,169
244 development lots within P.T. 69088 to P.T. 70918 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Kelisa Ria, Sungai Petani (244 lots for mixed development)	Freehold	48.12 acres (2,096,124 sq. ft.: 194,736 sq. m.)	-	4,929,795
Lots 2789, 2794, 2796, 2797, 2800, 2801, 3003, 3004, 3630, 3631, 5503, 5504 and 5505 Mukim of Sungai Petani, District of Kuala Muda Located next to Taman Kelisa Ria and Aman Jaya (13 parcels of freehold land currently under development)	Freehold	219.39 acres (9,556,786 sq. ft.: 888,177 sq. m.)	-	33,647,944
P.T. 5205 to P.T. 5210 H.S.(D) 27773 to H.S.(D) 27778 Mukim of Pinang Tunggal, District of Kuala Muda Located next to Bandar Puteri Jaya (6 parcels of freehold land currently under development)	Freehold	663.19 acres (28,888,556 sq. ft.: 2,683,835 sq. m.)	-	27,938,095
P.T. 558, GM 796 Mukim of Pinang Tunggal, District of Kuala Muda Located next to Bandar Perdana (1 plot of agriculture land)	Freehold	8.07 acres (351,420 sq. ft.: 32,647 sq. m.)	-	276,761
Lots 63, 65, 741 and 743, SP 27493, SP 27495, SP 30052, SPB 62192 Mukim of Gurun, District of Kuala Muda Located along the southern side of Gurun/Jeniang Main road, about 7 kilometres east of Gurun, Kedah (4 plots of freehold land currently under development)	Freehold	291.97 acres (12,717,976 sq. ft.: 1,181,539 sq. m.)	-	31,015,906
P.T. 30395 and 30396 H.S.(D) 443 and 444 Mukim of Sungai Petani, District of Kuala Muda Within Kawasan Perusahaan Ringan Bukit Makmur (2 vacant industrial lots, 1 stall lot & 1 sub-station lot)	Freehold	8.71 acres (379,330 sq. ft.: 35,241 sq. m.)	-	2,840,141
Lot 67, P.T. 6932, H.S.(M) 697 Mukim of Bukit Katil, District of Melaka Tengah, Melaka (1 vacant industrial lot)	9 years Leasehold for 99 yrs expiring 29.3.2097	1.10 acres (47,803 sq. ft.: 4,441 sq. m.)	-	437,388

LIST OF PROPERTIES HELD (CONTINUED)

Description	Tenure & Age	Land Area	Total Built-up (sq. m.)	Net Book Value as at 28.2.2007 (RM)
P.T. 15797 to P.T.15813 H.S.(D) 5318/1989 to H.S.(D) 5334/1989 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (17 vacant detached plots)	Freehold	7.45 acres (324,618 sq. ft.: 30,157 sq. m.)	-	1,667,716
355 development lots within P.T. 211 to P.T. 283, P.T. 308 to P.T. 316, P.T. 329 to 340, P.T. 606 to P.T. 625, P.T. 1435 to P.T. 1461, P.T. 1476 to P.T. 1681, P.T. 1687 to P.T. 1695 and P.T. 1698 H.S.(D) 48/89 to H.S.(D) 120/89, H.S.(D) 145/89 to H.S.(D) 153/89, H.S.(D) 166/89 to H.S.(D) 177/89, H.S.(D) 428/89 to H.S.(D) 447/89, H.S.(D) 1255/89 to H.S.(D) 1281/89, H.S.(D) 1296/89 to H.S.(D) 1501/89, H.S.(D) 1507/89 to H.S.(D) 1515/89 and H.S.(D) 1518/89 Mukim of Naga Lilit, District of Kulim Located within Taman Ria, Padang Serai, Kedah (357 lots for mixed development)	Freehold	47.36 acres (2,063,006 sq. ft.: 191,660 sq. m.)	-	10,184,704
P.T. 55443 to P.T. 55445 H.S.(D) 648 to H.S.(D) 650 Mukim of Sungai Petani, District of Kuala Muda Located next to Taman Ria, Sungai Petani (3 vacant freehold bungalow lots)	Freehold	0.38 acres (16,533 sq. ft.: 1,536 sq. m.)	-	60,639
P.T. 17698 and P.T. 17699 H.S.(D) 1073/90 and H.S.(D) 1074/90 Mukim of Sungai Petani, District of Kuala Muda Located within Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah (Golf and Country Resort)	19 years Leasehold for 60 years expiring 31/7/2051	190.88 acres (8,314,733 sq. ft.: 772,438 sq. m.)	7,402.64	31,892,256
Part of lot 4666, lot 4667 to 4670, part of lot 4672, lot 4673 to 4678 and part of lot 3187 Mukim of Sungai Petani, District of Kuala Muda Located next to Cinta Sayang Golf and Country Resort Persiaran Cinta Sayang, Sungai Petani, Kedah (13 parcels of development land)	Freehold	67.40 acres (2,935,889 sq. ft.: 272,753 sq. m.)	-	7,133,780
P.T. 10398 and P.T. 10422 H.S.(D) 486/89 to H.S.(D) 510/89 P.T. 10447 to P.T. 10457 H.S.(M) 535/1989 to H.S.(M) 545/1989 Mukim of Sungai Petani, District of Kuala Muda Located within Cinta Sayang Hotel Persiaran Cinta Sayang, Sungai Petani, Kedah (218 rooms within Cinta Sayang Golf and Country Resort)	12 to 19 years Freehold	8.62 acres (375,487 sq. ft.: 34,897 sq. m.)	10,768.40	23,328,646

