

EUPE CORPORATION BERHAD
ANNUAL REPORT 2008

CHANGE



EUPE
CORPORATION BERHAD
(377762-V)

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Corporate Information

/ BOARD OF DIRECTORS

Managing Director
Beh Huck Lee

Non-Independent Executive Director
Muhamad Faisal bin Tajudin

Non-Independent Non-Executive Director
Datin Paduka 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
Tel : 603-2616 2888 Fax : 603-2616 3190

/ SOLICITORS

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

/ 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

/ PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad
RHB Bank Berhad
HSBC Bank Malaysia Berhad

/ STOCK EXCHANGE LISTING

Main Board of the Malaysian Securities Exchange Berhad

Message From The Managing Director

FINANCIAL PERFORMANCE

Despite a revenue dip of 10% from RM170.2 million to RM153.6 million for the financial year ended 29 February 2008, profit before tax rose 28% to RM19.1 million from RM14.9 million in the previous year. Our new projects comprise higher-end homes which have higher margins but fewer units, resulting in the lower turnover on the back of higher profit margins.

Net profit increased 15% to RM13.3 million from RM11.6 million as our effective tax rate went up from 22% in 2007 to 30% in 2008. This is due to a higher tax reserve comprising unabsorbed tax losses, unutilised capital allowances and unutilised agriculture allowances of RM 7.9 million (compared to RM3.6 million in the previous year). The net earnings per share (EPS) for the year was correspondingly higher at 10.5 sen compared to 9.0 sen the previous year.

PROPERTY DEVELOPMENT

Property development contributed 45% towards the revenue of the Group, but accounted for most of the net profit this year. Parcels A (1,300 units), B (1,047 units) and C of the Group's 650-acre Bandar Seri Astana township have been fully taken up since the first launch of Parcel A in December 2004. Launched in January 2007, all the 740 units of residential property in Parcel C have since been fully taken up. Thus far, all units in Parcels A and B have obtained the Certificate of Fitness for Occupation. To facilitate the needs of the residents, we have put up a temporary structure of 50,516 sf to house Pasar Astana and Astana Home Mart. This is also where we have events to celebrate all the main festivals of the year. Also in operation is the new school SRJK(C) Lin Khay which took in its first batch of students for the 2008 school year in January.

The Group's 196-acre township in Gurun, Taman Ria Mesra II saw the sales of 227 units for the year under review. Out of the 968 units launched, 900 have been sold thus far. The remaining 868 units will be launched from this year on as we are awaiting the approvals for a re-layout of the remaining units in response to the changing preferences of the target market.

Launched in February 2008, the Group's Cinta Sayang Resort Homes has seen a take up rate of more than 25% to date. This gated and guarded lifestyle development is a first in Kedah, with the facilities of Cinta Sayang Resort and the Carnivall water park just outside the enclave. The integration of the services of the hospitality / resort sector and the homes from the property development sector are indicative of the synergies we can tap into. This will inevitably add value to the homes and create a new niche market. We believe that despite challenging market conditions, this has been key to the heartening take up rate of this project.



Message From The Managing Director (continued)

The integration of the divisions to achieve synergistic returns is also evidenced by the Malaysia My Second Home (MM2H) Sky Residences condominium within Cinta Sayang Resort. Currently, the project is being marketed overseas to golfers who want a home away from home. Again, the project is unique in that the golf course, hotel and all the facilities of the resort are just a step outside. Buyers will be able to tap into the benefits of resort living as beyond the facilities, the presence of a catering division, party planning division and entertainment division will ensure that all services are just a phone call away.

CIVIL ENGINEERING AND CONSTRUCTION

As anticipated, spiralling material costs seriously eroded the profit of this division. The hike in steel prices, followed by the jump in fuel costs which impacted nearly all other material prices, greatly exacerbated the problem. Despite a 43% contribution to revenue, this division registered a minor loss of RM288 thousand. It is pointless to pass on the cost escalation to the property development division, and instead, we will look at hedging material prices and improving workflow efficiency to stem the spiralling costs.

HOTEL AND RESORT DIVISION

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

Whilst this division contributed 7% towards revenue, the profit contribution was only 1% due to the decrease in tourist arrivals as a result of the increasing fuel prices that hiked up transportation costs. As with last year, the MICE (Meetings, Incentives, Conventions, Exhibitions) market dominated, together with a strong performance from the food and beverage sector. Room occupancy continued to hover at 69%.

Our water theme park, The Carnivall broke even in its first year and a half of operations, after deducting financial costs and depreciation. Marketing costs were significant as numerous marketing activities were initiated this year to introduce the water park to Malaysians and tourists alike, but we anticipate that this has gone a long way in promoting the park to new markets. We also expect an improvement in the number of visitors to the park from these initiatives. In addition, the financing for the water park, with a 3-year tenure, will be fully repaid next year.



Message From The Managing Director (continued)

On 15 February 2008, Cinta Sayang Golf and Country Resort was voted the best golf course in Kedah, by the Malaysian Professional Golfers' Association (MPGA). Cinta Sayang was also voted the 5th best Golf Course in Malaysia by the Golf Malaysia Magazine Readers' Poll 2007/2008. We are very honoured to receive these accolades and see it as a testament to the entire team's efforts to market, manage and meticulously maintain the course and resort.

PROSPECTS AND PLANS

2008 began as a promising year, with the projects under the 9th Malaysian Plan, especially the Northern Corridor expected to boost property demand and improve sentiment. The Government's policies aimed at stimulating the property market such as the Malaysia My Second Home (MM2H) initiative, the Real Property Gains Tax exemption and the relaxation of rules for Employees Provident Fund withdrawals for property purchases all added to consumer confidence.

However, things changed with the March 2008 Election results and the fuel price hikes which led to significant repercussions across every industry. Political instability, infrastructural projects put on hold, coupled with high inflation -the immediate result of rising fuel costs; led to a situation of uncertainty and left many industries reeling. The resultant speculative inflation led to further increases in construction costs and inflated property prices whilst simultaneously eroding disposable income and hampering affordability. In addition, the financial sector is expected to take a more conservative stance with the anticipated tightening of credit facilities for end-financing. In simple terms, this is a double edged sword with higher property prices but lower margins due to inflation on one side, and lower purchasing volume due to contracting demand from sliding disposable incomes on the other.

On the bright side, there is an inherent need for houses despite market confidence levels. The market is still there, although certain buying decisions may be put on hold. Ultimately, this is a temporary adjustment that will stabilize.

Despite the challenging conditions, we remain reasonably confident of maintaining or increasing our market share. We have been resilient in difficult economic times in the past, and have been able to sell despite market conditions. Our strength in cost control is also another factor. Continuous differentiation and sensitivity to market demands are key to the enhancement of our market position. Currently, we are in the fortunate position of having few unsold stocks, and thus in a reasonably good cash flow position. Our projects are also large enough for us to realize economies of scale and sufficiently varied for us to make changes to appeal to different markets. This, and the ability to synergise across divisions to enhance value have been other key strengths that have enabled us to navigate challenging conditions.



Message From The Managing Director (continued)

We do acknowledge however that a key weakness we have is that we are in a relatively slow moving market and as all our projects are in one state, we have all our eggs in one basket. There is a need for us to venture out of Kedah in order to expand. We already have a major market share here and thus, growth opportunities are limited. That, coupled with a low gearing ratio and very few unsold stocks, puts us in a good position to grow. We are currently on the lookout for potential land in other states as we believe that our capabilities and experience will still be relevant in new markets.

DIVIDEND POLICY

I have been asked on many occasions why we have not issued dividends since 1997. I was actually told that we are seen as the “hen that does not lay eggs”. My answer to that is, I would like to move away from selling the “hen” and instead move towards “selling the cow”. Instead of giving you “eggs”, we aspire to give you “milk”. To use the same analogy, our aim was to keep all the hens’ eggs, allow them to hatch into even more hens and then subsequently exchange them for a cow. If the hens’ eggs had been distributed upon them being laid, we would not have enough resources to eventually buy the cow. We have been very focused on conserving our resources all these years. Despite our compounded revenue growth of 49% per annum and compounded pre-tax profit growth of 67% per annum since 2005; our net gearing ratio has in fact improved from 12.2% to 6.5%. This is because we have reinvested all profits made. Our investment in land in the past few years has given us a compound return of 15% per annum so the profits have been put to good use.

We do agree that a healthy level of gearing is good especially for a developer as this will improve our returns on equity (ROE). Turbulent times like are advantageous as they present the best opportunities to venture into new markets and scout for good land deals. Our conservativeness has benefited us in that banks are still willing to finance us despite the pressing economic landscape. We do not believe in adopting a rigid dividend policy as one never knows when a good buying opportunity will present itself.

Having said the above however, and in answer to the many questions on dividend issue; we anticipate that we should have surplus cash from mid-2009 onwards which we plan to use for the issuance of dividends.



Message From The Managing Director (continued)

CORPORATE SOCIAL RESPONSIBILITY

As always, our Group will continue to support developments in our community, and contribute towards the less fortunate to make a positive impact on society.

Within the past financial year, we donated a total of RM443 thousand to various charitable bodies and foundations; the bulk of which went to the Beng Siew charitable, educational and dialysis funds which provides scholarships and dialysis treatments to the underprivileged.

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

21 July 2008



Profile of Directors



Beh Huck Lee
Managing Director

Aged 37. 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 Paduka 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 37. 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 all four board meetings in the financial year. No conflict of interest with the Group. 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 62. 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 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.



Tan Hiang Joo

Independent Non-Executive Director

Aged 44. 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 Paduka Teoh Choon Boay
Non-independent Non-Executive Director

Aged 59. 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 all 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 43. 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 three 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.

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 29 February 2008, four board meetings were convened. The details of board attendance are as follows :

Statement of Corporate Governance

(continued)

NAME OF DIRECTORS		NO. OF MEETINGS ATTENDED
Beh Huck Lee	(Non-Independent Executive Director)	4 out of 4
Muhamad Faisal bin Tajudin	(Non-Independent Executive Director)	4 out of 4
Dato' Jaafar Bin Jamaludin	(Independent Non-Executive Director)	4 out of 4
Datin Paduka Teoh Choon Boay	(Non-Independent Non-Executive Director)	4 out of 4
Tan Hiang Joo	(Independent Non-Executive Director)	4 out of 4
Kek Jenny	(Independent Non-Executive Director)	3 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.

Statement of Corporate Governance

(continued)

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;
- 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.

Statement of Corporate Governance (continued)

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.

The aggregate remuneration of Directors for the financial year ended 29 February 2008 is as follows:

	Salaries and EPF RM	Bonuses RM	Fees RM	Allowances RM	Total RM
Executive Directors	768,888	191,311	36,000	5,000	1,001,199
Non-executive Directors	-	84,000	8,000	-	92,000

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

Remuneration bands (RM)	Executive Directors	Non-Executive Directors
50,000 and below		4
500,001 to 600,000	2	

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.

Statement of Corporate Governance

(continued)

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 of the Board or the Managing Director will answer questions on the Group.

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 page 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.

Statement of Corporate Governance (continued)

COMPLIANCE STATEMENT

Throughout the financial year ended 29 February 2008, 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.
- 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.
- 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.
- The revised Code requires the Audit Committee to comprise fully non-executive directors, the majority of whom are independent. Presently the Audit Committee is made up of three non-executive directors and the Managing Director.
- 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 29 February 2008.

SHARE BUYBACKS

There was no share buyback scheme implemented during the financial year ended 29 February 2008.

AMOUNT OF OPTIONS, WARRANTIES OR CONVERTIBLE SECURITIES EXERCISED IN RESPECT OF THE FINANCIAL YEAR

This is not applicable for the financial year ended 29 February 2008.

