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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
Tan Hiang Joo*
Kek Jenny*

* Independent Non-Executive Directors

COMPANY SECRETARIES

Ng Bee Lian (MAICSA 7041392)
Tan Enk Purn (MAICSA 7045521)

REGISTERED OFFICE

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

AUDITORS

RSM Robert Teo, Kuan & Co
Penthouse, Wisma RKT
No 2 and 4, Jalan Raja Abdullah
Off Jalan Sultan Ismail
50300 Kuala Lumpur
Tel : 603-2610 2888 Fax : 603-2698 6600

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 Bursa Malaysia Securities Berhad



MESSAGE FROM THE MANAGING DIRECTOR



Financial Performance

This financial year has been an exciting one for us. We started out on a cautious note as we rode the pessimistic outlook caused by the global financial crisis. The local environment was also challenging and many developers delayed launches. Nonetheless, we believe that the property market in Sungai Petani has been relatively stable compared to big cities such as Kuala Lumpur. Opportunities also abound as buyers continue to be crowded out from Penang due to escalating property prices.

The strategies that we implemented in view of the changing and challenging market conditions in Sungai Petani have been successful and enabled us to protect our earnings. Thus whilst overall revenue fell 14%, overall profit before tax increased by 2% to RM 7 million. We anticipate the following year to be more exciting for us; and we are well placed, having built over 20,000 residential, commercial and industrial units in townships; to take advantage of the opportunities in other parts of Malaysia and overseas as an addendum to the Group's strategies.

Property Development

During the year, Eupe delivered to its buyers Cinta Sayang Resort Homes; which is a gated and guarded enclave with touch card access, photo beam security sensors and street view CCTVs; a first in the region.

In June 2010, we delivered Sky Residences, Sungai Petani's first 18 storey "green" condominium nestled within the greens of the only city golf course in Sungai Petani, which also happens to be one of the top 5 golf courses in the country. Our Sky Residences is currently being reviewed by the U.S. Green Building Council for LEED certification.



MESSAGE FROM THE MANAGING DIRECTOR (Continued)

LEED certification (*Leadership in Energy and Environmental Design*) provides independent, third-party verification that a building project is environmentally responsible, profitable for residents and the environment and a healthy place to live and work. We expect Sky Residences will be the first condominium in Malaysia to earn this accolade.

Supplementing the high end developments in this prime area of Sungai Petani, we recently launched the “Carnival City” shops. Having most of its non-Bumi quotas sold out in 2 months is testimony of its appeal to the local residents.



Other launches within the near future includes the Astana Parkhomes, a truly unique lifestyle development featuring parklands which practically converge into the doorsteps of every home. Astana Parkhomes is part of the ongoing Seri Astana township development, one of Eupe’s three ongoing township developments. The other two are the Puncak Surya township located along the Eastern Bypass of Sungai Petani and the Taman Ria Mesra township in Gurun. These townships, upon completion will by themselves provide over 4,500 homes. However more innovative and exciting concepts for affordable homes are in the pipeline.

MESSAGE FROM THE MANAGING DIRECTOR (Continued)

Civil Engineering and Construction

The reduction in the group turnover over the previous year reflects the challenging situation within the property market in which Eupe operates. The civil engineering construction division, Riacon, is similarly affected by the market conditions and turnover for this division fell by 24 percent. However effective planning for and use of resources has enabled this division to achieve a profit before tax of RM 2.2 million, which represents a 4 percent reduction in profit over the previous year.

It should be noted that our effective use of resources is not achieved at the expense of quality, which is a hallmark of Eupe homes. Eupe's projects are all subject to the QLASSIC (Quality Assessment System in Construction) assessment, a quality assessment system which was jointly developed by CIDB Malaysia together with various professional organisations, universities and government agencies.



We are proud to announce that our Eupe homes have been rated top 9 in its quality assessment by QLASSIC over all the measured construction projects in the whole of Malaysia.

Hotel and Resort Operation

A fall in demand from our usual target markets stemming from a significant drop in spending from the government, corporate and tourism segments accounted for the loss position of the hospitality division in the year under review. The escalating raw material and utility costs have further exacerbated the situation.

The coming financial year will be challenging as we will have to counter deteriorating government budgets in hotel-hosted seminars and cautious corporate spending.

Thus we are currently looking at targeting new markets and segments which will replace the current ones, cost restructuring and operational streamlining. This would include new tourism and family groups, as well as tie-ups with related companies to synergise on logistics and facilities. We expect that this will yield results fast and are optimistic about a fast turnaround.

MESSAGE FROM THE MANAGING DIRECTOR (Continued)

Prospects and Plans

Eupe maintained its continuing success in the market through delivering products that meet existing demand and with products that tap latent demand in the market.

Eupe has been outreaching to new markets over and above its traditional ones. In the years ahead, we should see the materialisation of these efforts which will result in the expansion of Eupe's market base and geographic coverage to include other parts of Malaysia and overseas.

Dividend Policy

The current economic scenario is full of uncertainty. Many economists are expecting the world to go through a double dip before we see solid recovery. The general market has remained relatively lackluster whilst the interest rates have been severely capped by the various governments in their efforts to reflate the economy.

Under the circumstances, the Board of Directors does not recommend any payment of dividend for the year ended 28 February 2010. If we happen to encounter a severe bearish correction, our low gearing ratio (of less than 10%) will enable us to tie through the storm and pick up good buys. On the other hand, if the current sentiment happens to be a bear trap and the economy is well on its way to recovery, we will soon need to buy new land to replenish our depleting stocks in view of the many projects we will be launching within these 2 years.



MESSAGE FROM THE MANAGING DIRECTOR (Continued)

Corporate Social Responsibility (CSR)

Eupe has continued to support many deserving local voluntary public service organisations with contributions and donations. However we believe that CSR extends far beyond support to such organisations. We take much effort to practice CSR through implementation of responsible social services within its business activities. As a group, we continue to maintain the parks and greeneries of many of our completed developments to inculcate amongst residents, greater appreciation, love and care for the environment they live in. We also regularly organise activities and functions to foster community living in our townships.

Conclusion

I must say that we would not have been able to sail through the current challenges without much greater challenges for it not be the support of our colleagues, suppliers, associates, customers and shareholders. The global financial crisis has provided challenges but also opportunities to capitalise on change imperatives that results.

Eupe prides itself as an organisation that is energetic, willing and able to seek and take advantage of opportunities for the benefit of the group whilst applying the wisdom and know-how gathered from its 24 years of experience to shore up that enthusiasm to deliver actual positive results. We look forward to delivering excellent results in the years to come.

Thank you for your trust. We will not waver in our effort to deliver our promises.

Beh Huck Lee
Managing Director

28 July 2010





PROFILE OF DIRECTORS

Beh Huck Lee

Managing Director

Aged 39. 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 Bursa Malaysia Securities Berhad.

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 39. 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 64. 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 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.

Tan Hiang Joo

Independent Non-Executive Director

Aged 45. 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 61. 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 45. 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.

The Board shall also review the terms of office and performance of the members of the Audit Committee at least once every three (3) years to determine whether the members have carried out their duties in accordance with their terms of reference.

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.



STATEMENT OF CORPORATE GOVERNANCE (Continued)

PRINCIPLES STATEMENT (Continued)

A. BOARD OF DIRECTORS (Continued)

During the year ended 28 February 2010, four board meetings were convened. The details of board attendance are as follows:

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)	3 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 22 to 26 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.



STATEMENT OF CORPORATE GOVERNANCE (Continued)

PRINCIPLES STATEMENT (Continued)

A. BOARD OF DIRECTORS (Continued)

Supply of information

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

The Board Papers include, among others, the following:

- Minutes of the previous Board meeting;
- Minutes of the previous Audit Committee meeting;
- Quarterly financial results of the Group;
- 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.

For the year ended 28 February 2010 and up to the date of report, in-house training was conducted for the directors with regards to internal control. External training programmes such as conferences and seminars were attended by certain directors in the following areas :

- Malaysian land and property law
Asian real estate covering investment (capital raising) and architectural (designing and developing sustainable communities) streams



STATEMENT OF CORPORATE GOVERNANCE (Continued)

PRINCIPLES STATEMENT (Continued)

A. BOARD OF DIRECTORS (Continued)

Appointment and Re-election of Directors

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

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

B. DIRECTORS' REMUNERATION

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

The aggregate remuneration of Directors for the financial year ended 28 February 2010 is as follows:

	Salaries and EPF RM	Bonuses RM	Fees RM	Allowances RM	Total RM
Executive Directors	714,477	152,656	22,000	5,000	894,133
Non-executive Directors	-	-	84,000	8,500	92,500

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	-



STATEMENT OF CORPORATE GOVERNANCE (Continued)

PRINCIPLES STATEMENT (Continued)

C. SHAREHOLDERS

Dialogue between companies and investors

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

The Group has also established a website (www.eupe.com.my) from which shareholders can access information related to the Group. Investors and members of the public who wish to assess corporate and financial information such as the quarterly announcement of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirement of Bursa Malaysia Main Market Listing Requirements and other corporate information and events related to the Group can channel their queries via the website or the following telephone numbers:

Telephone number : **+604 4414 888**
Fax number : **+604 4414 548**
Website : **www.eupe.com.my**

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.



STATEMENT OF CORPORATE GOVERNANCE (Continued)

PRINCIPLES STATEMENT (Continued)

D. ACCOUNTABILITY AND AUDIT

Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the Annual Report and the quarterly announcement of results. Prospects of the Group and an overview of its business performance are detailed in the Annual Report. The Board also deliberates on the quarterly results before they are publicly released together with explanatory notes on the Group's quarterly and year-end performances.

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

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

In preparing the financial statements, the Directors have:

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

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

Internal control

The Statement on Internal Control furnished on page 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 22 to 26 of the Annual Report.



STATEMENT OF CORPORATE GOVERNANCE (Continued)

COMPLIANCE STATEMENT

Throughout the financial year ended 28 February 2010, 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.

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

This Statement of Corporate Governance is made in accordance with the resolution of the Board of Directors dated 28 July 2010.



ADDITIONAL COMPLIANCE INFORMATION

STATUS OF UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSAL

This is not applicable for the financial year ended 28 February 2010.

SHARE BUYBACKS

The Company did not enter into any share buy-back transactions during the financial year ended 28 February 2010.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company has not issued any options, warrants or convertible securities during the financial year ended 28 February 2010.

IMPOSITION OF PENALTIES / SANCTIONS

There were no material sanctions and/or penalties imposed on the Company and its subsidiaries, directors and management by the relevant regulatory bodies during the financial year ended 28 February 2010.

VARIATIONS IN RESULTS

There were no variances of 10% or more between the results for the financial year ended 28 February 2010 and unaudited results previously announced.

PROFIT GUARANTEES

During the financial year ended 28 February 2010, there was no profit guarantee given by the Company.

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

During the financial year ended 28 February 2010, the Company did not sponsor any ADR or GDR programme.

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There was no corporate proposal involving the raising of funds during the financial year ended 28 February 2010.

REVALUATION POLICIES ON LANDED PROPERTIES

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

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries which involves directors' and major shareholders' interests during the financial year ended 28 February 2010.

NON-AUDIT FEES

There were no non-audit fees paid to the external auditors during the financial year ended 28 February 2010.

RELATED PARTY TRANSACTIONS OF A REVENUE / TRADING NATURE

All recurrent related party transactions entered into by the Group during the financial year are disclosed in Note 37 of the financial statement on page 91 to page 93 of this annual report.



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 Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements requires Directors of the listed companies to include a statement in their annual reports on the "state of the internal controls of the listed issuer as a group".

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 for reviewing its adequacy and integrity. The system of internal control covers risk management and the relevant internal controls put into place to monitor the principal risks, both financial and otherwise, faced by the Group.

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

RISK MANAGEMENT FRAMEWORK

The Group has a Risk Management Manual which outlines the risk management framework for the divisions of the Group, as prepared by a firm of consultants. Regular risk update exercises are carried out by the management with assistance from the firm of consultants. In view that there has been no change to the operating environment, no update was required to be carried out on the Group's risk management within the period under review. However, the Board confirms that there will be an on-going process to identify, evaluate and manage significant risks faced by the Group. This process shall be regularly reviewed by the Board.

INTERNAL AUDIT FUNCTION

The Group has outsourced its Internal Audit function to external consultants. The Internal Audit function adopts the risk-based methodology in its review of the key processes of the identified operating units in the Group and provides independent and objective reports on the state of internal control of the various operating units within the Group to the Audit Committee.

The Internal Audit function also monitors and reports on the status of Management follow ups on the implementation of Management action plans to improve areas where control deficiencies are noted during the internal audit.