LIST OF PROPERTIES HELD (CONTINUED)

Description	Tenure & Age	Land Area	Total Built-up (sq. m.)	Net Book Value as at 28.2.2007 (RM)
P.T. 21648, H.S.(M) 3/94 Mukim of Sungai Petani, District of Kuala Muda Located along the eastern side of Jln Badlishah, Sungai Petani, Kedah (Freehold commercial land erected with a 6-storey building known as Wisma Ria)	11 years Freehold	1.67 acres (72,642 sq. ft.: 6,748 sq. m.)	5,548.08	13,740,000
P.T. 21646, H.S.(M) 1/94 Mukim of Sungai Petani, District of Kuala Muda Located along the eastern side of Jln Badlishah, within Taman Ria, Sungai Petani, Kedah (Vacant plot of freehold commercial land)	Freehold	1.08 acres (47,207 sq. ft.: 4,386 sq. m.)	-	2,360,000
P.T. 05925 to P.T. 05944 H.S.(M) 278/1986 to H.S.(M) 297/1986 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria, Sungai Petani, Kedah (2 rows of 56 stalls within Pasar Taman Ria)	19 years Freehold	0.70 acres (30,574 sq. ft.: 2,840 sq. m.)	2,835.20	2,560,000
P.T. 05945 to P.T. 05954 H.S.(M) 298/1986 to H.S.(M) 307/1986 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria, Sungai Petani, Kedah (Single storey plaza known as Ria Plaza)	18 years Freehold	0.37 acres (16,307 sq. ft.: 1,515 sq. m.)	1,471.54	1,290,000
P.T. 05916 to P.T. 05924 H.S.(M) 269/1986 to H.S.(M) 277/1986 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria, Sungai Petani, Kedah (9 contiguous shoplots known as Ria Food Centre)	18 years Freehold	0.34 acres (14,995 sq. ft.: 1,393 sq. m.)	1,235.57	1,080,000
P.T. 09297, H.S.(M) 2632/1986 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria, Sungai Petani, Kedah (Approved hotel site)	Freehold	1.80 acres (78,468 sq. ft.: 7,290 sq. m.)	-	4,014,081
Lots 3329 and 3330, GM 4442 and GM 4443 Mukim of Sungai Petani, District of Kuala Muda Located within Chengai (2 contiguous parcels of agriculture land)	Freehold	47.86 acres (2,084,782 sq. ft.: 193,683 sq. m.)	-	3,632,780

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of EUPE CORPORATION BERHAD will be held at Garuda I, Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah Darul Aman on Monday 27 August 2007 at 10.30 a.m. for the following purposes:

AGENDA

1 To receive and adopt the Audited Financial Statements for the year ended 28th February 2007 together with the Report of the Directors and Auditors thereon. **Resolution 1**

2 To re-elect the following Directors who retire by rotation in accordance with the Article 82 of the Company's Articles of Association:

2.1 Mr. Tan Jiang Joo **Resolution 2**

2.2 Mr. Beh Huck Lee **Resolution 3**

3 To re-elect the retiring Director, Muhamad Faisal Bin Tajudin in accordance with the Article 88 of the Company's Articles of Association. **Resolution 4**

4 To re-appoint Messrs BDO Binder as Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

5 To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
As Special Business:

Authority to issue and allot shares **Resolution 6**

"**That**, subject to the approvals of the relevant authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to allot and issue new ordinary shares of RM1.00 each in the Company at any time and upon such terms and conditions and for such purposes as the Directors, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting."