AMERICAN DEPOSITORY RECEIPT (“ADR”) / GLOBAL DEPOSITORY RECEIPT (“GDR”)

The Group has not sponsored any ADR or GDR programme during the financial year ended 29 February 2008.

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 29 February 2008.

NON-AUDIT FEES

There were no non-audit fees paid to the external auditors during the financial year ended 29 February 2008.

PROFIT GUARANTEES

There were no profit guarantees given by the Company during the financial year ended 29 February 2008.

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 29 February 2008.

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' investments 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

In the prior year, the Board appointed a firm of consultants to assist it in establishing a risk management framework for the Group. Besides strengthening risk management functions, the Enterprise Risk Management project was carried out to educate all employees within the Group on risk identification, evaluation, control, ongoing monitoring and reporting.

Although there was no structured risk management update conducted during the year, the Executive Directors and Senior Management personnel, being hand-on managers of the Group's operations, continue to identify, evaluate and adopt risk mitigation measures on an on-going basis.

On the Group's response to the threat of competition, key focus areas during the year amongst others were, continuously innovating property designs, creating conducive environments for living and providing key facilities to townships to ensure convenience. The latter is a key strength in township development. The availability of facilities and conveniences coupled with innovative designs play a significant role in maintaining premium and enhancing brand name. The hospitality and golf segment continues to attract significant foreign and local guests due to targeted and responsive marketing, a wide range of facilities and interesting programs which are specifically tailored to various groups. Accordingly, adequate Management action plans have been formulated to address principal risks.

INTERNAL AUDIT FUNCTION

During the year, the effectiveness of the systems of internal control was reviewed through an on-going management appraisal of the effectiveness of its operations and the MS ISO 9001:2000 certification, which has been obtained

Statement of Internal Control (continued)

by the civil engineering and construction arm as well as the hospitality arm (the resort and hotel division). The maintenance of the ISO 9001 certification requires independent audits by Lloyds Register Quality Assurance and an internal quality audit each year.

Additionally, ongoing reviews and deliberation of financial and operational reports during Board and Audit Committee meetings are carried out to ensure the effectiveness and adequacy of the Groups' internal control system in safeguarding the shareholders' investment and the Group's assets.

These management and quality audits serve as platforms to ensure that the requisite internal controls are in place. Nevertheless, subsequent to the financial year end, the Board appointed an independent firm of consultants to assist in the structured risk management update and to conduct independent reviews and appraisals of the internal control system within the Group.

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 control 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 the management to identify, and where appropriate, to address significant variances 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 such as ISO 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 29 February 2008 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 24 July 2008 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.

Audit Committee Report (continued)

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; as well as the hospitality and resort division.

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 page 18 to 19 of the Annual Report.

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.

All members of the Audit Committee must be non-executive directors.

All members of the Audit Committee shall be financially literate and 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 or approved by the Exchange.

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.

Audit Committee Report

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.

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 twice 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, the internal auditors or both, without the presence of the other Directors and employees of the Company, whenever deemed necessary.

Audit Committee Report (continued)

Internal Audit

The Company must establish an internal audit function which is independent of the activities it audits.

The company must ensure its internal audit function reports directly to the Audit Committee.

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, functions competency 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;
- 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 29 February 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 9 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	13,309,371	7,431,418
Attributable to:		
Equity holders of the Company	13,402,250	7,431,418
Minority interest	(92,879)	-
	<u>13,309,371</u>	<u>7,431,418</u>

DIVIDEND

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 22 to the financial statements.

Directors' Report (continued)

ISSUES OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of options pursuant to the Employees' Share Options Scheme ("ESOS").

The Eupe Corporation Berhad ESOS came into effect on 13 August 2007. The ESOS shall be in force for a period of five years until 12 August 2012 (the option period). The main features of the ESOS are as follows:

- (a) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- (b) The total number of options to be offered under the ESOS shall not exceed 15% of the issued and paid-up ordinary share capital of the Company at any one time during the existence of the Scheme.
- (c) The option price of a new ordinary share under the ESOS shall be the higher of the weighted average market price of the Company's shares as shown in Daily Official List of Bursa Malaysia for the 5 Market Days immediately preceding the Date of Offer subject to a discount for not more than 10% thereto to be decided by the ESOS Committee, or at the par value of the Company's shares whichever is higher.
- (d) An option granted under ESOS shall be capable of being exercised by notice in writing to the Company before the expiry of 5 years from the date of the offer or such shorter period as may be specified in such offer.
- (e) The number of shares under the options or the option price or both so far as the options remain unexercised may be adjusted following any variation in the issued share capital of the Company by way of a capitalisation of profits or reserves or rights issue or a reduction, subdivision or consolidation of the Company's shares made by the Company.
- (f) The shares under the options shall remain unissued until the options are exercised and shall on allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company provided that the new shares shall not be entitled to any dividends declared in respect of the particular financial year if the options related thereto are not exercised prior to or on the entitlement date and on a date during the financial year for which the dividend are declared in respect of and to any other distributions unless the options were exercised prior to or on the entitlement date.

Directors' Report (continued)

OPTIONS GRANTED OVER UNISSUED SHARES (continued)

- (g) The persons to whom the options have been granted have no right to participate by virtue of the options, in any share issue of any other company.

The details of the options over the ordinary shares of the Company are as follows:

Option price RM	Number of options over ordinary shares of RM1.00 each					Outstanding as at 29.2.2008 '000	Exercisable at 29.2.2008 '000
	Outstanding as at 1.3.2007 '000	Movements during the financial year			Outstanding as at 29.2.2008 '000		
		Granted '000	Exercised '000	Lapsed '000			
Date of offer							
17 August 2007	1.00	-	9,180	-	-	9,180	5,508

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their holdings.

DIRECTORS

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

Beh Huck Lee (Managing Director)
Dato' Jaafar bin Jamaludin
Datin Paduka Teoh Choon Boay
Tan Hiang Joo
Kek Jenny
Muhamad Faisal bin Tajudin

In accordance with Article 82 of the Company's Articles of Association, Dato' Jaafar bin Jamaludin and Datin Paduka Teoh Choon Boay retire by rotation from the Board at the forthcoming Annual General Meeting, and being eligible, offer themselves 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 29 February 2008 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

Directors' Report

(continued)

DIRECTORS' INTERESTS IN SHARES (continued)

	Number of ordinary shares of RM1.00 each			
	Balance as at 1.3.2007	Bought	Sold	Balance as at 29.2.2008
Shares in the Company				
Direct interests				
Datin Paduka Teoh Choon Boay	234,416	-	-	234,416
Tan Hiang Joo	10,000	-	-	10,000
Beh Huck Lee	3,500,000	-	-	3,500,000
Indirect interests				
Beh Huck Lee	51,914,989	-	-	51,914,989
Datin Paduka Teoh Choon Boay	51,914,989	-	-	51,914,989
Muhamad Faisal bin Tajudin	30,508,392	-	(900,000)	29,608,392

	Number of options over ordinary shares of RM1.00 each				
	Balance as at 1.3.2007	Granted	Exercised	Lapsed	Balance as at 29.2.2008
Share options in the Company					
Beh Huck Lee	-	600,000	-	-	600,000
Dato' Jaafar bin Jamaludin	-	60,000	-	-	60,000
Datin Paduka Teoh Choon Boay	-	60,000	-	-	60,000
Tan Hiang Joo	-	60,000	-	-	60,000
Kek Jenny	-	60,000	-	-	60,000
Muhamad Faisal bin Tajudin	-	600,000	-	-	600,000

By virtue of their interests in the ordinary shares of the Company, all the Directors except Dato' Jaafar bin Jamaludin and Kek Jenny, are also deemed to be interested in the shares of all the subsidiaries 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' Report (continued)

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.

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, except for the share options granted pursuant to the ESOS mentioned in Note 36 to the financial statements.

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

Directors' Report (continued)

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

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

Directors' Report

(continued)

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 28 November 2007, the Group acquired two ordinary shares of RM1.00 each in Puncak Central Sdn. Bhd. ("PCSB"), representing 100% equity interest for a cash consideration of RM2.00.

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

Sungai Petani, Kedah Darul Aman
20 June 2008

Beh Huck Lee
Director

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 34 to 103 have been drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 29 February 2008 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Muhamad Faisal bin Tajudin
Director

Beh Huck Lee
Director

Sungai Petani, Kedah Darul Aman
20 June 2008

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 34 to 103 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)
20 June 2008)

Before me:

Report of The Auditors To The Members of Eupe Corporation Berhad

We have audited the financial statements set out on pages 34 to 103. 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 29 February 2008 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company 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 subsidiaries 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 subsidiaries of which we have not acted as auditors, as indicated in Note 9 to the financial statements, being financial statements that have been included in the consolidated financial statements.

Report of The Auditors To The Members of Eupe Corporation Berhad (continued)

We are satisfied that the financial statements of the subsidiaries 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 subsidiaries 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
20 June 2008

Balance Sheet

AS AT 29 FEBRUARY 2008

	NOTE	2008 RM	Group 2007 RM (Restated)	2008 RM	Company 2007 RM
ASSETS					
Non-current assets					
Property, plant and equipment	8	57,096,281	63,506,112	1,998	593
Investments in subsidiaries	9	-	-	116,917,599	119,094,082
Other investments	10	11,257	10,979	-	-
Land held for property development	11	136,059,922	106,269,648	-	-
Investment properties	12	21,057,000	21,057,000	-	-
Prepaid lease payments for land	13	31,151,515	31,892,257	-	-
Deferred plantation expenditure	14	1,154,418	1,109,252	-	-
Deferred tax assets	15	1,880,395	460,579	-	-
Total non-current assets		248,410,788	224,305,827	116,919,597	119,094,675
Current assets					
Property development costs	16	24,697,768	29,335,395	-	-
Inventories	17	11,474,916	11,838,339	-	-
Trade and other receivables	18	27,087,872	29,265,699	39,103,819	35,560,213
Sinking and redemption funds	19	885,768	768,693	-	-
Tax recoverable		835,892	193,606	234,519	180,249
Cash and bank balances	20	11,102,293	6,611,175	111,659	6,985
Total current assets		76,084,509	78,012,907	39,449,997	35,747,447
TOTAL ASSETS		324,495,297	302,318,734	156,369,594	154,842,122

Balance Sheet (continued)

AS AT 29 FEBRUARY 2008

NOTE	Group		Company	
	2008 RM	2007 RM (Restated)	2008 RM	2007 RM
EQUITY AND LIABILITIES				
Equity attribute to equity holders of the Company				
Share capital	21	128,000,000	128,000,000	128,000,000
Reserves	22	98,278,581	82,452,646	20,455,205
		226,278,581	210,452,646	148,455,205
Minority interest		-	92,879	-
TOTAL EQUITY		226,278,581	210,545,525	148,455,205
LIABILITIES				
Total non-current and liabilities				
Borrowings	23	7,746,828	13,654,712	-
Deferred tax liabilities	15	18,614,420	20,405,482	-
Total non-current liabilities		26,361,248	34,060,194	-
Current liabilities				
Trade and other payables	27	51,535,487	41,686,196	7,914,389
Provision for infrastructure cost	28	4,100,000	204,800	-
Borrowings	23	15,142,596	14,275,623	-
Tax liabilities		1,077,385	1,546,396	-
Total current liabilities		71,855,468	57,713,015	7,914,389
TOTAL LIABILITIES		98,216,716	91,773,209	7,914,389
TOTAL EQUITY AND LIABILITIES		324,495,297	302,318,734	156,369,594