The Internal Audit cost incurred for the financial year ended 28 February 2010 is RM 46,000 and the key activities carried out by the Internal Audit function were as follows:



STATEMENT OF INTERNAL CONTROL (Continued)

INTERNAL AUDIT FUNCTION (Continued)

- (1) Tabled and presented the detailed Internal Audit plan for the financial year ended 28 February 2010 to the Audit Committee on 23 July 2009.
- (2) Carried out Cycle 2 of the 2009 Internal Audit covering the revenue and collection processes of Cinta Sayang Resort, golf course and the Carnivall water theme park. The internal report highlighting the salient observations was presented to the Audit Committee on 22 October 2009.
- (3) Carried out Cycle 1 of the 2010 Internal Audit covering the project cost controls of the property and construction division, and the purchasing and payment processes of Cinta Sayang Resort. The internal report highlighting the salient observations was presented to the Audit Committee on 29 April 2010.

The effectiveness of the systems of internal control is also reviewed through an on-going management appraisal of the effectiveness of its operations and the MS ISO 9001:2008 certification of 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. External audits conducted by Lloyds' representatives were completed in July 2009 and March 2010 for the construction division.

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.

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.



STATEMENT OF INTERNAL CONTROL (Continued)

WEAKNESS IN INTERNAL CONTROL THAT RESULTS IN MATERIAL LOSS

The Board is of the opinion that there were no material losses incurred during the financial year ended 28 February 2010 as a result of weaknesses in internal control. Nevertheless, the Board and Management will continue to take appropriate measures from time to time to strengthen the existing control environment within the Group.

This statement is issued in accordance with a resolution of the Directors dated 28 July 2010.



AUDIT COMMITTEE REPORT

COMPOSITION

The present members of the Committee comprise:

Chairman:

Dato' Jaafar Bin Jamaludin Independent Non-Executive Director

Members:

Tan Hiang Joo Independent Non-Executive Director

Kek Jenny Independent Non-Executive Director

MEETINGS

The Audit Committee convened four meetings during the financial year. Save for Mr Tan Hiang Joo, who attended all meetings; Dato' Jaafar Bin Jamaludin and Ms Kek Jenny attended three out of the four. 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: 2008 certification, under 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 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.



AUDIT COMMITTEE REPORT (Continued)

TERMS OF REFERENCE (Continued)

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

The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of the above requirements, the vacancy shall be filled within 3 months.

Quorum and Committee's procedures

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

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

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

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

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

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.



AUDIT COMMITTEE REPORT (Continued)

TERMS OF REFERENCE (Continued)

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.

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;



AUDIT COMMITTEE REPORT (Continued)

TERMS OF REFERENCE (Continued)

- 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 and the audited financial statements of the Group and the Company for the financial year ended 28 February 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are indicated in Note 7 to the financial statements.

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

RESULT OF OPERATIONS

	GROUP RM	COMPANY RM
Net profit for the financial year	5,126,293	1,392,511
Attributable to:		
Equity holders of the Company	3,591,346	
Minority interest	1,534,947	
	5,126,293	

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 the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No new options were granted to any person to take up unissued shares of the Company since the end of the previous financial year.

EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS")

The Employees' Share Options Scheme ("ESOS") was established and come into effect on 13 August 2007. The options to subscribe for up to 9,180,000 ordinary shares of RM1.00 each of the Company are available to eligible employees (including Directors) of the Group at an exercise price of RM1.00 per share. The ESOS shall be in force for a period of five (5) years until 12 August 2012 (the option period). The main features of the ESOS are as follows:



DIRECTORS' REPORT (Continued)

EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS") (Continued)

- (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 (1) 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 ESOS.
- (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 Securities Berhad ("Bursa") for the five (5) Market Days immediately preceding the Date of Offer subject to a discount of 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 five (5) years from the date of the offer or such shorter period. According to the letter of offer to the eligible employees, the option granted is valid for a period of three (3) years until 16 August 2010.
- (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 share 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 dividends are declared in respect of and to any other distribution 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.
- (h) The options granted to the eligible employees to subscribe for new ordinary shares in the Company is subject to the allotment of shares in the following ratio:

Year 1	Year 2	Year 3
60%	20%	20%

Where the maximum number of shares of the options exercisable for a period is not fully exercised, the balance number of shares not exercised shall be carried forward to the next period and shall not be subjected to the maximum number of shares for the next period.

DIRECTORS' REPORT (Continued)

EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS") (Continued)

The movements of the options over the unissued ordinary shares of RM1 each in the Company granted under the ESOS during the financial year are as follows:

		← Number of options over ordinary shares of RM1 each →				
Option price RM	Outstanding	Movements during the			Outstanding	Exercisable
	as at	financial year			as at	at
	1.3.2009	Granted	Exercised	Lapsed	28.2.2010	28.2.2010
	'000	'000	'000	'000	'000	'000
Date of offer						
13 August 2007	1.00	8,202	-	-	(165)	8,037

There were no new options granted since the end of the previous financial year.

The Company has been granted an exemption by the Companies Commission of Malaysia vide its letter dated on 29 April 2010 from having to disclose the list of option holders and their holdings pursuant to Section 169 (11) of the Companies Act 1965 except for information of employees who were granted options in aggregate of more than 200,000 options and above.

Other than Directors' options disclosed under the Directors' interest, the following employees are granted 200,000 options and above:

	Number of options over ordinary shares of RM 1 each		
	At 1.3.2009	Lapsed	At 28.2.2010
Share options in the Company			
Chan Chin Wooi	220,000	-	220,000
Chiam Tow Heng	220,000	-	220,000
Chong Kui Kong	210,000	-	210,000
Dato' Paduka Beh Heng Seong	220,000	-	220,000
Gan Michelle Eileen	220,000	-	220,000
Lee Koon Peng	220,000	-	220,000
Noordihan Bin Hashim	220,000	-	220,000
Yeong Chee Fun	280,000	-	280,000

DIRECTORS' REPORT (Continued)

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

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the Directors to acquire benefits through 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.

DIRECTORS' INTEREST IN SHARES

The Directors holding office at the end of the financial year and their beneficial interest in the ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary share and debentures of its related corporations at the end of the financial year ended 28 February 2010 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act 1965 were as follows:

	Number of ordinary shares of RM 1 each			
	At 1.3.2009	Bought	Sold	At 28.2.2010
Shares in the Company				
<u>Direct interests</u>				
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
<u>Indirect interests</u>				
Beh Huck Lee	51,914,989	1,400,000	-	53,314,989
Datin Paduka Teoh Choon Boay	52,114,389	1,400,000	-	53,514,389
Muhamad Faisal bin Tajudin	29,608,392	1,400,000	-	31,008,392

DIRECTORS' REPORT (Continued)

DIRECTORS' INTEREST IN SHARES (Continued)

	At	Number of options over ordinary shares of RM 1 each			At
	1.3.2009	Granted	Exercised	Lapsed	28.2.2010
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 interest in the ordinary shares of the Company, all the Directors except Dato' Jaafar bin Jamaludin, Tan Hiang Joo and Kek Jenny, are deemed to have interest in the shares of all the subsidiaries to the extent the Company has an interest.

Other than disclosed above, none of the other Directors holding office at the end of the financial year held any beneficial interests in the ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any 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 the Director has substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 37 to the financial statements.

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 the Directors 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 Balance Sheets and Income Statements 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 had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and



DIRECTORS' REPORT (Continued)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (Continued)

(I) AS AT THE END OF THE FINANCIAL YEAR (Continued)

- (ii) to ensure that any current assets other than debts, 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 provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges in 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)

AUDITORS

The auditors, Messrs RSM Robert Teo, Kuan & Co., have expressed their willingness to continue in office.

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

MUHAMAD FAISAL BIN TAJUDIN

Director

BEH HUCK LEE

Director

Sungai Petani, Kedah Darul Aman

24 June 2010

BALANCE SHEETS

AS AT 28 FEBRUARY 2010

		GROUP		COMPANY	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
ASSETS					
Non-current assets					
Property, plant and equipment	6	52,096,376	54,793,782	1,004	1,404
Investments in subsidiaries	7	-	-	116,917,599	116,917,599
Other investments	8	154,741	152,538	-	-
Land held for property development	9	89,802,542	111,198,087	-	-
Investment properties	10	22,427,000	21,057,000	-	-
Prepaid lease payments for land	11	29,670,033	30,410,774	-	-
Deferred plantation expenditure	12	904,630	1,029,524	-	-
Deferred tax assets	13	1,964,338	1,750,654	-	-
		197,019,660	220,392,359	116,918,603	116,919,003
Current assets					
Property development costs	14	88,034,327	63,987,535	-	-
Inventories	15	8,194,958	10,324,667	-	-
Trade and other receivables	16	24,765,939	17,889,639	4,500	13,486
Amount owing from subsidiaries	17	-	-	38,173,730	38,638,228
Sinking and redemption funds	18	720,016	802,566	-	-
Tax recoverable		3,537,275	2,878,818	325,303	302,261
Cash and cash equivalents	19	6,266,734	9,693,401	24,935	9,244
		131,519,249	105,576,626	38,528,468	38,963,219
TOTAL ASSETS		328,538,909	325,968,985	155,447,071	155,882,222

BALANCE SHEETS (Continued)

AS AT 28 FEBRUARY 2010

		GROUP		COMPANY	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	20	128,000,000	128,000,000	128,000,000	128,000,000
Reserves	21	107,393,478	103,706,682	22,462,781	20,974,820
		235,393,478	231,706,682	150,462,781	148,974,820
Minority interest		1,648,440	113,493	-	-
TOTAL EQUITY		237,041,918	231,820,175	150,462,781	148,974,820
LIABILITIES					
Non-current liabilities					
Borrowings	22	6,027,179	8,874,649	-	-
Deferred tax liabilities	13	17,522,429	18,257,642	-	-
		23,549,608	27,132,291	-	-
Current liabilities					
Trade and other payables	28	47,790,642	43,939,307	52,290	66,486
Amount owing to subsidiaries	17	-	-	4,932,000	6,840,916
Provision for infrastructure cost	29	1,975,572	2,175,401	-	-
Borrowings	22	17,283,965	20,842,327	-	-
Current tax payable		897,204	59,484	-	-
		67,947,383	67,016,519	4,984,290	6,907,402
TOTAL LIABILITIES		91,496,991	94,148,810	4,984,290	6,907,402
TOTAL EQUITY AND LIABILITIES		328,538,909	325,968,985	155,447,071	155,882,222

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2010

		GROUP		COMPANY	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
REVENUE	30	108,684,565	126,269,947	2,580,900	700,000
COST OF SALES	31	(87,922,154)	(105,828,150)	-	-
GROSS PROFIT		20,762,411	20,441,797	2,580,900	700,000
OTHER OPERATING INCOME		2,320,387	1,614,720	-	-
MARKETING AND DISTRIBUTION COSTS		(4,262,508)	(1,616,099)	-	-
ADMINISTRATIVE EXPENSES		(8,226,802)	(8,008,525)	(261,147)	(239,845)
OTHER OPERATING EXPENSES		(2,361,570)	(3,675,468)	(311,811)	(370,081)
FINANCE COSTS		(1,185,394)	(1,874,083)	-	-
PROFIT BEFORE TAX	32	7,046,524	6,882,342	2,007,942	90,074
TAX EXPENSE	33	(1,920,231)	(1,877,548)	(615,431)	(107,259)
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR		5,126,293	5,004,794	1,392,511	(17,185)
Attributable to:					
Equity holders of the Company		3,591,346	4,891,301		
Minority interest		1,534,947	113,493		
		5,126,293	5,004,794		
Basic earnings per ordinary share attributable to equity holders of the Company (sen)	34	2.81	3.82		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2010

GROUP	Note	Attributable to equity holders of the Company				Minority interests RM	Total equity RM
		Ordinary share capital RM	Share premium RM	Share options reserve RM	Retained earnings RM		
Balance as at 1 March 2008		128,000,000	5,982,397	1,377,000	90,919,184	-	226,278,581
Share options granted under ESOS	35	-	-	536,800	-	-	536,800
Net profit for the financial year		-	-	-	4,891,301	113,493	5,004,794
Balance as at 28 February 2009		128,000,000	5,982,397	1,913,800	95,810,485	113,493	231,820,175
Share options granted under ESOS	35	-	-	95,450	-	-	95,450
Net profit for the financial year		-	-	-	3,591,346	1,534,947	5,126,293
Balance as at 28 February 2010		128,000,000	5,982,397	2,009,250	99,401,831	1,648,440	237,041,918

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

STATEMENTS OF CHANGES IN EQUITY (Continued)
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2010