6 To consider and if thought fit, to pass the following Special Resolution:

Proposed Amendments to the Articles of Associationof the Company **Resolution 7**

"That alterations, modifications, additions or deletions to the Articles of Association of the Company as set out in Appendix 1 attached with the Annual Reports for the financial year ended 28 February 2007 be and are hereby approved."

7 To transact any other business for which due notice has been given.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

BY ORDER OF THE BOARD

NG BEE LIAN *[MAICSA 7041392]*

LIM HOOI MOOI *[MAICSA 0799764]*

Company Secretaries

Kuala Lumpur
Date: 3 August 2007

Explanatory Notes to Special Business:

(1) Your Board would like to act expeditiously on opportunities to expand your Group's business, if and when they arise. The proposed resolution No. 6, if passed, is to authorise the Directors to issue up to 10% of the paid-up capital of the Company. This is to avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

(2) The proposed Amendments will bring the Company's Articles of Association in line with the amendments to the Listing Requirements of the Bursa Malaysia Securities Berhad, in line with the Companies Act, 1965 and to enhance administrative efficiency.

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if his appointor is a corporation, either under seal or under the hands of an officer or attorney duly authorised.

2. The instrument appointing a proxy must be deposited at the Company's Registered Office, 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

APPENDIX 1

EUPE Corporation Berhad (377762-V)

Proposed Amendments to the Articles of Association pursuant to the letter dated 14 December 2006 from Bursa Malaysia Berhad

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
7.02 Definitions	Definitions: 2.7 “Member/Members” means any person/ persons for the time being holding shares in the Company and whose names appear in the Register of Members (except the Malaysian Central Depository Nominess Sdn. Bhd.) including depositors whose names appear on the Record of Depositors” 2.8 “Exchange” means the Kuala Lumpur Stock Exchange 2.9 “Central Depository” means Malaysian Central Depository Sdn. Bhd.”; 3.4 “Central Depositories Act” means The Securities Industry (Central Depositories) Act 1991 4.2 “Approved Market Place” means a stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption (No.2) Order 1998 or any statutory modification, amendment or re-enactment thereof for the time being in force.	To delete and replace with the new definitions: 2.7 “Member” means any person/persons for the time being holding shares in the Company and whose names appear in the Register of Members (except the Malaysian Bursa Depository Nominees Sdn Bhd), including depositors whose names appear on the Record of Depositors. 2.8 Deleted 2.9 “Central Depository” means Bursa Malaysia Depository Sdn. Bhd. 3.4 “Central Depositories Act” means The Securities Industry (Central Depositories) Act 1991 and any statutory modification, amendment or reenactment thereof and any and every other legislation for the time being in force made thereunder. 4.2 Deleted	Alteration of Existing Article
Para 7.18 (2)	Article 57 (a) “The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least 14 days before the meeting or at least 21 days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least 14 days’ notice or 21 days’ notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in a daily newspaper circulating in Malaysia and in writing to each Stock Exchange upon the Company is listed. The Company shall request the Central Depository in accordance with the Rules, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company. (b) The Company shall also request the Central Depository in accordance with the Rules of the Central Depository, to issue a Record of Depositors, as at a date not less than 3 market days before the general meeting (hereinafter referred to as “the General Meeting Record of Depositors”).	Article 57 - To replace “the Central Depository” with “Bursa Malaysia Depository Sdn. Bhd.” (a) “The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least 14 days before the meeting or at least 21 days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least 14 days’ notice or 21 days’ notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each Stock Exchange upon the Company is listed. The Company shall request the Bursa Malaysia Depository Sdn. Bhd. in accordance with the Rules, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company.” (b) to delete and replace with the following: “The Company shall also request the Bursa Malaysia Depository Sdn. Bhd. in accordance with the Rules, to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than 3 market days before a	Alteration of Existing Article

APPENDIX 1 (CONTINUED)

EUPE Corporation Berhad (377762-V)