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

Income Statements

For The Financial Year Ended 29 February 2008

	NOTE	2008 RM	Group 2007 RM	2008 RM	Company 2007 RM
Revenue	29	153,624,504	170,204,933	11,599,515	2,803,300
Cost of sales		(120,533,703)	(143,728,491)	-	-
Gross profit		33,090,801	26,476,442	11,599,515	2,803,300
Other operating income		1,150,054	806,102	33,300	-
Marketing and distribution costs		(2,289,173)	(1,979,599)	-	-
Administrative expenses		(8,661,045)	(7,471,072)	(206,688)	(230,668)
Other operating expenses		(2,675,379)	(1,924,946)	(489,528)	(206,055)
Finance cost		(1,558,462)	(1,050,235)	-	-
Profit before tax	30	19,056,796	14,856,692	10,936,599	2,366,577
Tax expense	31	(5,747,425)	(3,289,305)	(3,505,181)	(708,104)
Profit for the financial year		13,309,371	11,567,387	7,431,418	1,658,473
Attributable to:					
Equity holders of the Company		13,402,250	11,566,956		
Minority interest		(92,879)	431		
		13,309,371	11,567,387		
Basic earnings per ordinary share attributable to equity holders of the Company (sen)	32	10.5	9.0		

Statements of Changes In Equity

For The Financial Year Ended 29 February 2008

Group	Note	Attributable to equity holders of the Company					Minority interest RM	Total equity RM
		Ordinary share capital RM	Share premium RM	Share options reserve RM	Reserve on consolidation RM	Retained earnings RM		
Balance as at 1 March 2006		128,000,000	5,982,397	-	-	64,903,293	198,885,690	92,448
Profit for the financial year		-	-	-	-	11,566,956	11,566,956	431
Balance as at 28 February 2007		128,000,000	5,982,397	-	-	76,470,249	210,452,646	92,879
Balance as at 1 March 2007		128,000,000	5,982,397	-	-	76,470,249	210,452,646	92,879
Share option granted under ESOS		-	-	1,377,000	-	-	1,377,000	-
Re-measurement of deferred tax liabilities	15	-	-	-	-	1,046,685	1,046,685	-
Profit for the financial year		-	-	-	-	13,402,250	13,402,250	(92,879)
Balance as at 29 February 2008		128,000,000	5,982,397	1,377,000	-	90,919,184	226,278,581	-

Company	Ordinary share capital RM	Share premium RM	Share options reserve RM	Retained earnings RM	Total RM
Balance as at 1 March 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
Share option granted under ESOS			1,377,000	-	1,377,000
Profit for the financial year	-	-	-	7,431,418	7,431,418
Balance as at 29 February 2008	128,000,000	5,982,397	1,377,000	13,095,808	148,455,205

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

Cash Flow Statements

For The Financial Year Ended 29 February 2008

	NOTE	Group 2008 RM	2007 RM	Company 2008 RM	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		144,221,883	158,252,250	-	-
Cash payments to suppliers and creditors		(102,179,803)	(121,557,858)	-	-
Cash payments to employees and for expenses		(20,467,312)	(17,477,874)	(465,378)	(440,059)
Cash generated from/(used in) operations		21,574,768	19,216,518	(465,378)	(440,059)
Interest income received		33,300	26,318	33,300	-
Insurance claim received		90,986	22,085	-	-
Rental income received		207,247	165,759	-	-
Bank overdraft interest paid		(119,537)	(39,045)	-	-
Deposit received/(paid)		47,760	(164,505)	-	-
Tax (paid)/refund		(8,791,902)	(3,590,996)	22,308	-
Net cash from/(used in) operating activities		13,042,622	15,636,134	(409,770)	(440,059)
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(6,954,973)	(1,602,439)
Repayment to subsidiaries		-	-	(2,722,535)	-
Dividend received		-	-	10,194,240	2,046,409
Acquisition of interest in a subsidiary		-	-	(2)	-
Interest income received		350,641	177,587	-	-
Proceeds from disposal of property, plant and equipment		2,100	1,000	-	-
Investment in unit trust		(278)	(274)	-	-
Proceeds from disposal of an associate		-	25,990	-	-

Cash Flow Statements (continued)

For The Financial Year Ended 29 February 2008

		Group		Company	
	NOTE	2008 RM	2007 RM	2008 RM	2007 RM
Purchase of land held for development		-	(3,601,584)	-	-
Purchase of property, plant and equipment	33	(2,280,604)	(18,647,112)	(2,000)	-
Net withdrawal of fixed deposits		(39,960)	(535,100)	-	-
Net cash (used in)/from investing activities		(1,968,101)	(22,579,493)	514,730	443,970
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of term loan		725,827	10,086,675	-	-
Drawdown of revolving credit		2,000,000	3,000,000	-	-
Creation of bankers' acceptance		2,244,000	-	-	-
Repayments of term loan		(5,776,551)	(4,491,526)	-	-
Repayments of revolving credit		(4,000,000)	(3,500,000)	-	-
Repayments of hire-purchase		(242,410)	(123,888)	-	-
Term loan interest paid		(1,410,065)	(1,160,736)	-	-
Revolving credit interest paid		(60,575)	(8,975)	-	-
Discount paid on bankers' acceptance		(53,670)	-	-	-
Hire-purchase interest paid		(23,556)	(23,761)	-	-
Repayment to Directors		(34,800)	-	(500)	-
Proceed from issuance of share option to the employees		214	-	214	-
Net cash (used in)/from financing activities		(6,631,586)	3,777,789	(286)	-
Net increase/(decrease) in cash and cash equivalents		4,442,935	(3,165,570)	104,674	3,911
Cash and cash equivalents at beginning of financial year		3,591,341	6,756,911	6,985	3,074
Cash and cash equivalents at end of financial year	37	8,034,276	3,591,341	111,659	6,985

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

Notes To The Financial Statements

29 February 2008

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 ("RM"), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 20 June 2008.

2. PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. 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.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the Company's accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 7 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

Notes To The Financial Statements (continued)

29 February 2008

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year using the purchase 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, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent 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:

- (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 a business combination includes more than one exchange transaction, 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 consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to controls the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtained benefits from its activities. In assessing control, potential voting rights that are exercisable are taken into account.

Intragroup transactions, balances and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary 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.

Notes To The Financial Statements (continued)

29 February 2008

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

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 carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

Minority interest 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. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.

Where losses applicable to the minority in a subsidiary exceed the minority's interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated 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.

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 Company.

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 financial year between minority interest and equity holders of the Company.

4.3 Investments

(i) Subsidiaries

A subsidiary is an entity in which the Group and the Company 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.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

Notes To The Financial Statements (continued)

29 February 2008

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Investments (continued)

(ii) Associates

An associate is an entity over which the Group and the Company have 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 decisions of the investee but is not control or joint control over those policies.

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

An investment in an associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in an associate in the consolidated balance sheet 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 interest in the associate is the carrying amount of the investment in the associate under the equity method together with any long-term interest that, in substance, forms part of the Group's net interest in the associate.

The Group's share of the profit or loss of the associate during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

When the Group's share of losses in the associate equals or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. Where the reporting dates of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in reporting dates is no more than three months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening period.

Upon disposal of an investment in an associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

Notes To The Financial Statements (continued)

29 February 2008

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Other investments

Non-current investment other than investments in subsidiaries, and investment properties are stated at cost and an allowance for diminution in value is made where in the opinion of the Directors, there is a decline other than temporary in the value of such investments.

All current investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments. Upon disposal of such investments, the difference between net disposal proceeds and its carrying amount is recognised in profit and loss.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

After initial recognition, property, plant and equipment except for freehold land are stated at cost less any accumulated depreciation and any accumulated impairment loss. Depreciation is calculated to write off the cost of assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates 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 farm house construction-in-progress and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

Notes To The Financial Statements (continued)

29 February 2008

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

At each balance sheet date, the carrying values of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its 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 included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

4.5 Land held for property development

Land held for property development is stated at cost less impairment losses, if any. Such land 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.

4.6 Property development costs

Property development costs comprise all costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

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.

Notes To The Financial Statements (continued)

29 February 2008

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investment properties

Investment properties are properties which are held to earn rentals or for capital appreciation or for both. Investment properties are measured initially at cost, including the transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. The fair value of investment properties are the prices at which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of investment properties reflect market conditions at the balance sheet date, without any deduction for transaction costs that may be incurred on sale or other disposal.

Fair values of investment properties are arrived at by reference to market evidence of transaction prices for similar properties. It is performed by registered independent valuers having appropriate recognised professional qualification and has recent experience in the location and category of the properties being valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss in the year in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4.8 Leases and hire-purchase

4.8.1 Finance leases and hire-purchase

Assets acquired under finance leases and hire-purchase 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 assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group 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 charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire-purchase liabilities.

Notes To The Financial Statements (continued)

29 February 2008

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8.2 Operating leases

An operating lease is a lease other than a finance lease. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

4.8.3 Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings, are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

Leasehold land that normally has an indefinite economic life and where the lease does not transfer substantially all the risk and rewards incidental to ownership is treated as an operating lease. The lump-sum upfront payments made on entering into or acquiring leasehold land are accounted for as prepaid lease payments and are amortised over the lease term on a straight line basis.

The buildings element is classified as a finance or operating lease in accordance with Note 4.8.1 or Note 4.8.2. If the lease payment cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

Prior to 1 March 2007, the Group had classified a lease of land as finance lease and had recognised the amount of prepaid lease payments as property within its property, plant and equipment. On adoption of FRS 117 Leases, the Group treats such a lease as an operating lease, with the unamortised carrying amount classified as prepaid lease payments in accordance with the transitional provisions in FRS 117. The effect of the change in accounting policy is disclosed in Note 6.1 to the financial statements.

Leasehold golf course and club building which has a remaining lease period of 43 years are amortised over the original period of 54 years.

Notes To The Financial Statements (continued)

29 February 2008

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 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.

4.10 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries), property development costs, construction contract assets, inventories, deferred tax assets, and investment properties measured at fair value 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.

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 ("D2CGU") to which the asset belongs.

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, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the 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.

An impairment loss is reversed if, and only if, there has been a change in estimates used to determine the assets' 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. Such reversals are recognised as income immediately in the income statement.

Notes To The Financial Statements (continued)

29 February 2008

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 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.

4.12 Construction contract

Contract costs comprise costs 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 total of costs incurred on construction contracts plus recognised profits (less foreseeable losses), exceeds progress billings, the balance is classified as amount due from customers for contract work. When progress billings exceed costs incurred plus attributable profits (less foreseeable losses), the balance is classified as amount due to customers for contract work.

4.13 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.

Notes To The Financial Statements (continued)

29 February 2008

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Employee benefits

4.14.1 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 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.

4.14.2 Defined contribution plans

The Company and subsidiaries 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 period in which the employees render their services.

4.14.3 Share-based payments

The Group operates an equity-settled share-based compensation plan, allowing the employees of the Group to acquire ordinary shares of the Company at predetermined prices. The total fair value of share options granted to employees is recognised as an expense with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share options reserve until the options are exercised, upon which it will be transferred to share premium, or until the options expires, upon which it will be transferred directly to retained earnings.

Notes To The Financial Statements (continued)

29 February 2008

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14.3 Share-based payments (continued)

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

4.15 Income taxes

Income taxes include all domestic taxes on taxable profit. Income taxes also include real property gains taxes payable on disposal of properties, prior to 1 April 2007, if any. Taxes in the income statement comprise current tax expense and deferred tax.

4.15.1 Current tax

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

Current tax for the current and prior periods are 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.

4.15.2 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.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

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, unused tax losses and unused tax credit 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 offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Notes To The Financial Statements (continued)

29 February 2008

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15.2 Deferred tax (continued)

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.

4.16 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 and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(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) Property development

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 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 is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

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

Notes To The Financial Statements (continued)

29 February 2008

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Revenue recognition (continued)

(c) **Construction contracts**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract 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.

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

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

(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.

(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.

Notes To The Financial Statements (continued)

29 February 2008

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Revenue recognition (continued)

(i) Interest income

Interest income is recognised as it accrues, using the effective interest method.