COMPANY	Note	Ordinary share capital RM	← Non-distributable →		Distributable Retained earnings RM	Total RM
			Share premium RM	Share options reserve RM		
Balance as at 1 March 2008		128,000,000	5,982,397	1,377,000	13,095,808	148,455,205
Share options granted under ESOS	35	-	-	536,800	-	536,800
Net loss for the financial year		-	-	-	(17,185)	(17,185)
Balance as at 28 February 2009		128,000,000	5,982,397	1,913,800	13,078,623	148,974,820
Share options granted under ESOS	35	-	-	95,450	-	95,450
Net profit for the financial year		-	-	-	1,392,511	1,392,511
Balance as at 28 February 2010		128,000,000	5,982,397	2,009,250	14,471,134	150,462,781

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2010

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	104,157,931	143,646,299	-	-
Cash payments to suppliers and creditors	(77,101,243)	(114,134,986)	-	-
Cash payments to employees and for expenses	(19,335,789)	(16,587,172)	(552,186)	(476,415)
Cash generated from/(used in) operations	7,720,899	12,924,141	(552,186)	(476,415)
Insurance claim received	24,073	173,692	-	-
Rental income received	230,396	270,145	-	-
Bank overdraft interest paid	(154,991)	(161,995)	-	-
Deposit paid	(74,692)	(145,537)	-	-
Tax paid	(2,689,866)	(5,165,412)	-	-
Net cash from/(used in) operating activities	5,055,819	7,895,034	(552,186)	(476,415)
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances to subsidiaries	-	-	-	(925,140)
Additions of investment properties [Note 10]	(185,424)	-	-	-
Repayments (to)/from subsidiaries	-	-	(1,374,548)	774,140
Dividend received	2,148	884	1,942,425	525,000
Interest income received	181,595	291,801	-	-
Proceeds from disposal of property, plant and equipment	500	500	-	-
Investment in unit trust	(2,264)	(141,157)	-	-
Purchase of land held for development	-	(13,317,555)	-	-
Purchase of property, plant and equipment [Note 6]	(735,938)	(1,162,640)	-	-
Net withdrawal of sinking and redemption fund	-	83,202	-	-
Net (placement)/withdrawal of fixed deposits	(51,231)	410,156	-	-
Net cash (used in)/from investing activities	(790,614)	(13,834,809)	567,877	374,000

CASH FLOW STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2010

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of term loan	-	8,775,542	-	-
Drawdown of revolving credit	1,900,000	4,100,000	-	-
Creation of bankers' acceptances	280,000	1,057,000	-	-
Repayments of term loan	(7,949,083)	(6,704,852)	-	-
Repayments of revolving credit	(500,000)	(500,000)	-	-
Repayments of hire-purchase	(111,957)	(225,063)	-	-
Term loan interest paid	(894,795)	(1,514,285)	-	-
Revolving credit interest paid	(283,467)	(146,123)	-	-
Discount paid on bankers' acceptances	(130,041)	(178,728)	-	-
Hire-purchase interest paid	(2,569)	(13,075)	-	-
Repayment to Directors	(26,400)	(34,300)	-	-
Net cash (used in)/from financing activities	(7,718,312)	4,616,116	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,453,107)	(1,323,659)	15,691	(102,415)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	6,710,617	8,034,276	9,244	111,659
CASH AND CASH EQUIVALENTS CARRIED FORWARD [NOTE 19]	3,257,510	6,710,617	24,935	9,244

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



NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2010

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are indicated in Note 7 to the financial statements.

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act 1965 and the applicable approved Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB").

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the financial statements.

The preparation of financial statements 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 accounting policies. The areas involving such judgments, estimates and assumptions are disclosed in Note 5 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.

(b) 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 at 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, liabilities assumed and contingent liabilities 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 income statement any excess remaining after that reassessment.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

When a business combination includes more than one exchange transactions, 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 control the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently convertible or exercisable are taken into consideration.

Intragroup balances, transactions 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.

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 a binding obligation and is able to make additional investment to cover the losses. If the subsidiary 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

For purchases of a subsidiary's equity shares from minority shareholders for cash consideration and the purchase price is established at fair value, the accretion of the Group's interests in the subsidiary is treated as purchase of equity interest under the acquisition method of accounting. The identifiable assets and liabilities acquired are adjusted to their fair values, with the resulting difference being attributed to goodwill or excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of business combination (previously known as negative goodwill).

When a subsidiary issues new equity shares to minority interests for cash consideration and at fair value, the reduction in the Group's interests in the subsidiary should be treated as disposal of equity interests for which the gain or loss should be recorded in the consolidated income statement. The gain or loss on disposal is the difference between the Group's share of net assets immediately before and immediately after disposal and a ratable portion of goodwill which is realised.

For purchases or disposals from or to minority shareholders for consideration other than cash and not at fair value, the accretion or dilution of the Group's interests is treated as an equity transaction between the Group and its minority shareholders. The difference between the Group's share of net assets immediately before and immediately after the change in stakes, and any consideration received or paid is adjusted against the Group's reserves.

All other changes in stakes and changes in composition of the Group are treated as equity transactions between the Group and its majority and minority shareholders. The difference between the Group's share of net assets before and after the change, and any consideration received or paid is adjusted to or against the Group's reserves.

(c) Investments

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 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 accumulated impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in income statement.

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. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Investments (Continued)

Other investments (Continued)

Marketable securities are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Market value is calculated by reference to quoted market selling price at the close of business on the balance sheet date.

Upon disposal of such investment the difference between net disposal proceeds and its carrying amount is recognised in income statement.

(d) 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 has 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 accumulated impairment losses, if any.

Depreciation is calculated to write off the cost of the 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 as it has an infinite life. 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)

28 FEBRUARY 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment and depreciation (Continued)

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount (see Note 3(j) to the financial statements on impairment of non-financial assets).

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. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

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, the carrying amount is included in income statement.

(e) Property development activities

(i) 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 asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

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

(ii) Property development costs

Property development costs comprise all cost 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 income statement exceeds progress billings to purchasers, the balance is classified as accrued billings under current assets. When progress billings exceed revenue recognised in income statement, the balance is classified as progress billings under current liabilities.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Construction contracts

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 costs that are specifically chargeable to the customer under the terms of the contract.

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

(g) Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, which includes transaction costs. After 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 with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in income statement in the financial 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 income statement in the period of the retirement or disposal.

(h) Leases and hire-purchase

(i) 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Leases and hire-purchase (Continued)

(i) Finance leases and hire purchase (Continued)

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in income statement 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.

(ii) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

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

(iii) 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 interest 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 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 3(h)(i) or Note 3 (h)(ii) to the financial statements. 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.

Leasehold golf course and club building which has remaining lease period of 41 years are amortised over the original period of 54 years.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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.

(j) Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries), inventories, property development costs, assets arising from construction contract, 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 such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for the individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

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 profit and loss 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-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in income statement immediately.

An impairment loss for asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only 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.

(k) 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 intended location and condition.

The cost of completed properties held for sale 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(1) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavorable to the Group.

(i) 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 income statement. 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

Trade and other receivables and amounts owing by related parties, are classified as loans and receivables under FRS 132 Financial Instruments: Disclosure and Presentation.

Receivables are carried at anticipated realisable value. Bad debts are written off to the income statement in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

Receivables are not held for trading purposes.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short-term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and which have an 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments (Continued)

(i) Financial instruments recognised on the balance sheets (Continued)

(c) Payables

Liabilities for trade and other amounts payable including amounts owing to related parties are recognised at 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 transactions costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

Interest relating to financial liabilities is reported within finance cost in the income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the balance sheet date.

(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 instruments, 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 income statement 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.

(ii) Financial instruments not recognised on the balance sheet

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

(m) 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions (Continued)

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.

Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

(n) Employee benefits

(i) 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.

(ii) Defined contribution plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) 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 the vesting date.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Employee benefits (Continued)

(iii) Share-based payments (Continued)

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 income statement, 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.

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

(o) 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 and deferred tax.

(i) 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 substantively enacted by the balance sheet date.

(ii) 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 credits 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Income taxes (Continued)

(ii) Deferred tax (Continued)

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.

Deferred tax will be recognised as income or expense and included in the income statement for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

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

(p) Functional and presentation currency

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

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction 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:

(i) 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.

(ii) 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue recognition (Continued)

(ii) Property development (Continued)

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.

(iii) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(iv) 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.

(v) Construction contracts

Profits from contract works are recognised on a percentage of completion method. Percentage of completion is determined on the proportion of contract costs incurred for work performed to-date against total estimated costs where the outcome of the project can be estimated reliably.

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

Where the outcome of a contract cannot be estimated reliably, 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.

(vi) 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.

(vii) Revenue from water theme park

Entrance fees collected for right of enjoyment of facilities are recognised when tickets are sold.

(viii) Club subscription fees

Club subscription fees are recognised on the accrual basis.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue recognition (Continued)

(ix) Rental income

Rental income is recognised on a straight line basis over the term of an ongoing lease.

(x) Dividend income

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

(xi) Interest income

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

(r) 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 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 income statement in the period in which they are incurred.

(s) Earnings per share

The Group presents basic and dilutive earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. For diluted earnings per share calculation, the weighted average number of ordinary shares in issues is adjusted to assume conversion of all dilutive potential ordinary shares.

(t) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Contingent liabilities and contingent assets (Continued)

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

(u) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single element.

4. ADOPTION OF FRSs, AMENDMENTS TO FRSs AND INTERPRETATIONS

4.1 FRSs, Amendments to FRSs and Interpretations adopted

There are no FRSs, Amendment to FRSs and Interpretations that is mandatory for the financial statements during the financial year.

4.2 FRSs, Amendments to FRSs and Interpretations not adopted

4.2.1 The Company has not adopted the following FRSs, Amendments to FRSs and Interpretations that have been issued at that date of authorisation of these financial statements but are not yet effective for the Group.

(a) FRS which is effective for annual periods beginning on or after 1 July 2009

FRS 8 Operating Segments

(b) FRSs which are effective for annual periods beginning on or after 1 January 2010

FRS 1 Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

FRS 2 Amendments to FRS 2 Share-based Payment-Vesting Conditions and Cancellations

FRS 4 Insurance Contracts



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

4. ADOPTION OF FRSs, AMENDMENTS TO FRSs AND INTERPRETATIONS (Continued)

4.2 FRSs, Amendments to FRSs and Interpretations not adopted (Continued)

(b) FRSs which are effective for annual periods beginning on or after 1 January 2010 (Continued)

FRS 5	Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosure Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosure and IC Interpretation 9 Reassessment of Embedded Derivatives
FRS 8	Operating Segments Amendment to FRS 8 Operating Segments
FRS 101	Presentation of Financial Statements
FRS 107	Amendment to FRS 107 Statement of Cash Flows
FRS 108	Amendment to FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Amendment to FRS 110 Event after the Reporting Period
FRS 116	Amendment to FRS 116 Property, Plant and Equipment
FRS 117	Amendment to FRS 117 Leases
FRS 118	Amendment to FRS 118 Revenue
FRS 119	Amendment to FRS 119 Employee Benefits
FRS 120	Amendment to FRS 120 Accounting for Government Grants and Disclosure of Government Assistance
FRS 123	Borrowing Costs Amendments to FRS 123 Borrowing Costs
FRS 127	Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate Amendment to FRS 127 Consolidated and Separate Financial Statements
FRS 128	Amendment to FRS 128 Investment in Associates
FRS 129	Amendment to FRS 129 Financial Reporting in Hyperinflationary Economies
FRS 131	Amendment to FRS 131 Interests in Joint Ventures
FRS 132	Amendment to FRS 132 Financial Instruments: Presentation
FRS 134	Amendment to FRS 134 Interim Financial Reporting
FRS 136	Amendment to FRS 136 Impairment of Assets
FRS 138	Amendment to FRS 138 Intangible Assets
FRS 139	Financial Instruments: Recognition and Measurement
FRS 140	Amendment to FRS 140 Investment Property



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

4. ADOPTION OF FRSs, AMENDMENTS TO FRSs AND INTERPRETATIONS (Continued)

4.2 FRSs, Amendments to FRSs and Interpretations not adopted (Continued)

(c) FRSs which are effective for annual periods beginning on or after 1 July 2010

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 2 Amendments to FRS 2 Share-based Payment
- FRS 3 Business Combinations
- FRS 5 Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- FRS 127 Consolidated and Separate Financial Statements
- FRS 138 Amendments to FRS 138 Intangible Assets

(d) IC Interpretations which are effective for annual periods beginning on or after 1 January 2010

- IC Interpretation 9 Reassessment of Embedded Derivatives
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosure and IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2-Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

(e) Amendments and IC Interpretations which are effective for annual periods beginning on or after 1 July 2010

- IC Interpretation 9 Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 12 Service Concession Arrangements
- IC Interpretation 15 Agreements for the Construction of Real Estate
- IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17 Distributions of Non-cash Assets to Owners

4.2.2 The key applicable FRSs, Amendments to FRSs and Interpretations which are not yet effective to the Group are as follows:

(a) Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* is mandatory for annual financial periods beginning on or after 1 January 2010.

These amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The cost method of accounting for an investment has also been removed pursuant to these amendments.

The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

4. ADOPTION OF FRSs, AMENDMENTS TO FRSs AND INTERPRETATIONS (Continued)

4.2 FRSs, Amendments to FRSs and Interpretations not adopted (Continued)

- (b) **Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations* are mandatory for annual financial periods beginning on or after 1 January 2010.**

These amendments clarify that vesting conditions comprise service conditions and performance conditions only. Cancellations by parties other than the Group are accounted for in the same manner as cancellations by the Group itself and features of a share-based payment that are non-vesting conditions are included in the grant date fair value of the share-based payment.

- (c) **FRS 4 *Insurance Contracts* and the consequential amendments resulting from FRS 4 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 4 replaces the existing FRS 202₂₀₀₄ *General Insurance Business* and FRS 203₂₀₀₄ *Life Insurance Business*.**

This Standard applies to all insurance contracts, including reinsurance contracts that an entity issues and to reinsurance contracts that it holds. This Standard prohibits provisions for potential claims under contracts that are not in existence at the reporting date, and requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. The standard also requires an insurer to keep insurance liabilities in its balance sheet until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.

FRS 4 is not relevant to the Group's operations

- (d) **FRS 7 *Financial Instruments: Disclosures* and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation*.**

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for an entity's financial position and performance.

This Standard requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures describe the management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information on the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel.

By virtue of the exemption provided under paragraph 44AB of FRS 7, the impact of applying FRS 7 on its consolidated financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* is not disclosed.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

4. ADOPTION OF FRSs, AMENDMENTS TO FRSs AND INTERPRETATIONS (Continued)

4.2 FRSs, Amendments to FRSs and Interpretations not adopted (Continued)

- (e) **FRS 8 Operating Segments and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.**

FRS 8 sets out the requirements for disclosure of information on an entity's operating segments, products and services, the geographical areas in which it operates and its customers.

The requirements of this Standard are based on the information about the components of the entity that management uses to make decisions about operating matters. This Standard requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

This Standard also requires the amount reported for each operating segment item to be the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. Segment information for prior years that is reported as comparative information for the initial year of application would be restated to conform to the requirements of this Standard.

- (f) **FRS 123 Borrowing Costs and the consequential amendments resulting from FRS 123 are mandatory for annual financial periods beginning on or after 1 January 2010.**

This Standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they taken a substantial period of time to get ready for use or sale.

- (g) **FRS 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.**

This Standard 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 FRS 139, the impact of applying FRS 139 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 Accounting Policies, Change in Accounting Estimates and Errors is not disclosed.

- (h) **IC Interpretation 9 Reassessment of Embedded Derivatives is mandatory for annual financial periods beginning on or after 1 January 2010.**

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

The Group does not expect any impact on the consolidated financial statements arising from the adoption of this Interpretation.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

4. ADOPTION OF FRSS, AMENDMENTS TO FRSS AND INTERPRETATIONS (Continued)

4.2 FRSS, Amendments to FRSS and Interpretations not adopted (Continued)

- (i) **IC Interpretation 10 Interim Financial Reporting and Impairment is mandatory for annual financial periods beginning on or after 1 January 2010.**

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The Group does not expect any impact on the consolidated financial statements arising from the adoption of this Interpretation.

- (j) **IC Interpretation 11 FRS 2 - Group and Treasury Share Transactions is mandatory for annual financial periods beginning on or after 1 January 2010.**

This Interpretation requires share-based payment transactions in which the Group receives services from employees as consideration for its own equity instruments to be accounted for as equity-settled, regardless of the manner of satisfying the obligations to the employees.

If the Group grants rights to its equity instruments to the employees of its subsidiaries, this Interpretation requires the Company to recognise the equity reserve for the obligation to deliver the equity instruments when needed whilst the subsidiaries shall recognise the remuneration expense for the services received from employees.

If the subsidiaries grant rights to equity instruments of the Group to its employees, this Interpretation requires the Group to account for the transaction as cash-settled, regardless of the manner the subsidiaries obtain the equity instruments to satisfy its obligations.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical judgements made in applying accounting policies

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

- (i) **Classification between investment properties and property, plant and equipment**

The Group has developed certain criteria based on FRS 140 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Critical judgements made in applying accounting policies (Continued)

(i) Classification between investment properties and property, plant and equipment (Continued)

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 purpose. 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.

(ii) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matter in the ordinary course of the business.

(b) 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.

(i) Depreciation and amortisation of property, plant and equipment

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

(ii) Property development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Key sources of estimation uncertainty (Continued)

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances and agriculture allowances to the extent that it is probable that taxable profit will be available against which the tax losses, capital and agriculture 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 timing and level of future taxable profits together with future tax planning strategies.

(iv) Allowances for doubtful debts

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

(v) Income taxes

Significant judgement is involved in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination may be difference from the initial estimate. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. When the final tax outcome is different from the amount that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicables, in the period in which such determination is made.

(vi) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

(vii) Write-down for obsolete or slow-moving inventories

The Group writes down its obsolete or slow-moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down for obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Key sources of estimation uncertainty (Continued)

(viii) Impairment of assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the Cash Generating Unit ("CGU") to which the asset is allocated, the Directors and management is required to make an estimate of the expected future cash flows from the CGU and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(ix) Employee share options scheme

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management is also required to use judgement in determining the most appropriate inputs to the valuation model including volatility and dividend yield. The assumptions and model used are disclosed in Note 36 to the financial statements.

(x) Fair value of investment properties

The fair value of each investment property is individually determined by independent registered valuer based on Cost and Investment Methods and Comparison Method of valuation. The valuer has relied on the discounted cash flow analysis and the comparison method. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its income and cash flow profile.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

6. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:-

GROUP	Freehold land RM	Buildings RM	Renovation, electrical and amusement equipment RM	Motor vehicles RM	Motor vehicles under hire- purchase RM	Furniture, fittings and equipment RM	Sports equipment, machinery and others RM	Total RM
Carrying amount								
At 1 March 2009	24,518,777	16,269,983	2,780,142	154,535	101,900	3,061,007	7,907,438	54,793,782
Additions	-	43,721	176,658	-	-	329,569	185,990	735,938
Write-offs	-	(82,167)	(3,047)	-	-	(2,644)	(1,936)	(89,794)
Disposals	-	-	(6)	-	-	(1,578)	-	(1,584)
Depreciation charge for the financial year	-	(922,225)	(509,950)	(87,384)	(101,900)	(676,617)	(1,043,890)	(3,341,966)
At 28 February 2010	24,518,777	15,309,312	2,443,797	67,151	-	2,709,737	7,047,602	52,096,376
At 28 February 2009								
Cost	24,518,777	20,018,081	6,794,045	2,016,907	606,000	9,503,979	15,332,816	78,790,605
Accumulated depreciation	-	(3,748,098)	(4,013,903)	(1,862,372)	(504,100)	(6,442,972)	(7,425,378)	(23,996,823)
Carrying amount	24,518,777	16,269,983	2,780,142	154,535	101,900	3,061,007	7,907,438	54,793,782
At 28 February 2010								
Cost	24,518,777	19,967,503	6,938,966	2,016,907	606,000	9,818,288	15,479,310	79,345,751
Accumulated depreciation	-	(4,658,191)	(4,495,169)	(1,949,756)	(606,000)	(7,108,551)	(8,431,708)	(27,249,375)
	24,518,777	15,309,312	2,443,797	67,151	-	2,709,737	7,047,602	52,096,376

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Furniture, fittings and equipment RM
COMPANY	
Net book value as at 1 March 2009	1,404
Additions	-
Depreciation charge	(400)
Net book value as at 28 February 2010	<u>1,004</u>
Balance as at 28 February 2009	
Cost	8,633
Accumulated depreciation	(7,229)
Net book value	<u>1,404</u>
Balance as at 28 February 2010	
Cost	8,633
Accumulated depreciation	(7,629)
Net book value	<u>1,004</u>

Certain freehold land and buildings of the Group with net book value of RM22,880,157 (2009: RM23,046,273) have been pledged to licensed banks for credit facilities granted to a subsidiary as disclosed in Note 23 and 25 to the financial statements.

7. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2010 RM	2009 RM
Unquoted shares, at cost	116,917,599	116,917,599

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

7. INVESTMENTS IN SUBSIDIARIES (Continued)

The details of the subsidiaries which are all incorporated in Malaysia are as follows:-

Name of company	Group's effective interest		Principal activities
	2010 %	2009 %	
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	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 Bhd.*	100	100	Management of club providing golf and recreation facilities
Eupe Golf Recreation & Tour Sdn. Bhd.*	100	100	Chalet and restaurant operation, recreation and tour services
Subsidiary of Eupe Kemajuan Sdn. Bhd.			
Eupe Development Sdn. Bhd.	60	60	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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

7. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Group's effective interest		Principal activities
	2010 %	2009 %	
Subsidiaries of Eupe Golf Recreation & Tour Sdn. Bhd.			
Tadika Pro-Dedikasi Sdn. Bhd.*	51	51	Operating and management of a kindergarten
The Carnival Management Sdn. Bhd.*# (formerly known as Spring Ritz Sdn. Bhd.)	100	-	Dormant
Cinta Sayang Management Sdn. Bhd.*# (formerly known as Posh Vista Sdn. Bhd.)	100	-	Dormant

* Companies not audited by RSM Robert Teo, Kuan & Co.

On 2 March 2009, Eupe Golf Recreation & Tour Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired 2 ordinary shares of RM1 each, being the entire issued share capital of The Carnival Management Sdn. Bhd. ("TCMSB") (formerly known as Spring Ritz Sdn. Bhd.), a company incorporated in Malaysia for a cash consideration of RM2. TCMSB has not commenced operations since its incorporation.

On 2 March 2009, Eupe Golf Recreation & Tour Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired 2 ordinary shares of RM 1 each, being the entire issued share capital of Cinta Sayang Management Sdn. Bhd. ("CSMSB") (formerly known as Posh Vista Sdn. Bhd.), a company incorporated in Malaysia for a cash consideration of RM2. CSMSB has not commenced operations since its incorporation.

The effects of these acquisitions on the financial results of the Group during the financial year are as follows:

	2010 RM
Revenue	-
Net loss for the financial year	(11,996)

The acquisition had the following effects on the Group's assets on acquisition date:

	Acquiree's carrying amount	Fair value recognised upon acquisition
Cash in hand	4	4
Total net assets	4	4
Purchase consideration discharged by cash:		4
Less: Cash and cash equivalents of the subsidiaries		(4)
Cash out flow on acquisition, net of cash and cash equivalents acquired		-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

8. OTHER INVESTMENTS

	2010 RM	GROUP 2009 RM
Quoted in Malaysia, at cost		
Investment in fixed income unit trusts	154,741	152,538
Market value of fixed income unit trusts	<u>154,741</u>	<u>152,538</u>

9. LAND HELD FOR PROPERTY DEVELOPMENT

	2010 RM	GROUP 2009 RM
Cost		
Balance as at 1 March	111,198,087	136,059,922
Additions during the financial year	1,924,401	7,636,133
Transferred to property development costs	(23,319,946)	(32,681,869)
Transferred from inventories	-	183,901
Balance as at 28 February	<u>89,802,542</u>	<u>111,198,087</u>
Freehold land, at cost	65,186,120	78,768,717
Development cost	<u>24,616,422</u>	<u>32,429,370</u>
	<u>89,802,542</u>	<u>111,198,087</u>

Freehold land with cost of RM405,200 (2009: RM405,200) 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 28.

Certain land held for future development with a carrying value of RM13,109,414 (2009: RM55,104,698) have been pledged to licensed banks for credit facilities granted to a subsidiary as disclosed in Note 23.

Included in the development costs are interest charges paid to Perbadanan Kemajuan Negeri Kedah capitalised at 8% (2009: 8%) per annum during the financial year amounting to RM32,327 (2009: RM148,084).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

10. INVESTMENT PROPERTIES

	GROUP	
	2010 RM	2009 RM
Balance as at 1 March	21,057,000	21,057,000
Additions during the financial year	185,424	-
Gains from fair value adjustments	1,317,471	-
Written off during the financial year	(132,895)	-
Balance as at 28 February	<u>22,427,000</u>	<u>21,057,000</u>

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

An updated valuation was carried out by independent registered valuer, Intraharta Consultants (North) Sdn. Bhd. as at 28 February 2010 based on the Cost and Investment Methods and Comparison Method of Valuation. Based on the valuation report, a total gain of RM1,317,471 has been recognised in income statement during the financial year.