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
	The General Meeting Record of Depositors shall be the final record of all depositors who shall be deemed to be the registered holders of ordinary shares of the Company eligible to be present and vote at such meetings (c) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable), a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors”	general Meeting (hereinafter referred to as “the General Meeting Record of Depositors” The General Meeting Record of Depositors shall be the final record of all depositors who shall be deemed to be the registered holders of ordinary shares of the Company eligible to be present and vote at such meetings (c) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable), a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.	
Para 7.05 (Issue of preference shares)	Article 6 The Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company or to issue preference capital ranking equally with or in priority to preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit PROVIDED THAT the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time.	Article 6 – To delete the existing Article 6 in its entirety and replace with the following new Article: Article 6 The Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company or to issue preference capital ranking equally with or in priority to preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit	Alteration of Existing Article
Para 7.08 (2) (Rights of Preference shareholders)	Article 7 Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is in arrears for more than six (6) months. Preference shareholders shall be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.”	To delete the existing Article 7 in its entirety and replace with the following new article: Article 7 Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is in arrears for more than six (6) months.	Alteration of Existing Article
Para 7.14 Transmis-sion of securities from Foreign Register	Article 28 28 (1) Where: (a) the securities of the Company are listed on an Approved Market Place; and (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such securities;	To delete the existing Article 28 in its entirety and replaces with the following new article: Article 28 (1) Where: (a) the securities of a company are listed on another stock exchange; and (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act 1991 or Section 29 of the Securities Industry (Central Depositories)(Amendment) Act 1998, as the case may be, under the Rules in respect of such securities;	Alteration of Existing Article

APPENDIX 1 (CONTINUED)

EUPE Corporation Berhad (377762-V)

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
	the Company shall, upon the request of a securities holder, permit a transmission of securities held by such securities holder from the Foreign Register to the Malaysian Register provided that there shall be no change in the ownership of such securities. (2) For the avoidance of doubt, no company which fulfills the requirements of subparagraphs (1)(a) and (b) above shall allow any transmission of securities from the Malaysian Register into the Foreign Register	the Company shall, upon the request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities. (2) Deleted	
Para 7.20 (Voting right of members and proxy)	Article 69 Subject to any rights or restriction for the time being attached to any class or classes of shares and subject to Article 74, at meetings of Members or classes of Members each member entitled to vote may vote in person or by proxy or by attorney on any question and on a show of hands, every person present who is a Member or a representative or proxy of a Member shall have one vote, and a poll every Member present in person or by proxy or by attorney or other duly authorized representative shall have one vote for each share he holds.	To delete the existing Article 69 in its entirety and replaces with the following new article: Subject to any rights or restriction for the time being attached to any class or classes of shares, at meetings of Members or classes of Members each member entitled to vote may vote in person or by proxy or by attorney or in the case of a corporation by a representative on any question and on a show of hands, a holder of ordinary shares or preference shares who is personally present or a member's representative or proxy or attorney and entitled to vote shall be entitled to one (1) vote each, and on a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds. A person entitled to more than one vote need not use all his votes or cast all the votes he uses on a poll in the same way.	Alteration of Existing Article
Para 7.23 (directors)	Article 81 All the Directors of the Company shall be natural persons.	To delete the existing Article 81 in its entirety (To note: is still provided under S122(2) of the Companies Act, 1965)	Deletion of Existing Article
Para 7.22 (appointment of at least one proxy)	-	To insert a new Article 75A Article 75A Where a member of the company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.	Insertion of New Article
-	Nil	Article 89A The cost of serving the notice as required to propose the election of a Director, where the nomination is made by a member, shall be borne by the member making the nomination.	Insertion of New Article 89A

APPENDIX 1 (CONTINUED)

EUPE Corporation Berhad (377762-V)