4.17 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.

4.18 Financial instruments

4.18.1 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 are 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) Receivables

Receivables, including amounts owing by related parties, 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 purposes.

Notes To The Financial Statements (continued)

29 February 2008

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, deposits with financial institutions and other short-term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(c) Payables

Payables, including amounts owing to related parties, are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(d) Interest bearing loans and borrowings

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

(e) 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.

If 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.

4.18.2 Financial instruments not recognised on the balance sheets

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

Notes To The Financial Statements (continued)

29 February 2008

5. ADOPTION OF NEW FRS AND AMENDMENT TO FRS

5.1 New FRS and amendment to FRS adopted

On 1 March 2007, the Group adopted the following new and revised FRS issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for accounting periods beginning on or after 1 October 2006 and 1 January 2007. All new and revised standards adopted by the Group and the Company are listed below:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
FRS 124	Related Party Disclosures
Amendment to FRS 119 ²⁰⁰⁴	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The adoption of the new and revised FRSs does not result in significant changes in accounting policies of the Group except for certain FRSs of which the effects of adopting the new and revised FRSs in 2007 are set out in Note 6 to the financial statements.

5.2 New FRS and amendments to FRS not adopted

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 of which the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The Group has also not adopted the following FRS and amendments that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group. The Directors do not anticipate that the application of these standards when they are effective will have a material impact on the results and the financial position of the Group:

(a) FRS which are effective for annual periods beginning on or after 1 July 2007

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

Notes To The Financial Statements (continued)

29 February 2008

5. ADOPTION OF NEW FRS AND AMENDMENT TO FRS (continued)

5.2 New FRS and amendments to FRS not adopted (continued)

These amendments align the MASB's FRS with the equivalent International Accounting Standards ("IAS"), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. FRS 120 is not relevant to the Group's operations. The Group will apply the remaining amendments for its annual period beginning 1 March 2008.

- (b) Framework for the Preparation and Presentation of Financial Statements ("Framework") which is effective for annual periods beginning on or after 1 July 2007

The Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence does not define standards for any particular measurement or disclosure issue. The Group will apply this Framework for its annual period beginning 1 March 2008.

- (c) Amendments and IC Interpretations which are effective for annual periods beginning on or after 1 July 2007

Amendment to FRS 121
The Effects of Changes in
Foreign Exchange Rates -
Net Investment in a
Foreign Operation

FRS 121 is not relevant to the Group's operations.

IC Interpretation 1
Changes in Existing
Decommissioning,
Restoration and Similar
Liabilities

IC Interpretation 1 is not relevant to the Group's operations.

IC Interpretation 2
Members' Shares in
Cooperative Entities and
Similar Instruments

IC Interpretation 2 is not relevant to the Group's operations.

IC Interpretation 5
Rights to Interests arising
from Decommissioning,
Restoration and
Environmental
Rehabilitation Funds

IC Interpretation 5 is not relevant to the Group's operations.

Notes To The Financial Statements (continued)

29 February 2008

5. ADOPTION OF NEW FRS AND AMENDMENT TO FRS (continued)

5.2 New FRS and amendments to FRS not adopted (continued)

IC Interpretation 6
Liabilities arising from
Participating in a Specific
Market - Waste Electrical
and Electronic Equipment

IC Interpretation 6 is not relevant to the Group's operations.

IC Interpretation 7
Applying the Restatement
Approach under FRS
1292004 Financial
Reporting in
Hyperinflationary
Economies

IC Interpretation 7 is not relevant to the Group's operations.

IC Interpretation 8
Scope of FRS 2 : Sharebased
Payment

This interpretation applies to transactions in which goods or services are received, including transactions in which the entity cannot identify specifically some or all of the goods or services received. Where the fair value of the share-based payment is in excess of the identifiable goods or services received, it is presumed that additional goods or services have been or will be received. The whole fair value of the share based payment will be charged to income statement. The Group will apply this interpretation from its annual periods beginning 1 March 2008.

Notes To The Financial Statements (continued)

29 February 2008

6. EFFECTS OF ADOPTION OF NEW AND REVISED STANDARDS

The effects on adoption of new and revised Standards in 2007 are set out below:

6.1 FRS 117 Leases

In the previous year, prior to the adoption of FRS 117, leasehold land was classified as property, plant and equipment and was stated at cost or valuation less accumulated depreciation and impairment losses, if any. Under FRS 117, leasehold land is an operating lease unless title passes to the lessee at the end of the lease term. The adoption of the FRS 117 resulted in a retrospective change in the accounting policy relating to the classification of leasehold land separately from property, plant and equipment. The upfront payments for leasehold land represent prepaid lease payments for land and are amortised on a straight-line basis over the lease term. As allowed by the transitional provisions of FRS 117, the unamortised revalued amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments. The Group has applied FRS 117 retrospectively and the comparative figures have been restated as shown in Note 13 to the financial statements.

The effects of adopting FRS 117 on current year"D5s financial statements are as follows:

	Increase/(Decrease) FRS 117 Note 4.8.3 RM
Description of change	
Property, plant and equipment	(31,151,515)
Prepaid lease payments for land	31,151,515

Notes To The Financial Statements (continued)

29 February 2008

7. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

7.1 Critical judgements made in applying accounting policies

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

- (a) **Classification between investment properties and property, plant and equipment**
The Group has developed certain criteria based on FRS 140 Investment Property 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.

7.2 Key sources of estimation uncertainty

The following are 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.

- (a) **Depreciation of property, plant and equipment**

The Group depreciates property, plant equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight line method. The estimated useful live applied by the Group as disclosed in Note 4.4 to the financial statements reflects the Directors' estimate of the periods that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment. These are common life expectancies applied in the various business segments of the Group. 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.

Notes To The Financial Statements (continued)

29 February 2008

7. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

7.2 Key sources of estimation uncertainty (continued)

(b) Property development

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

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

A 10 percent difference in the estimated total property development revenue or costs would result in approximately 4.9 percent variance in the Group's revenue and 0.5 percent variance in the Group's cost of sales.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(d) Allowances for doubtful debts

The Company makes allowances for doubtful debts based on an assessment of the recoverability. Allowances are applied to receivables where events or changes in circumstances indicated that the carrying amounts may not be recoverable. The Directors and management specifically analyse historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment term when making a judgement to evaluate the adequacy of the allowance for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(e) Income taxes

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, 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)
29 February 2008

8. PROPERTY, PLANT AND EQUIPMENT

Group 2008	Balance as at 1.3.2007 RM (Restated)	Additions RM	Transfers from property development costs RM	Transfers to land held for property development RM	Disposals RM	Written off RM	Reclassification RM	Balance as at 29.2.2008 RM
At cost								
Freehold land	16,451,557	-	-	(7,133,780)	-	-	-	9,317,777
Buildings	33,335,301	356,727	1,452,582	-	-	-	24,250	35,168,860
Renovation, electrical and amusement equipment	6,515,556	176,133	-	-	(1,550)	(18,100)	-	6,672,039
Motor vehicles	1,898,136	112,600	-	-	-	-	-	2,010,736
Motor vehicles under hire-purchase	606,000	-	-	-	-	-	-	606,000
Furniture, fittings and equipment	8,166,091	820,393	-	-	(9,076)	(46,915)	400	8,930,893
Sports equipment, machinery, and others	14,413,665	780,485	-	-	(2,680)	(59,341)	(24,650)	15,107,479
Construction-in-progress	-	34,266	-	-	-	-	-	34,266
	81,386,306	2,280,604	1,452,582	(7,133,780)	(13,306)	(124,356)	-	77,848,050

Group 2008	Balance as at 1.3.2007 RM (Restated)	Charge for the financial year RM	Disposals RM	Written off RM	Balance as at 29.2.2008 RM
Accumulated depreciation					
Buildings	2,123,620	674,761	-	-	2,798,381
Renovation, electrical and amusement equipment	3,057,746	489,684	(1,163)	(8,789)	3,537,478
Motor vehicles	1,625,421	117,926	-	-	1,743,347
Motor vehicles under hire-purchase	252,500	130,400	-	-	382,900
Furniture, fittings and equipment	5,445,480	515,738	(4,008)	(43,502)	5,913,708
Sports equipment, machinery and others	5,375,427	1,048,739	(1,295)	(46,916)	6,375,955
	17,880,194	2,977,248	(6,466)	(99,207)	20,751,769

Notes To The Financial Statements (continued)

29 February 2008

8. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2007 (Restated)	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	12,846,861		3,604,696					16,451,557
Buildings	24,072,559	8,728,474	31,204	-	-	-	503,064	33,335,301
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)	-
	58,875,984	18,900,344	3,635,900	149,333	(6,830)	(168,425)	-	81,386,306

Group 2007 (Restated)	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					
Buildings	1,796,889	326,731	-	-	2,123,620
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
	16,095,325	1,914,060	(6,114)	(123,077)	17,880,194

Notes To The Financial Statements (continued)

29 February 2008

8. PROPERTY, PLANT AND EQUIPMENT (continued)

2008	Company as at 1.3.2007 RM	Balance Addition RM	Balance as at 29.2.2008 RM
At cost			
Furniture, fittings and equipment	6,633	2,000	8,633
	Balance as at 1.3.2007 RM	Charge for the financial year RM	Balance as at 29.2.2008 RM
Accumulated depreciation			
Furniture, fittings and equipment	6,040	595	6,635
	Company as at 1.3.2007 RM	Balance Addition RM	Balance as at 29.2.2008 RM
2007			
At cost			
Furniture, fittings and equipment	6,633	-	6,633
	Balance as at 1.3.2007 RM	Charge for the financial year RM	Balance as at 29.2.2008 RM
Accumulated depreciation			
Furniture, fittings and equipment	5,376	664	6,040

Notes To The Financial Statements (continued)

29 February 2008

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Net book value				
Freehold land	9,317,777	16,451,557		
Buildings	32,370,479	31,211,681	-	-
Renovation, electrical and amusement equipment	3,134,561	3,457,810	-	-
Motor vehicles	267,389	272,715	-	-
Motor vehicles under hire-purchase	223,100	353,500	-	-
Furniture, fittings and equipment	3,017,185	2,720,611	1,998	593
Sports equipment, machinery and others	8,731,524	9,038,238	-	-
Construction-in-progress	34,266	-	-	-
	<u>57,096,281</u>	<u>63,506,112</u>	<u>1,998</u>	<u>593</u>

Certain freehold land and buildings of the Group with net book value of RM23,162,530 (2007: RM31,486,507) have been pledged to licensed banks for credit facilities granted to the Group as disclosed in Notes 24 and 25 to the financial statements.

In last financial year, the title to certain freehold land with a cost RM7,133,780 was pending issuance of the master title by the relevant authority. During the financial year, this freehold land was transferred to land held for property development as disclosed in Note 13 to the financial statements.

Notes To The Financial Statements (continued)

29 February 2008

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008 RM	2007 RM
Unquoted shares, at cost	116,917,599	119,094,082

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

Name of company	Group's effective Interest		Principal activities
	2008 %	2007 %	
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
Puncak Central Sdn. Bhd. #	100	-	Dormant
Eupe Homes (MM2H) 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

Notes To The Financial Statements (continued)

29 February 2008

9. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Group's effective Interest		Principal activities
	2008 %	2007 %	
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	Property development
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

The Company acquired 100% equity interest in Puncak Central Sdn. Bhd. comprising 2 ordinary shares of RM1 each for a cash consideration of RM2 on 28 November 2007.