Included in investment properties are freehold land and building with total carrying value of RM14,400,000 (2009: RM13,740,000) which have been pledged to licensed banks for credit facilities granted to a subsidiary as disclosed in Notes 23, 24 and 26.

11. PREPAID LEASE PAYMENTS FOR LAND

	GROUP	
	2010 RM	2009 RM
Short term leasehold land (unexpired period less than 50 years)		
Cost		
Balance as at 28 February	40,000,000	40,000,000
Accumulated amortisation		
Balance as at 1 March	9,589,226	8,848,485
Charge during the financial year	740,741	740,741
Balance as at 28 February	<u>10,329,967</u>	<u>9,589,226</u>
Carrying amount	<u>29,670,033</u>	<u>30,410,774</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

12. DEFERRED PLANTATION EXPENDITURE

	GROUP	
	2010 RM	2009 RM
Cost		
Balance as at 1 March	1,248,940	1,248,940
Additions during the financial year	-	-
	1,248,940	1,248,940
Amortisation		
Balance as at 1 March	219,416	94,522
Amortisation during the financial year	124,894	124,894
	(344,310)	(219,416)
Balance as at 28 February	904,630	1,029,524

13. DEFERRED TAX

Recognised deferred tax assets and liabilities

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

The following amounts, determined after appropriate offsetting, are shown in the balance sheet.

	GROUP	
	2010 RM	2009 RM
Deferred tax assets, net	(1,964,338)	(1,750,654)
Deferred tax liabilities, net	17,522,429	18,257,642
	15,558,091	16,506,988

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

13. DEFERRED TAX (Continued)

(a) Movement in deferred tax during the year are as follows:

	GROUP	
	2010 RM	2009 RM
Balance as at 1 March	16,506,987	16,734,025
Recognised in income statement		
- crystallisation of deferred tax on revaluation surplus arise from prepaid lease payments for land	(179,301)	224,949
- crystallisation of deferred tax on revaluation surplus arise from subsidiaries' development properties	(331,817)	(755,797)
- excess of capital allowances over corresponding depreciation	86,060	174,043
- deferred plantation expenditure	(36,322)	32,145
- unabsorbed agricultural allowance	15,965	(51,778)
- unabsorbed capital allowances	(110,633)	184,105
- unabsorbed tax losses	(348,788)	(206,934)
- provisions	49,957	481,150
- other deductible temporary differences	(94,017)	(308,920)
	(948,896)	(227,037)
Balance as at 28 February	15,558,091	16,506,988

(b) The components of the deferred tax assets and liabilities at the end of the financial year comprise tax effects of:

	GROUP	
	2010 RM	2009 RM
Deferred tax assets		
Unabsorbed capital allowance	28,429	435,901
Unabsorbed agricultural allowance	247,559	262,770
Unabsorbed tax losses	1,292,877	506,091
Provisions	493,893	543,850
Other deductible temporary differences	1,145,868	1,044,050
Deferred tax assets (before offsetting)	3,208,626	2,792,662
Offsetting	(1,244,288)	(1,042,008)
Deferred tax assets (after offsetting)	1,964,338	1,750,654

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

13. DEFERRED TAX (Continued)

- (b) The components of the deferred tax assets and liabilities at the end of the financial year comprise tax effects of: (Continued)

	2010 RM	GROUP 2009 RM
Deferred tax liabilities		
Revaluation surplus arise from prepaid lease payments for land	6,963,732	7,652,329
Revaluation surplus arise from subsidiaries' development properties	9,630,111	9,452,632
Deferred plantations expenditure	259,278	295,600
Excess of capital allowances over corresponding depreciation	1,913,596	1,899,089
Deferred tax liabilities (before offsetting)	18,766,717	19,299,650
Offsetting	(1,244,288)	(1,042,008)
Deferred tax liabilities (after offsetting)	17,522,429	18,257,642

(c) Unrecognised deferred tax assets

	2010 RM	GROUP 2009 RM
Other deductible temporary differences	17,000	85,576

Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profit of certain subsidiaries will be available against which the deductible temporary differences can be utilised. The deductible temporary differences do not expire under the current tax legislation.

14. PROPERTY DEVELOPMENT COSTS

	2010 RM	GROUP 2009 RM
Freehold land, at cost		
Balance as at 1 March	31,439,439	14,476,282
Transferred from land held for property development during the financial year (Note 9)	13,582,595	18,638,992
Completed development project	(2,287,788)	(1,675,835)
Balance as at 28 February	42,734,246	31,439,439

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

14. PROPERTY DEVELOPMENT COSTS (Continued)

	2010 RM	GROUP 2009 RM
Development expenditure		
Balance as at 1 March	123,172,186	75,687,025
Incurred during the financial year	58,883,116	75,209,350
Transferred from land held for property development during the financial year (Note 9)	9,737,351	14,042,877
Completed development project	(57,420,762)	(41,767,066)
	134,371,891	123,172,186
	177,106,137	154,611,625
Accumulated costs charged to income statement		
Balance as at 1 March	90,624,090	65,465,539
Cost charged to income statement for the financial year	57,807,097	68,601,452
Reversal of cost of completed development project	(59,359,377)	(43,442,901)
Balance as at 28 February	(89,071,810)	(90,624,090)
	88,034,327	63,987,535

Freehold land with cost of RM15,790,735 (2009: RM18,103,242) 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 28.

Freehold land with carrying value of RM12,579,556 as at 28 February 2010 was pledged to licensed banks for term loan facilities as disclosed in Note 23.

Included in development costs is borrowing cost capitalised at rates ranging from 5.90% to 6.07% (2009: 5.90% to 6.07%) per annum during the financial year amounting to RM47,977 (2009: RM89,167).

Included in development costs is rental of equipment capitalised during the financial year amounting to RM604,207 (2009: RM493,961).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

15. INVENTORIES

	GROUP	
	2010 RM	2009 RM
At cost		
Completed properties	7,372,099	9,782,459
Building materials	256,130	98,492
Food and beverages	405,337	401,673
Playground materials	149,189	-
Spare parts and consumables	12,203	42,043
	<u>8,194,958</u>	<u>10,324,667</u>

16. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables				
Third parties	22,740,177	15,305,313	-	-
Accrued billings in respect of property development	-	249,161	-	-
Less: Allowance for doubtful debts - third parties	(64,812)	(76,574)	-	-
	<u>22,675,365</u>	<u>15,477,900</u>	<u>-</u>	<u>-</u>
Other receivables, deposits and prepayments				
Other receivables	387,165	943,880	-	8,986
Deposits	1,498,093	1,312,898	4,500	4,500
Prepayments	205,316	154,961	-	-
	<u>2,090,574</u>	<u>2,411,739</u>	<u>4,500</u>	<u>13,486</u>
	<u>24,765,939</u>	<u>17,889,639</u>	<u>4,500</u>	<u>13,486</u>

- (a) The credit term of trade receivables granted by the Group is 21 days (2009: 21 days) from date of progress billings or range from 30 to 90 days (2009: 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 RM58,994 (2009: NIL).
- (c) Information on financial risk of trade and other receivables are disclosed in Note 40 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

17. AMOUNT OWING FROM/(TO) SUBSIDIARIES

The amount owing from/(to) subsidiaries are unsecured, interest free and repayable upon demand.

18. SINKING AND REDEMPTION FUNDS

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

19. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Fixed deposits with licensed banks	1,019,377	2,417,865	-	-
Cash and bank balances	5,247,357	7,275,536	24,935	9,244
As reported in the balance sheets	6,266,734	9,693,401	24,935	9,244
Less: Bank overdrafts (Note 22)	(2,311,149)	(2,335,940)	-	-
Fixed deposits pledged with licensed banks	(698,075)	(646,844)	-	-
As reported in cash flows statements	3,257,510	6,710,617	24,935	9,244

- (a) Included in the Group's cash and bank balances is an amount of RM2,258,152 (2009: RM5,632,387) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.
- (b) The fixed deposits of the Group have maturity periods ranging between 14 to 365 days (2009: 14 to 365 days).
- (c) Included in fixed deposits with licensed banks of the Group is an amount of RM698,075 (2009: RM646,844) pledged to licensed banks for bank guaranteed facilities granted to the Group.
- (d) The weighted average interest rate per annum of fixed deposits that was effective as at balance sheet date is as follows:

	GROUP	
	2010 %	2009 %
Fixed deposits with licensed banks	2.84	3.57

- (e) Information on repricing analysis of cash and cash equivalents are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

20. SHARE CAPITAL

	GROUP/COMPANY	
	2010 RM	2009 RM
Authorised		
300,000,000 ordinary shares of RM1 each	300,000,000	300,000,000
Issued and fully paid		
128,000,000 ordinary shares of RM1 each	128,000,000	128,000,000

21. RESERVES

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-distributable:				
Share premium	5,982,397	5,982,397	5,982,397	5,982,397
Share options reserve	2,009,250	1,913,800	2,009,250	1,913,800
	7,991,647	7,896,197	7,991,647	7,896,197
Distributable:				
Retained earnings	99,401,831	95,810,485	14,471,134	13,078,623
	107,393,478	103,706,682	22,462,781	20,974,820

(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 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest, by 31 December 2013. The Company has decided not to make this election.

As at 28 February 2010, the Company has tax credit under Section 108 of the Income Tax Act 1967 and balance in the tax exempt account to frank the payment of dividend out of its retained earnings of approximately RM10,500,000. Retained earnings not covered by tax credit amounted to approximately of RM3,970,000.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

22. BORROWINGS

		GROUP	
	Note	2010 RM	2009 RM
Current			
<u>Secured</u>			
Term loans	23	1,950,593	7,099,459
Revolving credits	24	6,000,000	4,100,000
Bank overdrafts	25	1,209,359	1,969,290
Bankers' acceptance	26	1,253,000	3,301,000
Hire-purchase liabilities	27	-	111,957
		10,412,952	16,581,706
<u>Unsecured</u>			
Term loans		941,223	893,971
Revolving credits		2,500,000	3,000,000
Bank overdrafts		1,107,790	366,650
Bankers' acceptance		2,328,000	-
		6,871,013	4,260,621
Total current portion		17,283,965	20,842,327
Non-current			
<u>Secured</u>			
Term loans	23	3,982,597	6,781,501
<u>Unsecured</u>			
Term loans		2,044,582	2,093,148
Total non-current portion		6,027,179	8,874,649
Total borrowings		23,311,144	29,716,976
<u>Secured</u>			
Term loans	23	5,933,190	13,880,960
Revolving credits	24	6,000,000	4,100,000
Bank overdrafts	25	1,209,359	1,969,290
Bankers' acceptance	26	1,253,000	3,301,000
Hire-purchase liabilities	27	-	111,957
		14,395,549	23,363,207

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

22. BORROWINGS (Continued)

	Note	2010 RM	GROUP 2009 RM
Unsecured			
Term loans		2,985,805	2,987,119
Revolving credits		2,500,000	3,000,000
Bank overdrafts		1,101,790	366,650
Bankers' acceptance		2,328,000	-
		8,915,595	6,353,769
Total borrowings		23,311,144	29,716,976

23. TERM LOANS

		2010 RM	GROUP 2009 RM
Secured			
Term loan II repayable by 96 monthly instalments of RM267,183 each commencing March 2004		-	4,048,733
Term loan III repayable by 36 monthly instalments of RM222,222 each commencing February 2007		194,444	2,444,445
Term loan IV repayable by 60 monthly instalments of RM120,228 each commencing April 2008		4,003,780	5,154,268
Term loan V repayable by 60 monthly instalments of RM52,099 each commencing April 2008		1,734,966	2,233,514
		5,933,190	13,880,960

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

- (i) certain freehold land and buildings as disclosed in Note 6.
- (ii) certain freehold land as disclosed in Note 9 and 14.
- (iii) certain investment properties as disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

23. TERM LOANS (Continued)

Repayment terms

The term loans are repayable by instalments of varying amounts over the following periods:

	2010 RM	GROUP 2009 RM
Not later than 1 year	2,891,816	7,993,430
1-2 years	2,881,991	4,831,491
2-3 years	3,023,750	1,816,152
3-4 years	121,438	1,934,425
4-5 years	-	292,581
	<u>8,918,995</u>	<u>16,868,079</u>

The term loans bear interest at 6.30% to 7.55% (2008: 6.30% to 8.50%) per annum.