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
Para 7.29 - (Vacation of office of director)	Article 94 The office of Director shall become vacant if the Director: (a) ceases to be a Director by virtue of the Act; (b) becomes a bankrupt, or makes any arrangement or composition with his creditors generally; (c) becomes prohibited from being a Director by reason of any order made under the Act; (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder; (e) resigns his office by notice in writing to the Company; (f) for more than six months is absent without permission of the Directors from meeting of the Directors held during that period; (g) without the consent of the Company in general meeting holds any other office of profit under the Company except that of Managing Director or Manager; or (h) is directly or indirectly interested in any contract or proposed contract with the Company and fails to declare the nature of his interest in manner required by the Act; (i) if he is removed by the Company in General Meeting pursuant to Article 89 if these presents.	To delete the existing Article 94 in its entirety and replace with the following: The office of Director shall become vacant if the Director: (a) ceases to be a Director by virtue of the Act; (b) becomes a bankrupt or makes any arrangement or composition with his creditors generally during his term of office; (c) has been convicted by a court of law, whether within Malaysia or elsewhere, of: (i) an offence in connection with the promotion, formation or management of a company; (ii) an offence involving fraud or dishonesty or where the conviction involved a finding that he acted fraudently or dishonestly; or (iii) an offence under the securities laws or the Companies Act, 1965 within a period of five years from the date of conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be; (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder during his term of office; (e) resigns his office by notice in writing to the Company; (f) for more than six months is absent without permission of the Directors from meeting of the Directors held during that period; (g) without the consent of the Company in general meeting holds any other office of profit under the Company except that of Managing Director or Manager; or (h) is directly or indirectly interested in any contract or proposed contract with the Company and fails to declare the nature of his interest in manner required by the Act (i) is absent from more than 50% of the total Board of Directors' meetings held during a financial year unless approval is sought and obtained from the Exchange". (j) is removed from his office of Director by resolution of the Company in general meeting of which special notice has been given; For the purpose of sub paragraph (i) above, if a director is appointed after the commencement of a financial year, then only the Board of Directors' Meetings held after his appointment will be taken into account.	Alteration of Existing Article

APPENDIX 1 (CONTINUED)

EUPE Corporation Berhad (377762-V)

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
Para 9.19 (1) - (When transfer books and register may be called)	Article 32 The registration of transfers may be suspended at such times and for such periods and for such reasons as the Directors may from to time determine provided always that such registration shall not suspended for more than thirty (30) days in any year. The Company shall given the Exchange prior written notice and publication in a daily newspaper circulating in Malaysia of the period of the intended suspension or closure and the purposes thereof, which notice shall be twelve (12) market days or such number of days as may be prescribed by the Exchange. In relation to the closure, the Company shall give written notice in accordance with the Rules to prepare the appropriate Record of Depositors.	To delete the existing Article 32 in its entirety and replaces with the following new article: Article 32 The registration of transfers may be suspended at such time and for such period as the Directors may from time to time determine provided always that it shall not be suspended for more than thirty (30) days in any year. Any notice of intention to fix the books closing date and the reason therefore shall be given to the Bursa and such notice shall state the books closing date, which shall be at least ten (10) Market Days after the date of announcement to the Bursa or such other period as may be prescribed by the Bursa, and the address of share registry at which documents will be accepted for registration. The said notice shall also state the purpose or purposes for which the register is being closed. The Company shall give notice to the Depository in accordance with the Rules to enable the Depository to prepare the appropriate Record of Depositors.	Alteration of Existing Article
Para 9.23A Issuance of annual report in CD-Rom	Nil	Article 125A Subject to the compliance with the requirements of the Bursa and any other relevant authorities, if any, the Company may issue its annual report in compact disc read-only memory ("CD ROM") or digital video disc read-only memory format or in any other format whatsoever (whether available now or in the future) through which images, data, information or other material may be viewed whether electronically or digitally or howsoever.	Insertion of new Article 125(A) (Issue of annual report in CD-Rom format)
Article 136 (dividend payable by cheques)	Article 136 Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holder, to the registered address of that one of the joint holders who is first named on the register of Members or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one or two or more joint holders may give effectual receipts for any dividends, bonuses or other money payable in respect of the shares held by them as joint holders.	To delete the entire existing Article 136 and replace with the following: Article 136 Any dividend, instalment of dividend, bonus or interest in respect of any share may be paid by cheque or warrant payable to the Member registered in the Register and/or the Record of Depositors or by electronic or other methods of funds transfer or such other means to or through such person. In addition, any such dividend, instalment of dividend, bonus or interest may be paid by any bank through direct transfer or other funds transfer system or such other means to or through such person as the Member or person entitled thereto in consequence of the death or bankruptcy of the Member may in writing direct, and the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or where the Company has acted on any such directions.	Alteration of Article 136 (Dividend payable by cheques)

STATEMENT ACCOMPANYING NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

1. The names of directors who are standing for election or re-election in accordance with Article 82 of the Company's Articles of Association:

   Mr. Tan Hiang Joo

   Mr. Beh Huck Lee

2. The name of director who is standing for re-election in accordance with Article 88 of the Company's Articles of Association:

   Encik Muhamad Faisal Bin Tajudin

   The details of the abovenamed Directors who are seeking for re-election are set out in their respective profiles which appear in the Directors' Profile on pages 8 to 10 of the Annual Report 2007. The Directors' shareholdings in the Company are set out in the Analysis of Shareholdings which appear on pages 86 to 88 of the Annual Report 2007

3. The details of attendance of existing Directors at Board meetings.

   During the financial period, four (4) Board meetings were held.