Notes To The Financial Statements (continued)

29 February 2008

10. OTHER INVESTMENTS

	2008 RM	Group 2007 RM
Quoted in Malaysia, at cost		
Investment in fixed income unit trusts	11,257	10,979
Market value of fixed income unit trusts	11,257	11,022

11. LAND HELD FOR PROPERTY DEVELOPMENT

	NOTE	2008 RM	Group 2007 RM
Cost			
Balance as at 1 March		106,269,648	112,057,936
Additions during the financial year		19,699,546	3,740,889
Transferred from/(to) property development costs	16	3,082,808	(5,893,277)
Transferred from/(to) property, plant and equipment	8	7,133,780	(3,635,900)
Recognised in income statement		(125,860)	-
Balance as at 29/28 February		136,059,922	106,269,648
Freehold land, at cost		98,232,173	78,244,021
Development cost		37,827,749	28,025,627
		136,059,922	106,269,648

Freehold land with cost of RM24,847,761 (2007: RM12,156,761) 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 as disclosed in Note 27 to the financial statements.

Freehold land at cost of RM7,133,780, which was transferred from property, plant and equipment during the financial year, is pending issuance of the title by the relevant authority.

Freehold land at cost of RM23,726,435 (2007: RM20,433,684) is pledged to licensed banks for credit facilities as disclosed in Note 24 to the financial statements.

Included in the development costs is borrowing cost capitalised during the financial year amounting to RM819,841 (2007: RM827,435).

Notes To The Financial Statements (continued)

29 February 2008

12. INVESTMENT PROPERTIES

	NOTE	2008 RM	Group 2007 RM
Balance as at 1 March		21,057,000	21,153,507
Transferred to property, plant and equipment	8	-	(149,333)
Fair value adjustments		-	52,826
Balance as at 29/28 February		21,057,000	21,057,000

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 (2007: RM13,740,000) that have been pledged to licensed banks for credit facilities as disclosed in Note 24 to the financial statements.

13. PREPAID LEASE PAYMENTS FOR LAND

	2008 RM	Group 2007 RM (Restated)
Long leasehold land		
Cost		
Balance as at 29/28 February	40,000,000	40,000,000
Accumulated amortisation		
Balance as at 1 March	8,107,743	7,367,002
Charge during the financial year	740,742	740,741
Balance as at 29/28 February	8,848,485	8,107,743
Carrying amount	31,151,515	31,892,257

Notes To The Financial Statements (continued)

29 February 2008

14. DEFERRED PLANTATION EXPENDITURE

	2008 RM	Group 2007 RM
Cost		
Balance as at 1 March	1,153,026	1,016,113
Additions during the financial year	95,914	136,913
	1,248,940	1,153,026
Amortisation		
Balance as at 1 March	43,774	18,671
Amortisation charge for the financial year	50,748	25,103
	(94,522)	(43,774)
Balance as at 29/28 February	1,154,418	1,109,252

15. DEFERRED TAX

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

	2008 RM	Group 2007 RM
Balance as at 1 March	19,944,903	22,067,359
Recognised in the income statement (Note 31)		
- current year	(1,577,847)	(1,749,620)
- relating to change in tax rate	(306,412)	
- over provision in prior years	(279,934)	(372,836)
	(2,164,193)	(2,122,456)
Recognised in equity	(1,046,685)	-
Balance as at 29/28 February	16,734,025	19,944,903
Presented after appropriate offsetting:		
Deferred tax assets, net	(1,880,395)	(460,579)
Deferred tax liabilities, net	18,614,420	20,405,482
	16,734,025	19,944,903

Notes To The Financial Statements (continued)

29 February 2008

15. DEFERRED TAX (continued)

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Development properties RM	Deferred plantation expenditure RM	Total RM
At 1 March 2007	11,101,431	10,208,429	256,559	21,566,419
Recognised in the income statement	(902,320)	-	6,896	(895,424)
Recognised in the equity	(1,046,685)	-	-	(1,046,685)
	9,152,426	10,208,429	263,455	19,624,310
Offsetting				(1,009,890)
At 29 February 2008				18,614,420
At 1 March 2006	11,525,331	11,501,404	214,713	23,241,448
Recognised in the income statement	(423,900)	(1,292,975)	41,846	(1,675,029)
	11,101,431	10,208,429	256,559	21,566,419
Offsetting				(1,160,937)
At 28 February 2007				20,405,482

Notes To The Financial Statements (continued)

29 February 2008

15. DEFERRED TAX (continued)

Deferred tax assets of the Group

	Provision RM	Unused tax losses, unabsorbed capital and agricultural allowances RM	Others RM	Total RM
At 1 March 2007	-	1,176,605	444,911	1,621,516
Recognised in the income statement	1,025,000	(46,450)	290,219	1,268,769
	1,025,000	1,130,155	735,130	2,890,285
Offsetting				(1,009,890)
At 29 February 2008				1,880,395
At 1 March 2006	-	1,121,737	52,352	1,174,089
Recognised in the income statement	-	54,868	392,559	447,427
	-	1,176,605	444,911	1,621,516
Offsetting				(1,160,937)
At 28 February 2007				460,579

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

	Group	
	2008 RM	2007 RM
Other deductible temporary differences	19,600	17,700

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

Notes To The Financial Statements (continued)

29 February 2008

16. PROPERTY DEVELOPMENT COSTS

	NOTE	2008 RM	Group 2007 RM
Freehold land, at cost			
Balance as at 1 March		28,787,888	25,739,795
Transferred (to)/from land held for property development during the year		(3,340,619)	4,144,818
Completed development project		-	(1,096,725)
		25,447,269	28,787,888
Development expenditure			
Balance as at 1 March		165,452,523	78,733,239
Incurred during the financial year		89,255,048	94,089,153
Transferred from land held for property development during the year		257,81	1 1,748,459
Completed development project		-	(9,118,328)
		254,965,382	165,452,523
		280,412,651	194,240,411
Recognised as an expense in the income statement			
- In previous years		164,905,016	70,275,335
- During the financial year		88,948,295	101,982,508
- Completed development project		-	(7,352,827)
		(253,853,311)	(164,905,016)
Transferred to inventories		(408,990)	-
Transferred to property, plant and equipment	8	(1,452,582)	-
		24,697,768	29,335,395

Freehold land at cost of RM2,221,513 (2007: RM5,514,264) is pledged to licensed banks for term loan facilities as disclosed in Note 24 to the financial statements. Included in development costs is borrowing cost capitalised during the financial year amounting to RM429,052 (2007: RM811,233).

Notes To The Financial Statements (continued)

29 February 2008

17. INVENTORIES

	Group	
	2008 RM	2007 RM
At cost		
Completed properties	10,800,108	11,327,453
Building materials	213,400	158,648
Food and beverages	426,686	312,260
Spare parts and consumables	34,722	39,978
	<u>11,474,916</u>	<u>11,838,339</u>

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade receivables				
Third parties	22,505,278	27,170,985	-	-
Accrued billings	2,498,125	-	-	-
Less: Allowance for doubtful debts - Third parties	(88,745)	(67,799)	-	-
	<u>24,914,658</u>	<u>27,103,186</u>	<u>-</u>	<u>-</u>
Other receivables, deposits and prepayments				
Amount owing by subsidiaries	-	-	39,099,319	35,555,713
Other receivables	955,041	1,023,858	4,500	4,500
Deposits	1,060,799	972,269	-	-
Prepayments	157,374	166,386	-	-
	<u>2,173,214</u>	<u>2,162,513</u>	<u>39,103,819</u>	<u>35,560,213</u>
	<u>27,087,872</u>	<u>29,265,699</u>	<u>39,103,819</u>	<u>35,560,213</u>

Notes To The Financial Statements (continued)

29 February 2008

18. TRADE AND OTHER RECEIVABLES (continued)

- (a) The credit term of trade receivables granted by the Group is 21 days from date of progress billing or range from 30 to 90 days from date of invoice.
- (b) The allowance for doubtful debts of the Group is net of bad debts written off amounting to RM33,260 (2007: Nil).
- (c) Amount owing by subsidiaries are unsecured, interest-free and payable upon demand.
- (d) Information on financial risk of trade and other receivables are disclosed in Note 42 to the financial statements.

19. 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.

20. CASH AND BANK BALANCES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	8,042,803	4,391,031	111,659	6,985
Fixed deposits with licensed banks	3,059,490	2,220,144	-	-
	11,102,293	6,611,175	111,659	6,985

- (a) Included in the Group's cash and bank balances is an amount of RM6,054,724 (2007: RM2,737,661) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966.
- (b) The fixed deposit of the Group has maturity periods ranging between 14 to 365 days (2007: 30 to 365 days).
- (c) Included in the fixed deposits with licensed banks of the Group is an amount of RM1,057,000 (2007: RM1,017,040) that pledge to licensed banks for bank guaranteed facilities granted to the Group.
- (d) Information on financial risks of cash and bank balances is disclosed in Note 42 to the financial statements.

Notes To The Financial Statements (continued)

29 February 2008

21. SHARE CAPITAL

	Group and Company 2008		2007	
	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

22. RESERVES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-distributable				
Share premium	5,982,397	5,982,397	5,982,397	5,982,397
Share option reserve	1,377,000	-	1,377,000	-
Reserve on consolidation				
As at 1 March	-	28,927,571	-	-
Effect of adopting FRS 3	-	(28,927,571)	-	-
As at 29/28 February	-	-	-	-
	7,359,397	5,982,397	7,359,397	5,982,397
Distributable				
Retained earnings	90,919,184	76,470,249	13,095,808	5,664,390
	98,278,581	82,452,646	20,455,205	11,646,787

Notes To The Financial Statements (continued)

29 February 2008

22. RESERVES (continued)

(a) Share options reserve

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

When the share options are exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share options reserve is transferred to retained earnings.

(b) Retained earnings

Effective 1 March 2008 (year of assessment 2009), the Company is given the option to make an irrecoverable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

The Company has not made this election and as a result, subject to the agreement from the Malaysia Inland Revenue Board, the Company has:

- (i) tax exempt account of approximately RM608,000 (2007: RM608,000) available for distribution as tax exempt dividends; and
- (ii) 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 earnings as at 29 February 2008 without incurring additional tax liability.

Notes To The Financial Statements (continued)

29 February 2008

23. BORROWINGS

	NOTE	2008 RM	Group 2007 RM
Current liabilities			
Term loans - secured		5,429,654	5,734,465
Term loans - unsecured		1,732,862	802,277
Revolving credit - unsecured		3,500,000	5,500,000
Bankers' acceptance		2,244,000	-
Bank overdrafts - secured		2,011,017	1,129,209
Bank overdrafts - unsecured		-	873,585
Hire-purchase creditors		225,063	236,087
		<u>15,142,596</u>	<u>14,275,623</u>
Non-current liabilities			
Term loans - secured		6,555,231	11,811,677
Term loans - unsecured		1,079,640	1,499,692
Hire-purchase creditors		111,957	343,343
		<u>7,746,828</u>	<u>13,654,712</u>
Total borrowings			
Terms loans - secured	24	11,984,885	17,546,142
Term loans - unsecured		2,812,502	2,301,969
Revolving credit - unsecured		3,500,000	5,500,000
Bankers' acceptance		2,244,000	-
Bank overdrafts - secured	25	2,011,017	1,129,209
Bank overdrafts - unsecured		-	873,585
Hire-purchase creditors	26	337,020	579,430
		<u>22,889,424</u>	<u>27,930,335</u>

Notes To The Financial Statements (continued)

29 February 2008

24. TERM LOANS - SECURED

	2008 RM	Group 2007 RM
(a) Term loan I repayable by 132 monthly instalments of RM47,851 each commencing June 1996	19,752	566,630
(b) Term loan III repayable by 96 monthly instalments of RM267,183 each commencing March 2004	6,854,022	9,417,028
(c) Term loan IV repayable by 36 monthly instalments of RM222,222 each commencing February 2007	5,111,111	7,562,484
	<u>11,984,885</u>	<u>17,546,142</u>

Repayable as follows:

	2008 RM	Group 2007 RM
Current liabilities - not later than one year	5,429,654	5,734,465
Non current liabilities - later than one year and not later than five years	6,555,231	11,811,677
	<u>11,984,885</u>	<u>17,546,142</u>

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

- (i) certain freehold land and buildings as disclosed in Note 8 to the financial statements;
- (ii) certain freehold land as disclosed in Note 11 and Note 16 to the financial statements; and
- (iii) certain investment properties as disclosed in Note 12 to the financial statements.