The weighted average interest rate per annum of term loans that was effective as at balance sheet date is as follows:

	2010 %	GROUP 2009 %
Term loans	<u>6.71</u>	<u>6.76</u>

Information on repricing analysis of term loans is disclosed in Note 40.

24. REVOLVING CREDITS – SECURED

The revolving credits of the Group are secured by way of legal charges over certain investment properties (Note 10).

The weighted average interest rate per annum of revolving credit that was effective as at balance sheet date is as follows:

	2010 %	GROUP 2009 %
Revolving credits	<u>3.82</u>	<u>5.49</u>

Information on repricing analysis of revolving credit is disclosed in Note 40 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

25. BANK OVERDRAFTS – SECURED

The bank overdrafts of the Group are secured by first legal charges over certain freehold land of the Group with net book value of RM22,830,299 (2009: RM2,946,808) as disclosed in Note 6 and corporate guarantees issued by the Company.

The weighted average interest rate per annum of bank overdrafts that was effective as at balance sheet date is as follows:

	GROUP	
	2010 %	2009 %
Bank overdrafts	6.00	8.25

Information on repricing analysis of bank overdrafts is disclosed in Note 40 to the financial statements.

26. BANKERS' ACCEPTANCES - SECURED

The bankers' acceptances of the Group are secured by way of legal charges over certain investment properties (Note 10) and corporate guarantees issued by the Company.

The weighted average interest rate per annum of bankers' acceptances that was effective as at balance sheet date is as follows:

	GROUP	
	2010 %	2009 %
Bankers' acceptances	4.51	5.64

Information on repricing analysis of bankers' acceptances is disclosed in Note 40 to the financial statements.

27. HIRE-PURCHASE LIABILITIES

	GROUP	
	2010 RM	2009 RM
Minimum hire-purchase instalments:-		
- not later than 1 year	-	114,520
- later than 1 year and not later than 2 years	-	-
	-	114,520
Less: Future interest charges	-	(2,563)
Present value of hire-purchase liabilities	-	111,957

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

27. HIRE-PURCHASE LIABILITIES (Continued)

	2010 RM	GROUP 2009 RM
Repayable as follows:		
Current liabilities		
- not later than one year	-	111,957
Non current liabilities		
- later than one year and not later than two years	-	-
	<u>-</u>	<u>111,957</u>

The weighted interest rate per annum of hire-purchase liabilities that was effective as at balance sheet date were as follows:

	2010 %	GROUP 2009 %
Hire purchase liabilities	-	4.72

Information on repricing analysis of hire-purchase liabilities is disclosed in Note 40.

28. TRADE AND OTHER PAYABLES

Trade payables

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Third parties	16,754,064	15,180,945	-	-
Progress billings in respect of property development	13,973,779	11,234,447	-	-
	<u>30,727,843</u>	<u>26,415,392</u>	<u>-</u>	<u>-</u>

Other payables

Amounts owing to Directors	52,290	48,900	20,490	-
Other payables, deposits and accruals	14,717,359	15,147,565	31,800	66,486
Member deposits	2,293,150	2,327,450	-	-
	<u>17,062,799</u>	<u>17,523,915</u>	<u>52,290</u>	<u>66,486</u>
	<u>47,790,642</u>	<u>43,939,307</u>	<u>52,290</u>	<u>66,486</u>

- (a) The credit terms available to the Group in respect of trade payables range from 30 to 90 days (2009: 30 to 90 days) from date of invoice.
- (b) The amounts owing to Directors represent advances and payments made on behalf which are unsecured, interest-free and repayable upon demand.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

28. TRADE AND OTHER PAYABLES (Continued)

- (c) Included in other payables of the Group is an amount of RM8,063,686 (2009: RM8,911,806) owing to Perbadanan Kemajuan Negeri Kedah ("PKNK") in relation to the acquisition of certain freehold land of which the Sale and Purchase Agreement and Supplemental Agreements were signed on 17 October 2001, 20 March 2003 and 27 June 2003 respectively as disclosed in Notes 9 and 14. The amount owing to PKNK is unsecured and repayable on demand except for RM405,200 (2009: RM405,200) which is subject to interest of 8% (2009: 8%) per annum.
- (d) Included in member deposits of the Group is a balance of RM1,149,000 (2009: RM997,000) for golf memberships which are transferable.
- (e) Information on financial risk of trade and other payables is disclosed in Note 40 to the financial statements.

29. PROVISION FOR INFRASTRUCTURE COST

	GROUP	
	2010 RM	2009 RM
Balance as at 1 March	2,175,401	4,100,000
Utilisation during the financial year	(199,829)	(1,924,599)
Balance as at 28 February	<u>1,975,572</u>	<u>2,175,401</u>

The provision for infrastructure cost made in the previous financial year was 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 buyers' agreements for the completion of the development projects.

30. REVENUE

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Gross dividend income from subsidiaries	-	-	2,580,900	700,000
Revenue from development properties	71,015,271	81,261,964	-	-
Revenue from water theme park operations	11,775,704	3,177,790	-	-
Sale of completed properties	3,062,430	757,396	-	-
Sale of building materials	18,016,513	26,220,251	-	-
Sale of goods	68,932	6,479,412	-	-
Rental income	1,466,073	5,090,503	-	-
Sports and recreation services	2,016,787	1,983,991	-	-
Subscription and entrance fees	752,168	820,665	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

30. REVENUE (Continued)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Tuition fees	407,342	349,605	-	-
Sales of fruits and other supplies	103,345	128,370	-	-
	<u>108,684,565</u>	<u>126,269,947</u>	<u>2,580,900</u>	<u>700,000</u>

31. COST OF SALES

	GROUP	
	2010 RM	2009 RM
Building material sold	16,781,884	24,163,222
Property development cost	57,038,777	68,601,452
Completed properties	2,763,456	687,705
Service rendered	10,515,788	11,537,129
Other	822,249	838,642
	<u>87,922,154</u>	<u>105,828,150</u>

32. PROFIT BEFORE TAX

Profit before tax is stated after charging:-

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Allowance for doubtful debts	47,232	-	-	-
Amortisation of leasehold golf course and club buildings	740,741	740,741	-	-
Amortisation of deferred plantation expenditure	124,894	124,894	-	-
Auditors' remuneration:				
- current financial year	117,950	125,650	30,000	32,000
- under-provision in prior financial year	5,300	4,500	2,500	2,000
Bad debts written off	28,430	126,558	-	-
Depreciation of property, plant and equipment	3,341,966	3,320,079	400	594
Directors' emoluments other than fees paid/payable to				
- executive directors of the Company	47,000	141,000	47,000	141,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

32. PROFIT BEFORE TAX (Continued)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
- non-executive directors of the Company	96,500	113,500	96,500	113,500
- executive directors of the subsidiary companies	1,631,085	1,442,796	-	-
Interest expense on:				
- bankers acceptances	130,041	178,728	-	-
- bank overdraft	154,990	161,995	-	-
- hire purchase liabilities	2,569	13,075	-	-
- term loans	894,794	1,501,765	-	-
- others	3,000	18,520	-	-
Investment properties written off due to fire outbreak	132,895	-	-	-
Loss on disposal of property, plant and equipment	1,584	-	-	-
Non-current assets held for sale written off	17,780	-	-	-
Preliminary expenses	6,050	-	-	-
Property, plant and equipment written off	89,794	144,635	-	-
Rental expense on:				
- premises	5,569	3,850	-	-
- equipment	2,179	1,998	-	-
And crediting:				
Allowance for doubtful debts no longer required	-	12,171	-	-
Bad debts recovered	17,435	1,449	-	-
Gross dividend income from				
- subsidiaries	-	-	2,580,900	700,000
- other investment	2,148	884	-	-
Gain on disposal of property, plant and equipment	-	75	-	-
Interest income	126,478	291,801	-	-
Rental income from				
- investment properties	1,400,998	1,141,101	-	-
- others	304,951	387,342	-	-
Gains from fair value adjustments	1,317,471	-	-	-

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM394,509 (2009: RM366,514).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

33. TAX EXPENSE

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Current tax expense based on profit for the financial year:				
Malaysian income tax	2,962,979	2,302,289	593,430	85,499
(Over)/Underprovision in prior financial years:				
Malaysian income tax	(93,852)	(197,704)	22,001	21,760
	<u>2,869,127</u>	<u>2,104,585</u>	<u>615,431</u>	<u>107,259</u>
Deferred tax: (Note 13a)				
Relating to origination and reversal of temporary differences	(999,017)	(83,572)	-	-
Over/(under)provision in prior financial years	50,121	(143,465)	-	-
	<u>(948,896)</u>	<u>(227,037)</u>	<u>-</u>	<u>-</u>
Total tax expense	<u>1,920,231</u>	<u>1,877,548</u>	<u>615,431</u>	<u>107,259</u>

The Malaysian income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated taxable profit for the fiscal year.

The tax expense for the financial year can be reconciled to the profit before tax as follows:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before tax	<u>7,046,524</u>	<u>6,882,342</u>	<u>2,007,942</u>	<u>90,074</u>
Tax at Malaysian statutory tax rate of 25% (2009: 25%)	1,761,631	1,720,586	501,985	22,519
Tax effect in respect of:				
Depreciation on non-qualifying property, plant and equipment	85,811	731	-	-
Deferred tax assets not recognised	360	1,794	-	-
Non-allowable expenses	466,215	532,144	91,445	62,980
Effect of changes in tax rates on opening balance of deferred tax	-	(4,911)	-	-
Utilisation of option fee received	13,250	-	-	-
Utilisation of unabsorbed tax losses	(7,245)	-	-	-
Utilisation of unabsorbed capital allowance	(285)	-	-	-
Income not subject to tax	(355,775)	(31,627)	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

33. TAX EXPENSE (Continued)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
(Over)/Underprovision in prior financial years				
- income tax	(93,852)	(197,704)	22,001	21,760
- deferred tax	50,121	(143,465)	-	-
Tax expense	1,920,231	1,877,548	615,431	107,259

34. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share of the Group is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	COMPANY	
	2010 RM	2009 RM
Profit attributable to ordinary equity holders of the Company (RM)	3,591,346	4,891,301
Number of ordinary shares in issue	128,000,000	128,000,000
Basic earnings per ordinary share (sen)	2.81	3.82

(b) Diluted

The diluted profit per ordinary shares for 2010 and 2009 are 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.

35. EMPLOYEE BENEFITS

The employee benefits excluding key management personnel during the financial year are as follows:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Operations				
- salaries and wages	3,994,688	4,629,777	-	-
- contributions to defined contribution plan	414,094	455,463	-	-
- other benefits	486,903	702,405	-	-
	4,895,685	5,787,645	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

35. EMPLOYEE BENEFITS (Continued)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Sales, marketing and distribution				
- salaries and wages	404,254	681,722	-	-
- contributions to defined contribution plan	65,820	100,591	-	-
- other benefits	177,041	211,414	-	-
	647,115	993,727	-	-
Administration				
- salaries and wages	3,015,826	2,769,532	160,300	175,300
- contributions to defined contribution plan	295,085	269,856	4,896	4,896
- share options granted under ESOS	95,450	536,800	25,583	127,917
- other benefits	399,737	404,787	620	620
	3,806,098	3,980,975	191,399	308,733
	9,348,898	10,762,347	191,399	308,733

36. EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS")

The Employees' Share Options Scheme ("ESOS") was established and come into effect on 13 August 2007. The options to subscribe for up to 9,180,000 ordinary shares of RM1.00 each of the Company are available to eligible employees (including Directors) of the Group at an exercise price of RM1.00 per share. The ESOS shall be in force for a period of five (5) years until 12 August 2012 (the option period). The main features of the ESOS are as follows:

- 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 (1) 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.
- 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 ESOS.
- 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 Securities Berhad ("Bursa") for the five (5) Market Days immediately preceding the Date of Offer subject to a discount of 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.
- An option granted under ESOS shall be capable of being exercised by notice in writing to the Company before the expiry of five (5) years from the date of the offer or such shorter period. According to the letter of offer to the eligible employees, the option granted is valid for a period of three (3) years until 16 August 2010.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

36. EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS") (Continued)

- (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 dividends 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.
- (h) The options granted to the eligible employees to subscribe for new ordinary shares in the Company is subject to the allotment of shares in the following ratio:

Year 1	Year 2	Year 3
60%	20%	20%

Where the maximum number of shares of the options exercisable for a period is not fully exercised, the balance number of shares not exercised shall be carried forward to the next period and shall not be subjected to the maximum number of shares for the next period.