Name	Total Board Meetings attended
Dato' Paduka Haji Radzi Bin Bassir (demised on 03.01.2007)	3/3
Dato' Tajudin Bin Haji Hashim (resigned on 30.06.2006)	2/2
Dato' Jaafar Bin Jamaludin	2/4
Datin Teoh Choon Boay	3/4
Beh Huck Lee	4/4
Mohamad Rizal Bin Tajudin (resigned on 30.06.2006)	2/2
Tan Hiang Joo	4/4
Kek Jenny	4/4
Muhamad Faisal Bin Tajudin (appointed on 30.06.2006)	2/2

4. Annual General Meeting of Eupe Corporation Berhad

   Place : Garuda I, Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah Darul Aman

   Date & Time : 27 August 2007 at 10.30 a.m.

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EUPE CORPORATION BERHAD
(377762-V)

PROXY FORM

No. of Shares held	

I/We, ______________________________ NRIC No. ____________________ of ____________________

being a member / members of EUPE Corporation Berhad hereby appoint ______________________________

NRIC No. ____________________ of ______________________________

or failing him, the Chairman of Meeting as my / our proxy to vote for me / us on my / our behalf at the Eleventh Annual General Meeting of the Company to be held at Garuda I, Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah Darul Aman on 27th August 2007 at 10.30 a.m. and at any adjournment thereof in the manner indicated below:

NO	RESOLUTION		FOR	AGAINST
1.	To receive and adopt the audited Financial Statements for the year ended 28 February 2007 together with the Report of the Directors and Auditors thereon.	Resolution 1		
2.	To re-elect the retiring Director, Mr. Tan Hiang Joo pursuant to Article 82 of the Company's Articles of Association	Resolution 2		
3.	To re-elect the retiring Director, Mr. Beh Huck Lee pursuant to Article 82 of the Company's Articles of Association	Resolution 3		
4.	To re-elect the retiring Director, En. Muhamad Faisal Bin Tajudin pursuant to Article 88 of the Company's Articles of Association	Resolution 4		
5.	To re-appoint Messrs BDO Binder as Auditors of the Company.	Resolution 5		
6.	To empower the Directors to issue up to 10% of the issued share capital of the Company.	Resolution 6		
7.	Special Resolution: Proposed Amendments to the Company's Articles of Association	Resolution 7		

(Please indicate with an "X" in the appropriate box against each Resolution how you wish your proxy to vote. If no instruction is given this form will be taken to authorise the proxy to vote at his / her discretion).

Dated this ____________________ day of ____________________ 2007

____

Signature of Shareholder or Common Seal

Note:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if his appointor is a corporation, either under seal or under the hands of an officer or attorney duly authorised.

2. The instrument appointing a proxy must be deposited at the Company's Registered Office, 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

Affix
Stamp

The Company Secretary

EUPE CORPORATION BERHAD (377762-V)

5th Floor
Wisma Ria, Taman Ria
08000 Sungai Petani
Kedah Darul Aman, Malaysia

EUPE CORPORATION BERHAD (377762-V)
5th Floor, Wisma Ria Taman Ria,
08000 Sungai Petani,
Kedah Darul Aman, Malaysia.

T. 604-441 4888   F. 604-441 4548

www.eupe.com.my

Generations of Smiles

The smiles say it all.
When people choose our homes,
they buy not mere houses but legacies.
Homes that anticipate changes
whilst addressing today's lifestyles.
Homes that serve as the foundation
for a family's growth.
Homes, that are assets
in more ways than one.

Our families enjoy the knowledge
that the seeds of the dreams they have
planted today will continue to be
reaped from generation to generation.

At EUPE Corporation Berhad,
We will continue to innovate,
differentiate and integrate
to create communities in
sought after developments.
To create homes that will become legacies.