Information on financial risks of borrowings is disclosed in Note 42 to the financial statements.

Notes To The Financial Statements (continued)

29 February 2008

25. 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 RM1,814,494 (2007: RM1,083,664) and corporate guarantees issued by the Company.

26. HIRE-PURCHASE CREDITORS

	2008 RM	Group 2007 RM
Minimum hire-purchase payments:		
- not later than one year	238,139	250,063
- later than one year and not later than five years	114,520	354,522
	352,659	604,585
Less: Future interest charges	(15,639)	(25,155)
Present value of hire-purchase liabilities	337,020	579,430
	2008 RM	Group 2007 RM
Repayable as follows:		
Current liabilities		
- not later than one year	225,063	236,087
Non current liabilities		
- later than one year and not later than five years	111,957	343,343
	337,020	579,430

Information on financial risks of hire-purchase creditors is disclosed in Note 42 to the financial statement.

Notes To The Financial Statements (continued)

29 February 2008

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade payables				
Third parties	16,121,429	14,322,603	-	-
Progress billings in respect of property development	3,163,746	8,187,605	-	-
	19,285,175	22,510,208	-	-
Other payables				
Amounts owing to subsidiaries	-	-	7,861,889	15,142,335
Amounts owing to directors	113,200	148,000	-	-
Other payables and accruals	29,759,312	16,596,638	52,500	53,000
Member deposits	2,377,800	2,431,350	-	-
	32,250,312	19,175,988	7,914,389	15,195,335
	51,535,487	41,686,196	7,914,389	15,195,335

- (a) The credit terms available to the Group in respect of trade payables range from 30 to 90 days from date of invoice.
- (b) Amount owing to subsidiaries represented payment made on behalf which are unsecured, interest free and payable on demand.
- (c) Amount owing to Directors represented advances and payments made on behalf which are unsecured, interest-free and payable upon demand.
- (d) Included in other payables of the Group is a balance of RM23,747,761 (2007: RM14,230,000) due to Perbadanan Kemajuan Negeri Kedah in relation to the acquisition of certain freehold land of which the Sales and Purchase Agreement and Supplemental Agreement were signed on 17 October 2001, 20 March 2003 and 27 June 2003 respectively as disclosed in Note 11 to the financial statements.
- (e) Included in deposits of the Group is a balance of RM1,178,500 (2007: RM1,192,000) which transferable.
- (f) Information on financial risk of trade and other payables is disclosed in Note 42 to the financial statements.

Notes To The Financial Statements (continued)

29 February 2008

28. PROVISION FOR INFRASTRUCTURE COST

	2008 RM	Group 2007 RM
Balance as at 1 March	204,800	255,998
Addition	4,100,000	(51,198)
Provision reversed during the financial year	(204,800)	-
Balance as at 29/28 February	4,100,000	204,800

The provision for infrastructure cost made in the current financial year is in respect of a housing development project undertaken by a subsidiary for which the subsidiary is legally obligated to incur to meet the requirements of the house buyer agreements for the completion of the development projects.

29. REVENUE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Dividend income	-	-	11,599,515	2,803,300
Revenue from development properties	108,367,510	118,161,678	-	-
Revenue from water theme park operations	3,377,850	996,958	-	-
Sale of completed properties	2,012,940	1,169,780	-	-
Sale of goods	31,671,353	41,217,418	-	-
Rental income	5,058,723	5,166,092	-	-
Sports and recreation services	1,746,168	2,147,965	-	-
Subscription and entrance fees	884,850	910,367	-	-
Tuition fees	328,730	311,099	-	-
Sales of longan fruits and other supplier	176,380	123,576	-	-
	153,624,504	170,204,933	11,599,515	2,803,300

Notes To The Financial Statements (continued)

29 February 2008

30. PROFIT BEFORE TAX

NOTE	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before tax is arrived at after charging:				
Allowance for doubtful debts	54,206	33,260	-	-
Amortisation of leasehold golf course and club buildings	13 740,742	740,741	-	-
Amortisation of deferred plantation expenditure	14 50,748	25,103	-	-
Auditors' remuneration:				
- current year	116,750	112,450	30,000	30,000
- under provision in prior year	500	-	-	-
Bad debts written off	9,411	85,030	-	-
Cost of completed properties sold during the financial year	1,208,090	651,143	-	-
Contract cost recognised	71,388,362	94,248,160	-	-
Depreciation of property, plant and equipment	8 2,977,248	1,914,060	595	664
Directors' emoluments paid/ payable to:				
Executive directors:				
- other emoluments:				
- paid/payable by the Company	220,998	45,000	220,998	45,000
- paid/payable by subsidiaries	1,475,171	1,188,170	-	-
Non-executive directors:				
- other emoluments paid/ payable by the Company	127,996	119,000	127,996	119,000
Direct operating expenses of revenue generating investment properties	455,903	340,550	-	-
Discount on bank acceptance	53,670	-		

Notes To The Financial Statements (continued)

29 February 2008

30. PROFIT BEFORE TAX (continued)

	NOTE	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Interest expense on:					
- bank overdraft		119,537	39,045	-	-
- hire-purchase		23,556	23,761	-	-
- term loans		1,311,999	978,454	-	-
- revolving credit		60,575	8,975	-	-
Inventories written off		-	52	-	-
Liquidated and ascertained damages expense		11,964	40,853	-	-
Loss on disposal of property, plant and equipment		4,740	-	-	-
Property, plant and equipment written off		25,149	45,348	-	-
Rental expenses:					
- premises		25,900	308,952	-	-
- equipment		64,017	31,617	-	-
And crediting:					
Bad debts recovered		-	3,241	-	-
Fair value adjustments of investment properties	12	-	52,826	-	-
Gain on disposal of land		152,994	-	-	-
Gain on disposal of property, plant and equipment		-	284	-	-
Insurance compensation received		79,826	-	-	-
Interest income		383,941	203,905	33,300	-
Rental income		1,533,522	1,877,634	-	-

Notes To The Financial Statements (continued)

29 February 2008

31. TAX EXPENSE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current tax expense based on profit for the financial year:				
Malaysian income tax	7,382,663	5,120,982	3,506,015	678,641
Real property gain tax	231,013	-	-	-
Under/(Over) provision in prior years:				
Malaysian income tax	297,942	290,779	(834)	29,463
	7,911,618	5,411,761	3,505,181	708,104
Deferred tax (Note 15)				
Relating to origination and reversal of temporary differences	(1,577,847)	(597,594)	-	-
Relating to changes in tax rates	(306,412)	(1,152,026)	-	-
(Over) provision in prior years	(279,934)	(372,836)	-	-
	(2,164,193)	(2,122,456)	-	-
Total tax expense	5,747,425	3,289,305	3,505,181	708,104

The Malaysian income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated taxable profit for the fiscal year. The Malaysian statutory tax rate has been reduced to 26% from the previous year's rate of 27% for the fiscal year of assessment 2008, and to 25% for fiscal year of assessment 2009 onwards. The computation of deferred tax as at 29 February 2008 has reflected these changes.

Notes To The Financial Statements (continued)

29 February 2008

31. TAX EXPENSE (continued)

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

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Average applicable tax rate	26.0	27.0	26.0	27.0
Tax effect in respect of :				
Depreciation on non-qualifying property, plant and equipment	0.1	0.3	-	-
Non-allowable expenses	6.0	2.1	0.9	1.7
Effect of changes in tax rates on opening balance of deferred tax	(1.6)	(5.4)	-	-
Reduction in statutory tax rate on chargeable income up to RM500,000 of certain subsidiaries	(0.7)	(1.2)	-	-
Real property gain tax	0.3	-	-	-
Pre acquisition profit set off against cost of investment in subsidiary	-	-	5.2	-
Income not subject to tax	(0.1)	(0.1)	-	-
	30.0	22.7	32.1	28.7
Under/(Over) provision in prior years				
- income tax	1.6	1.9	-	1.2
- deferred tax	(1.5)	(2.5)	-	-
Average effective tax rate	30.1	1 22.1	32.1	29.9

The Group has unabsorbed tax losses, unutilised capital allowances, unutilised agriculture allowances and other deductible temporary differences of approximately RM1,474,000 (2007: RM850,000), RM2,484,000 (2007: RM348,000), RM1,054,000 (2007: RM692,000) and RM2,935,000 (2007: RM1,711,000) respectively available for set off against future taxable profit.

Notes To The Financial Statements (continued)

29 February 2008

31. TAX EXPENSE (continued)

Tax savings of the Group are as follows:

	Group 2008 RM	2007 RM
Arising from utilisation of unabsorbed tax losses and capital allowances	-	268,247

32. BASIC EARNINGS PER ORDINARY SHARE

(a) Basic

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:

	2008	2007
Profit attributable to ordinary equity holders of the Company (RM)	13,402,250	11,566,956
Number of ordinary shares in issue	128,000,000	128,000,00
Basic earnings per ordinary share (sen)	10.5	9.0

(b) Diluted

The diluted profit per ordinary shares for 2008 is not presented as the average market value of the ordinary shares of the Company is lower than the exercise price for the outstanding ESOS and any exercise of the ESOS would result in anti-dilution. The diluted profit per ordinary shares for 2007 is not presented as there were no options over unissued shares during the said financial year.

Notes To The Financial Statements (continued)

29 February 2008

33. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

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

	NOTE	Group 2008 RM	2007 RM
Purchase of property, plant and equipment	8	2,280,604	18,900,344
Financed by hire-purchase arrangements	-	-	(253,232)
Cash payments on purchase of property, plant and equipment		2,280,604	18,647,112

34. ACQUISITION OF SUBSIDIARY

During the financial year, the Group acquired a subsidiary as below:

The costs of acquisitions and cash outflow on these acquisition are as follows:

	RM
Purchase consideration satisfied by cash	2
Cost attributable to the acquisition, paid in cash	-
Total cost of acquisition	2
Cash and cash equivalents of the subsidiary acquired	(2)
Net cash outflow of the Group	-

Notes To The Financial Statements (continued)

29 February 2008

35. EMPLOYEE BENEFITS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Operations				
- Salaries and wages	4,827,480	3,807,793	-	-
- Contribution to defined contribution plan	502,016	408,671	-	-
- Share option granted under share option scheme	322,473	-	-	-
- Other benefits	456,828	598,298	-	-
	6,108,797	4,814,762	-	-
Sales, marketing and distribution				
- Salaries and wages	376,548	363,518	-	-
- Contribution to defined contribution plan	64,401	56,266	-	-
- Share option granted under share option scheme	-	-	-	-
- Other benefits	198,950	146,934	-	-
	639,899	566,718	-	-
Administration				
- Salaries and wages	2,848,972	2,523,658	173,800	204,800
- Contribution to defined contribution plan	248,164	246,446	4,896	5,304
- Share option granted under share option scheme	1,054,313	-	230,243	-
- Other benefits	408,562	413,443	620	4,020
	4,560,011	3,183,547	409,559	214,124
	11,308,707	8,565,027	409,559	214,124

Included in the employee benefit of the Group and of the Company are Executive Directors' remuneration amounting RM1,696,169 (2007: RM1,233,170) and RM220,998 (2007: RM115,000) respectively.