The movements of the options over the unissued ordinary shares of RM1 each in the Company granted under the ESOS during the financial year are as follows:

	Number of options over ordinary shares of RM1.00 each					Exercisable as at 28.2.2010
	Outstanding as at 1.3.2009	Granted	Movement during the financial year Exercised	Lapsed	Outstanding as at 28.2.2010	
2010						
2008 options	8,202,000	-	-	(165,000)	8,037,000	8,037,000
Average exercise prices (RM)	1.00	-	-	1.00	1.00	1.00
Remaining contractual life (months)	18					6

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

36. EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS") (Continued)

There were no new options granted since the end of the previous financial year.

	Outstanding as at 1.3.2009	Number of options over ordinary shares of RM1.00 each			Outstanding as at 28.2.2010	Exercisable as at 28.2.2010
		Granted	Movement during the financial year Exercised	Lapsed		
2009						
2008 options	9,180,000	-	-	(978,000)	8,202,000	6,562,000
Average exercise prices (RM)	1.00	-	-	1.00	1.00	1.00
Remaining contractual life (months)	30					18

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

	Weighted average exercise price RM	Exercise period
2010		
2008 options	1.00	13.8.2007-12.8.2010
2009		
2008 options	1.00	13.8.2007-12.8.2010

The fair value of share options granted 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:

Fair value of share options at the grant date of 13 August 2007 (RM)	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)

28 FEBRUARY 2010

37. 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.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

(b) Significant related party transactions

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 8 to the financial statement.
- (ii) Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Company and certain members of senior management of the Group.

The Group has related party's relationship with the following parties:

Substantial shareholder of the Company

- Perbadanan Kemajuan Negeri Kedah ("PKNK")
- Beh Heng Seong Sdn. Bhd.

Companies in which certain Directors of the Company have financial interests:

- Kam Pian Garden Development Sdn. Bhd.
- RJ Properties Sdn. Bhd.
- Cipta Dua Sdn. Bhd.
- Teccalibre Sdn. Bhd. ("TSB")

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 financial year:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Subsidiaries				
Gross dividend income	-	-	2,580,900	700,000
A substantial shareholder*				
In respect of the acquisition of freehold land			-	-
- interest charged for current financial year	32,327	160,604	-	-
- repayments during the financial year	848,120	14,835,955	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

37. RELATED PARTY DISCLOSURES (Continued)

(b) Significant related party transactions (Continued)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
An entity controlled by a close member of the family of a Director				
Purchase of computer and software	13,226	1,440	-	-
Printing, stationery, repair and maintenance	2,550	15,522	-	-
Close member of the family of the Directors				
Advisory fees paid	240,000	240,000	-	-

* 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 RM26,122,400 (2009: RM26,122,400) has been paid as at the balance sheet date. The purchase price was revised to RM26,527,600 from the original purchase consideration of RM26,000,000 in financial year 2005 based on the actual measurement of the land upon sub-division of land title. The balance payable to PKNK as at the end of the financial year is RM405,200 (2009: RM405,200).

This is also related to the purchase of freehold land from the substantial shareholder, PKNK of which the Sale and Purchase Agreement was signed on 17 October 2001 for a purchase consideration of RM 11,125,006. The balance payable to PKNK as at the end of the financial year is RM7,658,486 (2009: RM8,506,606).

The related party transactions described above were carried out on negotiated and mutually agreed terms and conditions.

(c) Compensation of key management personnel

The remuneration of key management personnel comprising Directors of the Company and subsidiaries during the financial year are as follows:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Short term employee benefits	1,538,597	1,373,500	119,500	134,500
Contributions to defined contribution plans	204,728	167,129	-	-
Share options granted under ESOS	31,260	156,667	24,000	120,000
	1,774,585	1,697,296	143,500	254,500

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

37. RELATED PARTY DISCLOSURES (Continued)

(c) Compensation of key management personnel (Continued)

Executive Directors of the Group and of the Company and other key management personnel have been granted the following number of options under the ESOS:

	GROUP/COMPANY	
	2010	2009
	Units	Units
Balance as at 1 March/28 February	1,200,000	1,200,000

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

38. CONTINGENT LIABILITIES – UNSECURED

	2010	GROUP
	RM	2009
		RM
Corporate guarantees for bank facilities granted to subsidiaries - amount utilised	23,784,645	30,076,000
Total facilities available to subsidiaries which are guaranteed by the Company	56,040,000	73,690,000

39. SEGMENT REPORTING

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risk and returns are affected predominantly by differences in the products and services it produces. Segmental analysis by geographical location is not presented as the Group's operations are located mainly in Malaysia.

(b) Business segments

The Group is organised into three (3) main business segments.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

39. SEGMENT REPORTING (Continued)

(c) Allocation basis and inter segment pricing

Segment results assets and liabilities include items directly attributable to a segment as well as those than can be allocated on a reasonable basis. Inter-segment prices between business segments are set on arm's length basis in a manner similar to transaction with third parties. Segment revenue, expense and results include transfer between business segments. These segments are eliminated on consolidation.

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

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

	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
Financial year ended 28 February 2010						
Revenue						
Revenue from external customer	74,077,701	14,544,659	18,016,513	2,045,692	-	108,684,565
Inter-segment revenue	-	(109,523)	58,183,582	2,917,779	(60,991,838)	-
Total revenue	74,077,701	14,435,136	76,200,095	4,963,471	(60,991,838)	108,684,565
Results						
Segment result	7,045,238	(814,597)	1,146,273	1,004,853	-	8,381,767
Interest income	122,181	54,817	938	3,659	-	181,595
Interest expense	(656,037)	(436,874)	(423,927)	-	-	(1,516,838)
Profit before tax						7,046,524
Tax expense						(1,920,231)
Profit for the financial year						5,126,293
At 28 February 2010						
Assets						
Segment assets	207,168,643	75,737,939	7,438,849	32,691,865	-	323,037,296
Tax assets	2,766,148	10,066	430,248	330,813	-	3,537,275
Deferred tax assets	1,647,307	-	-	317,031	-	1,964,338
Total assets						328,538,909

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

39. SEGMENT REPORTING (Continued)

(c) Allocation basis and inter segment pricing (Continued)

	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
Liabilities						
Segment liabilities	27,568,975	5,743,532	16,123,605	330,102	-	49,766,214
Borrowings	7,142,774	4,587,370	11,581,000	-	-	23,311,144
Tax liabilities	742,020	67,865	-	87,319	-	897,204
Deferred tax liabilities	8,769,745	8,708,054	26,560	18,070	-	17,522,429
Total liabilities						91,496,991
Financial year ended 28 February 2010						
Other information						
Capital expenditure	119,327	507,919	8,967	99,725	-	735,938
Depreciation of property, plant and equipment	440,494	2,628,754	154,211	118,507	-	3,341,966
Amortisation of prepaid lease payment for land	-	740,741	-	-	-	740,741
Amortisation of deferred plantation expenditure	-	-	-	126,169	-	126,169

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

	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
Financial year ended 28 February 2009						
Revenue						
Revenue from external customer	82,019,360	16,245,970	26,233,019	1,771,598	-	126,269,947
Inter-segment revenue	-	12,768	73,879,113	1,020,352	(74,912,233)	-
Total revenue	82,019,360	16,258,738	100,112,132	2,791,950	(74,912,233)	126,269,947

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

39. SEGMENT REPORTING (Continued)

(c) Allocation basis and inter segment pricing (Continued)

	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
Results						
Segment result	10,261,986	(61,627)	(1,173,751)	(561,984)	-	8,464,624
Interest income	223,777	61,850	2,272	3,902	-	291,801
Interest expense	(995,635)	(689,876)	(188,430)	(142)	-	(1,874,083)
Profit before tax						6,882,342
Tax expense						(1,877,548)
Profit for the financial year						5,004,794
At 28 February 2009						
Assets						
Segment assets	204,143,287	79,463,976	6,523,267	31,208,983	-	321,339,513
Tax assets	1,871,422	161,586	533,870	311,940	-	2,878,818
Deferred tax assets	1,519,491	-	-	231,163	-	1,750,654
Total assets						325,968,985
Liabilities						
Segment liabilities	25,947,035	5,138,065	14,675,215	354,393	-	46,114,708
Borrowings	12,492,522	7,400,854	9,823,600	-	-	29,716,976
Tax liabilities	12	-	-	59,472	-	59,484
Deferred tax liabilities	9,101,901	8,889,283	53,060	213,398	-	18,257,642
Total liabilities					-	94,148,810
Financial year ended 28 February 2009						
Other information						
Capital expenditure	37,726	1,036,442	86,092	2,380	-	1,162,640
Depreciation of property, plant and equipment	442,533	2,595,474	164,711	117,361	-	3,320,079
Amortisation of prepaid lease payment for land	-	740,741	-	-	-	740,741
Amortisation of deferred plantation expenditure	-	-	-	124,894	-	124,894
Other non-cash expenses	-	76,409	-	-	-	76,409

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

40. 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.

Weighted average effective interest rates ('WAEIR') and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their weighted average effective interest rates at the balance sheet date and the period in which they reprice or mature, whichever is earlier:

Group	NOTE	WAEIR %	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
2010									
Fixed rates									
Fixed deposits with licensed banks	19	2.84	1,019,377	-	-	-	-	-	1,019,377
Amount owing to PKNK	28	8.00	405,200	-	-	-	-	-	405,200
Bankers' acceptances	26	4.51	3,581,000	-	-	-	-	-	3,581,000
Term loans	22	7.50	194,444	-	-	-	-	-	194,444
Floating rates									
Bank overdrafts	25	6.00	2,311,149	-	-	-	-	-	2,311,149
Revolving credits	24	3.82	8,500,000	-	-	-	-	-	8,500,000
Term loans	22	6.69	8,724,551	-	-	-	-	-	8,724,551

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

40. FINANCIAL INSTRUMENTS (Continued)

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

(ii) Interest risk (Continued)

Group	NOTE	WAEIR %	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
2009									
Fixed rates									
Fixed deposits with licensed banks	19	3.57	2,417,865	-	-	-	-	-	2,417,865
Amount owing to PKNK	28	8.00	405,200	-	-	-	-	-	405,200
Bankers' acceptances	26	5.64	3,301,000	-	-	-	-	-	3,301,000
Hire-purchase liabilities	27	4.72	111,957	-	-	-	-	-	111,957
Term loans	22	7.94	5,460,706	1,032,472	-	-	-	-	6,493,178
Floating rates									
Bank overdrafts	25	8.25	2,335,940	-	-	-	-	-	2,335,940
Revolving credits	24	5.49	7,100,000	-	-	-	-	-	7,100,000
Term loans	22	6.97	10,374,901	-	-	-	-	-	10,374,901

(iii) Credit risk

For the property development business, 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 28 February 2010, the Group had trade receivables of RM4,972,086 (2009: RM2,940,236) that are substantially in respect of property buyers which have exceeded the credit terms. However, such credit risk is limited by withholding legal ownership until the full consideration is received. The Group's historical experience in the collection of trade receivables from tenants falls within the recorded allowances for doubtful debts. Due to these factors, the management believes that no additional credit risk beyond amounts provided for doubtful debts is inherent in the Group's trade receivables.

The maximum exposure to credit risk for the Group and for the Company are represented by the carrying amount of each financial asset 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FEBRUARY 2010

40. FINANCIAL INSTRUMENTS (Continued)

(b) Fair values

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

The carrying amounts of the financial assets and liabilities of the Group as at balance sheet date approximate their values except for the following:

Group	2010		2009	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Recognised				
Term loans with fixed interest rate	194,444	194,444	6,493,178	6,353,307
Hire-purchase creditors	-	-	111,957	111,957

The following method and assumptions are used to determined the fair value of financial instruments:

- In respect of cash and cash equivalents, receivables, deposits and prepayments, payables and accruals and short term borrowings, the carrying amounts approximate their fair values due to the relatively short term nature of these financial instruments.
- The fair value of quoted investments in Malaysia is determined by reference to their quoted market prices at the balance sheet date.
- In respect of non-current borrowings, the carrying amounts approximate fair values as they are on floating rates and reprice to market interest rates for liabilities with similar risk profiles.
- The fair value of borrowings which is accounted for as long term financial liability is estimated based on future contractual cash flows discounted at current market assessments of the time value of money and the risks specific to the liability.

41. GENERAL INFORMATION

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

The registered office and principal place of business of the Company is 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 24 June 2010.



STATEMENT BY DIRECTORS

We, the undersigned, being two of the Directors of **EUPE CORPORATION BERHAD (377762-V)** do hereby state that, in the opinion of the Directors, the financial statements set out on pages 34 to 99 are drawn up in accordance with the provisions of the Companies Act 1965 and the applicable approved Financial Reporting Standards (FRS) 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 28 February 2010 and of the financial results and the cash flows of the Group and of the Company for the financial year ended on that date.