Notes To The Financial Statements (continued)

29 February 2008

36. EMPLOYEES SHARE OPTIONS SCHEME ("ESOS")

The Eupe Corporation Berhad ESOS came into effect on 13 August 2007. The ESOS shall be in force for a period of five years until 12 August 2012 (the option period). The main features of the ESOS are as follows:

- (a) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- (b) The total number of options to be offered under the ESOS shall not exceed 15% of the issued and paid-up ordinary share capital of the Company at any one time during the existence of the Scheme.
- (c) The option price of a new ordinary share under the ESOS shall be higher of the weighted average market price of the Company's shares as shown in Daily Official List of Bursa Malaysia for the 5 Market Days immediately preceding the Date of Offer subject to a discount for not more than 10% thereto to be decided by the ESOS Committee, or at the par value of the Company's shares whichever is higher.
- (d) An option granted under ESOS shall be capable of being exercised by notice in writing to the Company before the expiry of 5 years from the date of the offer or such shorter period as may be specified in such offer.
- (e) The number of shares under the options or the option price or both so far as the options remain unexercised may be adjusted following any variation in the issued share capital of the Company by way of a capitalisation of profits or reserves or rights issue or a reduction, subdivision or consolidation of the Company's shares made by the Company.
- (f) The shares under the options shall remain unissued until the options are exercised and shall on allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company provided that the new shares shall not be entitled to any dividends declared in respect of the particular financial year if the options related thereto are not exercised prior to or on the entitlement date and on a date during the financial year for which the dividend are declared in respect of and to any other distributions unless the options were exercised prior to or on the entitlement date.
- (g) The persons to whom the options have been granted have no right to participate by virtue of the options, in any share issue of any other company.

Notes To The Financial Statements (continued)

29 February 2008

36. EMPLOYEES SHARE OPTIONS SCHEME (“ESOS”) (continued)

The details of the options over ordinary shares of the Company are as follows:

	Outstanding as at 1.3.2007 ‘000	Number of options over ordinary shares of RM1.00 each Movement during the financial year			Outstanding as at 29.2.2008 ‘000	Exercisable as at 29.2.2008 ‘000
		Granted ‘000	Exercised ‘000	Lapsed ‘000		
2008						
2008 options	-	9,180	-	-	9,180	5,508
Weighted average exercise prices (RM)	-	1.00	-	-	1.00	1.00
Weighted average remaining contractual life (months)	-					30

The details of share options outstanding at the end of the year are as follows:

	Weighted average exercise price RM	Exercise period
2008		
2008 options	1.00	17.08.2007 - 16.08.2010

The fair value of share options granted during the financial year was estimated by the management using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	2008
Fair value of share options at the following grant dates (RM):	
13 August 2007	0.25
Weighted average share price (RM)	0.73
Weighted average exercise price (RM)	1.00
Expected volatility (%)	61
Expected life (years)	3
Risk free rate (%)	3.58
Expected dividend yield (%)	-

Notes To The Financial Statements (continued)

29 February 2008

37. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	8,042,803	4,391,031	111,659	6,985
Fixed deposits with licensed banks	3,059,490	2,220,144	-	-
Bank overdraft	(2,011,017)	(2,002,794)	-	-
	9,091,276	4,608,381	111,659	6,985
Less: Fixed deposits pledged to licensed banks (Note 20(c))	(1,057,000)	(1,017,040)	-	-
	8,034,276	3,591,341	111,659	6,985

38. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Notes To The Financial Statements (continued)

29 February 2008

38. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

- (b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the year:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Subsidiaries:				
Dividend received	-	-	11,599,515	2,803,300
A substantial shareholder*				
In respect of the acquisition of freehold of freehold land				
- interest charged for current financial year	1,131,546	1,186,553	-	-
- repayment during the financial year	500,000	3,601,584	-	-
In respect of the work done for External water reticulation	1,241,540	-	-	-
An entity controlled by a close member of the family of a director				
Purchase of computer and software	46,515	42,940	-	-
Printing, stationary, repair and maintenance	40,171	23,358	-	-
Close members of the family of the Directors				
Advisory fees paid	240,000	322,000	-	-

- * This is related to the purchase of freehold land from a substantial shareholder, PKNK in the previous financial years with total purchase consideration of RM26,527,600 out of which RM12,797,000 (2007: RM12,297,600) 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 subdivision of land title. The balance payable to PKNK as at the end of the financial year is RM13,730,000 (2007: RM14,230,000) as disclosed in Note 27.

Notes To The Financial Statements (continued)

29 February 2008

38. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Short term employee benefits	914,311	791,714	41,000	45,000
Contributions to defined contribution plans	104,808	88,822	-	-
Share options granted under share options scheme	179,998	-	179,998	-
	1,199,117	880,536	220,998	45,000

Executive Directors of the Group and of the Company and other Key management personnel have been granted the following number of options under the Employee Share Options Scheme ("ESOS")

	Group 2008 RM	Company 2007 RM
As at 1 March	-	-
Granted	1,112,800	864,000
Exercised	-	-
Lapsed	-	-
As at 29 February	1,112,800	864,000

The terms and conditions of the share options are detailed in Note 36 to the financial statements.

Notes To The Financial Statements (continued)

29 February 2008

39. CONTINGENT LIABILITIES - UNSECURED

	2008 RM	Company 2007 RM
Guarantees given to licensed banks for credit facilities utilised by subsidiaries	23,994,817	29,057,568
Total credit facilities available to subsidiaries	68,190,000	72,690,000

40. CAPITAL COMMITMENT

	2008 RM	Group 2007 RM
Capital expenditure in respect of acquisition of freehold land:		
Contracted but not provided for	-	11,122,671

The capital commitment was 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 was completed during the financial year.

Notes To The Financial Statements (continued)

29 February 2008

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.

2008	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
Revenue						
External sales	110,403,940	17,439,955	24,071,223	1,709,386	-	153,624,504
Inter-segment sales	-	14,271	81,415,391	11,971,658	(93,401,320)	-
Total revenue	110,403,940	17,454,226	105,486,614	13,681,044	(93,401,320)	153,624,504
Results						
Segment results	20,889,404	168,349	(288,388)	(527,173)	-	20,242,192
Interest income	291,673	54,445	-	37,823	-	383,941
Interest expense	(582,730)	(837,502)	(121,772)	(27,333)	-	(1,569,337)
Profit before tax					-	19,056,796
Tax expense					-	(5,747,425)
Profit for the financial year					-	13,309,371

Notes To The Financial Statements (continued)

29 February 2008

41. SEGMENT REPORTING (continued)

2008	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
Other information						
Segment assets	200,224,413	82,033,563	7,834,760	31,686,274	-	321,779,010
Tax assets	572,668	-	15,070	248,154	-	835,892
Deferred tax assets	1,773,507	-	-	106,888	-	1,880,395
Total assets					-	<u>324,495,297</u>
Segment liabilities	34,847,064	4,742,814	15,686,525	359,084	-	55,635,487
Borrowings	8,468,485	10,042,818	4,358,369	19,752	-	22,889,424
Tax liabilities	1,063,832	13,474	-	79	-	1,077,385
Deferred tax liabilities	9,453,229	8,934,783	14,813	211,595	-	18,614,420
Total liabilities					-	<u>98,216,716</u>
Capital expenditure	166,271	1,773,159	146,426	194,748	-	2,280,604
Depreciation and amortisation	191,450	3,240,752	169,483	167,053	-	3,768,738
Non cash items other than depreciation and amortisation	(149,419)	(3,065,874)	-	13,688	3,142,117	(59,488)

Notes To The Financial Statements (continued)

29 February 2008

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

Notes To The Financial Statements (continued)

29 February 2008

41. SEGMENT REPORTING (continued)

2007	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
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

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) Financial risk management objective 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 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:

(i) Liquidity and cash flow risk

The Group is actively managing its operating cash flow to suit the debt maturity so 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.

(ii) Interest 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.

Notes To The Financial Statements (continued)

29 February 2008

42. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objective and policies (continued)

(ii) Interest risk (continued)

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		Weighted Average Effective Interest Rate %	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
2008	Note								
Fixed rates									
Fixed deposits	20	3.43	3,059,490	-	-	-	-	-	3,059,490
Bank acceptance	23	5.94	2,244,000	-	-	-	-	-	2,244,000
Hire-purchase creditors	26	5.47	225,063	111,957	-	-	-	-	337,020
Term loans	24	7.94	5,429,654	5,421,451	1,133,780	-	-	-	11,984,885
Floating rates									
Cash held in Housing Development Accounts	20		6,054,724	-	-	-	-	-	6,054,724
Bank overdrafts	25	8.25	2,011,017	-	-	-	-	-	2,011,017
Revolving credit	23	5.66	3,500,000	-	-	-	-	-	3,500,000
Term loans	24	8.50	1,732,862	1,079,640	-	-	-	-	2,812,502
2007									
Fixed rates									
Fixed deposits	20	3.70	2,220,144	-	-	-	-	-	2,220,144
Hire-purchase creditors	26	5.47	236,087	226,411	116,932	-	-	-	579,430
Term loans	24	6.29	5,734,466	5,424,877	5,202,144	1,184,655	-	-	17,546,142
Floating rates									
Cash held in Housing Development Accounts	20	2.30	2,737,661	-	-	-	-	-	2,737,661
Bank overdrafts	25	8.25	2,002,794	-	-	-	-	-	2,002,794
Revolving credit	23	5.67	5,500,000	-	-	-	-	-	5,500,000
Term loans	24	8.50	802,277	1,499,692	-	-	-	-	2,301,969

Notes To The Financial Statements (continued)

29 February 2008

42. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objective and policies (continued)

(iii) 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.

As at 29 February 2008, the Group has trade receivables of RM10,767,204 (2007: RM12,923,607) 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 a mounts 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.

(b) 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 Company as at the balance sheet date approximate their fair values due to the relatively short term maturity of the financial instruments except as set out below:

Notes To The Financial Statements (continued)

29 February 2008

42. FINANCIAL INSTRUMENTS (continued)

Group	2008		2007	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Recognised				
Other investments	11,257	11,257	10,979	11,022
Term loans	11,984,885	11,085,764	17,546,142	15,741,999
Hire-purchase creditors	337,020	326,892	579,430	539,901

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.

43. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 28 November 2007, the Group acquired two ordinary shares of RM1.00 each in Puncak Central Sdn. Bhd. ("PCSB"), representing 100% equity interest for a cash consideration of RM2.00.

Notes To The Financial Statements (continued)

29 February 2008

44. COMPARATIVE FIGURES

Restatement

Certain comparative figures have been restated to reflect the effect of adoption of FRS 117 as follows:

28 February 2007	As previously reported RM	Effect of adoption of FRS 117 RM	As restated RM
Group			
Property, plant and equipment	95,398,369	(31,892,257)	63,506,112
Prepaid lease payments for land	-	31,892,257	31,892,257

Reclassification

Certain comparative figures have been reclassified to conform with current year's presentation as follows:

28 February 2007	As previously reported RM	Reclassification RM	As restated RM
Group			
Net cash from/(used in) operating activities	15,614,049	22,085	15,636,134
Net cash (used in)/from investing activities	(22,557,408)	(22,085)	(22,579,493)

Analysis of Shareholdings

As At 18 July 2008

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 18 July 2008

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	2,589	3	2,569,200	3,000	2.0072	0.0023
1,001 To 10,000 Shares	2,313	25	9,910,367	143,000	7.7425	0.1117
10,001 To 100,000 Shares	459	12	13,218,400	559,100	10.3269	0.4368
100,001 To Less Than 5% Of Issued Shares	54	2	40,775,626	2,244,500	31.8560	1.7535
5% And Above Of Issued Shares	3	0	58,576,577	0	45.7630	0.0000
TOTAL	5,423	42	125,050,400	2,949,600	97.6958	2.3043

30 Largest Shareholders As At 18 July 2008

NO	NAME	SHAREHOLDINGS	PERCENTAGES
1.	BETAJ HOLDINGS SDN BHD	28,653,781	22.3858
2.	BEH HENG SEONG SDN.BHD.	23,261,208	18.1728
3.	PERBADANAN KEMAJUAN NEGERI KEDAH	6,661,588	5.2044
4.	AHMAD ZAKI UDDIN BIN HARUN	4,000,000	3.1250
5.	LIEW HOCK LAI	3,946,800	3.0834
6.	TEH AH YAU RUBBER FACTORY SDN BERHAD	3,742,729	2.9240
7.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Beh Huck Lee (511356)</i>	3,500,000	2.7344
8.	SUCCESS LEADS SDN BHD	2,781,794	2.1733
9.	HDM NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Liew Hock Lai (M11)</i>	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 18 July 2008

30 Largest Shareholders As At 18 July 2008 (continued)

NO	NAME	SHAREHOLDINGS	PERCENTAGES
12.	SAW TIANG AUN	2,004,500	1.5660
13.	MAYBAN SECURITIES NOMINEES (ASING) SDN BHD <i>Pledged Securities Account For Ong Har Hong (Rem 650)</i>	1,465,700	1.1451
14.	THAM WOAN FANG	1,179,800	0.9217
15.	HDM NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Rcs Electronics Sdn Bhd (M01)</i>	1,056,538	0.8254
16.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB Bank For Kuah Hun Liang (My0271)</i>	983,900	0.7687
17.	DATO TAJUDIN HOLDINGS SDN BHD	954,611	0.7458
18.	HSBC NOMINEES (ASING) SDN BHD <i>Exempt An For Credit Suisse (Sg Br-tst-asing)</i>	778,800	0.6084
19.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Siow Wong Yen @ Siow Kwang Hwa (472602)</i>	597,700	0.4670
20.	KHOO CHAI TEIK	489,500	0.3824
21.	MERCSEC NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Ho Lih Meng</i>	420,000	0.3281
22.	HLB NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Yap Kong Yeaw</i>	350,000	0.2734
23.	SOH CHOO KEAN	336,000	0.2625
24.	KE-ZAN NOMINEES (TEMPATAN) SDN. BHD. <i>Pledged Securities Account For Teoh Hin Heng</i>	317,000	0.2477
25.	TEOH TIAN WEN	313,000	0.2445
26.	HDM NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Toh Chun Hok (M11)</i>	308,000	0.2406
27.	CORING TAY SWEE LYNN	282,400	0.2206
28.	CHIA SOO @ CHIA SIEW LOON	265,000	0.2070
29.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB Bank For Lim Sim Guan (My0309)</i>	260,000	0.2031
30.	CHOONG KIM SUN @ CHONG KAM SUN	250,000	0.1953
TOTAL RECORD SELECTED :		97,030,187	75.8048

TOTAL ISSUE CAPITAL : 128,000,000

Analysis of Shareholdings (continued)

As At 18 July 2008

List Of Substantial Shareholders (5%) As At 18 July 2008

NO.	NAME	INDIRECT INTEREST		INDIRECT INTEREST	
		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	22.3858
3.	Perbadanan Kemajuan Negeri Kedah	6,661,588	5.2044	-	-

List Of Directors As At 18 July 2008

NO.	NAME	INDIRECT INTEREST		INDIRECT INTEREST	
		SHARES	PERCENTAGE	SHARES	PERCENTAGE
1.	Beh Huck Lee	3,500,000 ^(d)	2,7344	51,914,989 ^(a)	40,5586
2.	Datin Paduka Teoh Choon Boay	234,416	0.1831	52,114,989 ^(b)	40.7148
3.	Tan Hiang Joo	10,000	0.0078	-	-
4.	Muhamad Faisal Bin Tajudin	-	-	29,608,392 ^(c)	23.1316

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 Beh Heng Seong Sdn. Bhd. which in turn hold shares in Betaj Holdings Sdn. Bhd. and Section 134(12)(c) of the Companies Act, 1965.
- (c) 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.
- (d) Held through RHB Capital Nominees (Tempatan) Sdn. Bhd.

List of Properties Held

DESCRIPTION	TENURE & AGE	LAND AREA	TOTAL BUILT-UP (SQ. M.) (RM)	NET BOOK VALUE AS AT 29.2.2008
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.)	-	370,604
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 (Condominium land currently under development)	Freehold	4.01 acres (174,885 sq. ft.: 16,247 sq. m.)	-	8,123,769
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)	-	3,139,365
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.)	-	4,846,441
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.)	-	2,474,927
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.)	-	4,292,771

List of Properties Held (continued)

DESCRIPTION	TENURE & AGE	LAND AREA	TOTAL BUILT-UP (SQ. M.) (RM)	NET BOOK VALUE AS AT 29.2.2008
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.)	-	900,810
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.)	-	1,125,754
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.)	-	4,979,565
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 for mixed development)	Freehold	192.47 acres (8,383,993 sq. ft.: 778,898 sq. m.)	-	33,556,068
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.)	-	27,661,998
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.)	-	27,373,024

List of Properties Held (continued)

DESCRIPTION	TENURE & AGE	LAND AREA	TOTAL BUILT-UP (SQ. M.) (RM)	NET BOOK VALUE AS AT 29.2.2008
Lot 3289, part of lot 3185, part of lot 3295, part of lot 3196, lot 22796, 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 (18 parcels of freehold land for mixed development)	Freehold	140.37 acres (6,114,517 sq. ft.: 568,057 sq. m.)	-	27,161,953
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	7.35 acres (320,305 sq. ft.: 29,757 sq. m.)	-	2,374,482
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.)	-	1,676,174
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.)	-	10,370,720
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.)	-	61,138
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)	20 years Leasehold for 60 years expiring 31/7/2051	190.88 acres (8,314,733 sq. ft.: 772,438 sq. m.)	7,402.64	31,151,515

List of Properties Held (continued)

DESCRIPTION	TENURE & AGE	LAND AREA	TOTAL BUILT-UP (SQ. M.) (RM)	NET BOOK VALUE AS AT 29.2.2008
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)	13 to 20 years Freehold	8.62 acres (375,487 sq. ft.: 34,897 sq. m.)	10,768.40	23,162,530
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)	12 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)	20 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)	20 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)	20 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 Twelfth 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 25 August 2008 at 10.30 a.m. for the following purposes:-

A G E N D A

- | | | |
|-----|---|---------------------|
| 1 | To receive and adopt the Audited Financial Statements for the year ended 29th February 2008 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 | Dato' Jaafar Bin Jamaludin | Resolution 2 |
| 2.2 | Datin Paduka Teoh Choon Boay | Resolution 3 |
| 3 | To re-appoint Messrs BDO Binder as Auditors and to authorise the Directors to fix their remuneration. | Resolution 4 |
| 4 | To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:
As Special Business: | |
| 4.1 | Authority to issue and allot shares
"That pursuant to Section 132D of the Companies Act 1965 and subject to the approval of the relevant authorities (if any shall be required), the Directors be and are hereby authorized to allot and issue new ordinary shares of RM1.00 each (other than bonus or right issues) 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 from the Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." | Resolution 5 |
| 4.2 | Proposed authority for the Company to purchase its own shares.
"THAT, subject always to the Companies Act, 1965 ("Act"), the provisions of the Memorandum and Articles of Association of the Company and the Listing Requirements ("Listing Requirements") of the Bursa Malaysia Securities Berhad and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorized, to the fullest extent permitted by law, to buy-back and/or hold from time to time and at any time such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Board of | Resolution 6 |

Notice of Annual General Meeting (continued)

Directors from time to time as they deem fit and expedient in the best interests of the Company ("the Proposed Share Buy-Back") provided that :-

- (i) The aggregate number of Shares bought-back and/or held does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company subject to the restriction that the issued and paid-up capital of the Company does not fall below the applicable minimum share capital requirement of the Listing Requirement;
- (ii) The maximum funds to be allocated for the buy-back of the Company's own Shares shall not exceed the total retained profits and the share premium account of the Company;
- (iii) As prescribed by the act, rules, regulations and orders made pursuant to the act and the requirements of Bursa Securities and any other relevant authority for the time being in force; and

THAT the shares purchased by the Company pursuant to the Proposed Share Buy-Back be dealt with in all or any of the following manner:-

- (i) the shares so purchased may be cancelled; and/or
- (ii) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Malaysia securities Berhad and/or subsequently cancelled; and/or
- (iii) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

The approval conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next annual general meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions; or the expiration of the period within which the next annual general meeting after that date is required by law to be held; or the revocation or variation by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever is the earliest;

AND THAT the Directors of the Company be and are hereby authorized to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back (including without limitation, the appointment of stockbroking firm and the opening and maintenance of a Central Depository Account designated as a Share Buy-Back Account) with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant

Notice of Annual General Meeting (continued)

governmental/ regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act 1965, the provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia securities Berhad and all other relevant governmental/regulatory authorities.

7. To transact any other ordinary business of which due Notice shall have been received.

BY ORDER OF THE BOARD

NG BEE LIAN (MAICSA 7041392)
LIM HOOI MOOI (MAICSA 0799764)
Company Secretaries

Kuala Lumpur
Date: 4 August 2008

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. 5, 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 ordinary resolution No. 6, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilizing the funds allocated which shall not exceed the total retained profits and share premium account of the Company. Further information on the Proposed Share Buy-Back is set out in the Circular to shareholders dated 4 August 2008 which is dispatched together with the Company's 2008 Annual Report.

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 appointer 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.

Statement Accompanying Notice of Twelfth 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:-

Dato' Jaafar Bin Jamaludin
Datin Paduka Teoh Choon Boay

The details of the abovenamed Directors who are seeking re-election are set out in their respective profiles which appear in the Directors' Profile on pages 8 to 10 of the Annual Report 2008. The Directors' shareholdings in the Company are set out in the Analysis of Shareholdings which appear on page 104 of the Annual Report 2008.

2. 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' Jaafar Bin Jamaludin	4/4
Datin Paduka Teoh Choon Boay	4/4
Beh Huck Lee	4/4
Tan Hiang Joo	4/4
Kek Jenny	3/4
Muhamad Faisal Bin Tajudin	4/4

3. 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 : 25 August 2008 at 10.30 a.m.

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 Twelfth 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 25th August 2008 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 29 February 2008 together with the Report of the Directors and Auditors thereon.	Resolution 1		
2.	To re-elect the retiring Director, Dato' Jaafar Bin Jamaludin pursuant to Article 82 of the Company's Articles of Association	Resolution 2		
3.	To re-elect the retiring Director, Datin Paduka Teoh Choon Boay pursuant to Article 82 of the Company's Articles of Association	Resolution 3		
4.	To re-appoint Messrs BDO Binder as Auditors of the Company.	Resolution 4		
5.	To empower the Directors to issue up to 10% of the issued share capital of the Company	Resolution 5		
6.	To provide the mandate for the Company to buy-back its own shares up to a limit of 10% of the issued and paid-up share capital of the Company.	Resolution 6		

(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 2008

.....
 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 appointer 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

Change

Change can happen anytime.

Unanticipated and immediate, it can strike at lightning speed.

In today's turbulent times, where everything moves at breakneck speed, anything can happen, even what we least anticipate.

Often, survival is dictated by one's ability to respond swiftly to the winds of change and manage the accompanying risks.

We have navigated in fair and foul weather, responded to the many changes which sometimes led us to alter direction, and faced unanticipated risks. So although we will continue to look ahead, we aim to ensure that in a world where change can strike anytime, we will stay focused on our goals and have the flexibility to take on whatever comes. Speed of response, sensitivity to the market and risk management in a tumultuous era are key anchors of ours as we look forward to the journey ahead.

It is a journey we intend to enjoy.

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

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