On behalf of the Board

MUHAMAD FAISAL BIN TAJUDIN

BEH HUCK LEE

Sungai Petani, Kedah Darul Aman

STATUTORY DECLARATION

I, **MUHAMAD FAISAL BIN TAJUDIN**, being the Director primarily responsible for the financial management of **EUPE CORPORATION BERHAD (377762-V)** do solemnly and sincerely declare that the financial statements set out on pages 34 to 99 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.

MUHAMAD FAISAL BIN TAJUDIN

Subscribed and solemnly declared
by the abovenamed at Sungai Petani
in the state of Kedah on 24 June 2010

Before me:



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUPE CORPORATION BERHAD

Report on the Financial Statements

We have audited the financial statements of Eupe Corporation Berhad, which comprise the balance sheets as at 28 February 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 99.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards in Malaysia and the Companies Act 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards (FRS) in Malaysia and the Companies Act 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 28 February 2010 and of their financial performance and cash flows for the financial year then ended.



INDEPENDENT AUDITORS' REPORT (Continued) TO THE MEMBERS OF EUPE CORPORATION BERHAD

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 we also report the following:

- (a) In our opinion, the accounting and other records, and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.
- (c) 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 purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

RSM Robert Teo, Kuan & Co.

AF: 0768

Chartered Accountants

Yong Kam Fei

2562/07/10(J)

Chartered Accountant

Kuala Lumpur

24 June 2010

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2010

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 SHAREHOLDINGS AS AT 30 JUNE 2010

Category By Size	No. Of Holders		No. Of Shares		Percentages	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less Than 100 Shares	8	0	385	0	0.0003	0.0000
100 To 1,000 Shares	2,432	3	2,411,900	3,000	1.8843	0.0023
1,001 To 10,000 Shares	2,168	18	9,551,300	96,000	7.4620	0.0750
10,001 To 100,000 Shares	500	11	14,119,300	437,600	11.0307	0.3419
100,001 To Less Than 5% Of Issued Shares	65	2	45,739,326	2,326,200	35.7338	1.8173
5% And Above Of Issued Shares	2	0	53,314,989	0	41.6523	0.0000
TOTAL	5,175	34	125,137,200	2,862,800	97.7634	2.2366

30 LARGEST SHAREHOLDERS AS AT 30 JUNE 2010

No	Name	Shareholdings	Percentages
1	BETAJ HOLDINGS SDN BHD	30,053,781	23.4795
2	BEH HENG SEONG SDN BHD	23,261,208	18.1728
3	LIEW HOCK LAI	4,521,900	3.5327
4	AHMAD ZAKI UDDIN BIN HARUN	4,000,000	3.1250
5	TEH AH YAU RUBBER FACTORY SDN BERHAD	3,742,729	2.9240
6	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH HUCK LEE (511356)	3,500,000	2.7344
7	SUCCESS LEADS SDN BHD	2,781,794	2.1733
8	FIRM ALLIANCE SDN BHD	2,622,538	2.0489
9	THAM SAU KIEN	2,547,300	1.9901
10	PERBADANAN KEMAJUAN NEGERI KEDAH	2,220,500	1.7348
11	NG CHOR WENG	1,993,500	1.5574
12	MAYBAN SECURITIES NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG HAR HONG (REM650)	1,626,200	1.2705

ANALYSIS OF SHAREHOLDINGS (Continued)

AS AT 30 JUNE 2010

30 LARGEST SHAREHOLDERS AS AT 30 JUNE 2010 (Continued)

No	Name	Shareholdings	Percentages
13	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW HOCK LAI (M11)	1,300,000	1.0156
14	THAM WOAN FANG	1,237,700	0.9670
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIOH WONG YEN @ SIOH KWANG HWA (472602)	1,216,000	0.9500
16	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RCS ELECTRONICS SDN BHD (M01)	1,056,538	0.8254
17	DATO TAJUDIN HOLDINGS SDN BHD	954,611	0.7458
18	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG HOO KUI	950,200	0.7423
19	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERBADANAN KEMAJUAN NEGERI KEDAH (6178-003)	790,000	0.6172
20	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	700,000	0.5469
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MAK NGIA NGIA @ MAK YOKE LUM (MM0749)	554,400	0.4331
22	KHOO CHAI TEIK	489,500	0.3824
23	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HO LIH MENG	420,000	0.3281
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEO ENG HUI (8062105)	338,000	0.2641
25	TAN HUNG CHEW SDN BHD	330,000	0.2578
26	SIM LIAN HING	330,000	0.2578
27	KE-ZAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH HIN HENG	317,000	0.2477
28	TEOH TIAN WEN	313,000	0.2445
29	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH CHUN HOK (M11)	308,000	0.2406
30	CENTRAL KEDAH PLYWOOD FACTORY SENDIRIAN BERHAD	289,000	0.2258
TOTAL		94,765,399	74.0355

ANALYSIS OF SHAREHOLDINGS (Continued)

AS AT 30 JUNE 2010

LIST OF SUBSTANTIAL SHAREHOLDERS (5%) AS AT 30 JUNE 2010

No	Name	Direct Interest		Indirect Interest	
		Shares	Percentage	Shares	Percentage
1	BETAJ HOLDINGS SDN BHD	30,053,781	23.4795	-	-
2	BEH HENG SEONG SDN BHD	23,261,208	18.1728	30,053,781	23.4795

LIST OF DIRECTORS AS AT 30 JUNE 2010

No	Name	Direct Interest		Indirect Interest	
		Shares	Percentage	Shares	Percentage
1	BEH HUCK LEE	3,500,000 ^(d)	2.7344	53,314,989 ^(a)	41.6523
2	TEOH CHOON BOAY	234,416	0.1831	53,514,389 ^(b)	41.8081
3	TAN HIANG JOO	10,000	0.0078	-	-
4	MUHAMAD FAISAL BIN TAJUDIN	-	-	31,008,392 ^(c)	24.2253

Note:

- (a) Deemed interest by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Beh Heng Seong Sdn Bhd which in turn holds shares in Betja Holdings Sdn Bhd
- (b) Deemed interest by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Beh Heng Seong Sdn Bhd which in turn holds shares in Betja Holdings Sdn Bhd and Section 134(12)(c) of the Companies Act, 1965
- (c) Deemed interest by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Dato Tajudin Holdings Sdn Bhd which in turn holds shares in Betja Holdings Sdn Bhd
- (d) Held through RHB Capital Nominees (Tempatan) Sdn Bhd

LIST OF PROPERTIES

Description	Tenure & Age	Land Area	Total Built-up (sq. m.)	Net Book Value as at 28.2.2010
EUPE KEMAJUAN SDN BHD				
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 commercial land)	Freehold	1.07 acres (46,719 sq. ft.; 4,340 sq. m.)	-	401,362
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.)	-	16,191,974
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 vacant plots of bungalow land)	Freehold	2.47 acres (107,524 sq. ft.: 9,989 sq. m)	-	3,142,465
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 plot of shopping complex land)	Freehold	3.35 acres (146,130 sq. ft.: 13,575 sq. m.)	-	4,889,858
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 plots of commercial land)	Freehold	2.19 acres (95,453 sq. ft.: 8,868 sq. m.)	-	2,503,310
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 vacant plots of commercial land)	Freehold	3.18 acres (138,643 sq. ft.: 12,880 sq. m.)	-	4,333,985
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 plots of detached land)	Freehold	3.11 acres (135,539 sq. ft.: 12,592 sq. m.)	-	904,843

LIST OF PROPERTIES (Continued)

Description	Tenure & Age	Land Area	Total Built-up (sq. m.)	Net Book Value as at 28.2.2010
EUPE KEMAJUAN SDN BHD				
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 plots of industrial land and 2 vacant plots of TNB sub-station land)	Freehold	10.78 acres (469,716 sq. ft.: 43,638 sq. m.)	-	1,167,382
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 plots of land for mixed development)	Freehold	48.12 acres (2,096,124 sq. ft.: 194,736 sq. m.)	-	5,165,699
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 (830 plots of land for mixed development)	Freehold	136.12 acres (5,929,387 sq. ft.: 550,858 sq. m.)	-	22,917,461
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 (397 plots of land currently under development)	Freehold	56.35 acres (2,454,606 sq. ft.: 228,040 sq. m.)	-	14,581,652
P.T. 82535 to 82558, P.T. 82590 to 82603, P.T. 83025 to P.T. 83039, P.T. 83079 to 83089, P.T. 83189 to 83191, P.T. 83245 to 83250, P.T. 83285 to 83287, P.T. 83385 to 83423, P.T. 83504 to 83507, P.T. 92134 to P.T. 92167, P.T. 92370 to P.T. 92382, P.T. 92584 to P.T. 92591, P.T. 92666 to P.T. 92737, P.T. 92798 to P.T. 92803, P.T. 92908 to P.T. 92915 and P.T. 92917 H.S.(D) 95138 to H.S.(D) 95161, H.S.(D) 95193 to H.S.(D) 95206, H.S.(D) 95628 to H.S.(D) 95642, H.S.(D) 95682 to H.S.(D) 95692, H.S.(D) 95792 to H.S.(D) 95794, H.S.(D) 95848 to H.S.(D) 95853, H.S.(D) 95888 to H.S.(D) 95890, H.S.(D) 95988 to H.S.(D) 96026, H.S.(D) 96107 to H.S.(D) 96110, H.S.(D) 109664 to 109697, H.S. (D) 109900 to H.S.(D) 109912, H.S.(D) 110114 to H.S.(D) 110121, H.S.(D) 110196 to 110267, H.S.(D) 110328 to 110333, H.S.(D) 110438 to 110445 and H.S.(D) 110447 Mukim of Pinang Tunggal, District of Kuala Muda Located within Bandar Seri Astana, Sungai Petani (261 plots of land for mixed development)	Freehold	29.40 acres (1,280,604 sq. ft.: 118,972 sq. m.)	-	4,214,527

LIST OF PROPERTIES (Continued)

Description	Tenure & Age	Land Area	Total Built-up (sq. m.)	Net Book Value as at 28.2.2010
EUPE KEMAJUAN SDN BHD				
P.T. 5208 and P.T. 5210 H.S.(D) 27776 and H.S.(D) 27778 Mukim of Pinang Tunggal, District of Kuala Muda Located next to Bandar Puteri Jaya (2 parcels of land for mixed development)	Freehold	209.04 acres (9,105,782 sq. ft.: 845,955 sq. m.)	-	13,689,042
P.T. 558, GM 796 Mukim of Pinang Tunggal, District of Kuala Muda Located next to Bandar Seri Astana (Vacant plot of agriculture land)	Freehold	8.07 acres (351,420 sq. ft.: 32,647 sq. m.)	-	276,761
P.T. 5205 and P.T. 5209 H.S.(D) 27773 and H.S.(D) 27777 Mukim of Pinang Tunggal, District of Kuala Muda Located next to Bandar Puteri Jaya (2 parcels of land currently under development)	Freehold	247.09 acres (10,763,240 sq. ft.: 999,938 sq. m.)	-	13,866,221
MERA-LAND (MALAYSIA) SDN BHD				
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 parcels of land currently under development)	Freehold	291.97 acres (12,717,976 sq. ft.: 1,181,539 sq. m.)	-	19,953,186
EUPE DEVELOPMENT SDN BHD				
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 land currently under development)	Freehold	140.37 acres (6,114,517 sq. ft.: 568,057 sq. m.)	-	35,353,661
BUKIT MAKMUR SDN BHD				
P.T. 30401 H.S.(D) 449/95 Mukim of Sungai Petani, District of Kuala Muda Within Kawasan Perusahaan Ringan Bukit Makmur (Vacant plots of industrial land)	Freehold	5.51 acres (239,855 sq. ft.: 22,283 sq. m.)	-	1,889,935

LIST OF PROPERTIES (Continued)

Description	Tenure & Age	Land Area	Total Built-up (sq. m.)	Net Book Value as at 28.2.2010
ESTEEM GLORY SDN BHD				
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 plots of detached land)	Freehold	7.45 acres (324,618 sq. ft.: 30,157 sq. m.)	-	1,684,039
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, P.T. 1698 and P.T. 5644 to P.T. 5715 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, H.S.(D) 1518/89 and H.S. (D) 50714 to 50785 Mukim of Naga Lilit, District of Kulim Located within Taman Ria, Padang Serai, Kedah (428 plots of land for mixed development)	Freehold	47.36 acres (2,063,006 sq. ft.: 191,660 sq. m.)	-	10,647,730
EUPE HOMES (MM2H) SDN BHD				
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 plots of bungalow land)	Freehold	0.38 acres (16,533 sq. ft.: 1,536 sq. m.)	-	61,777
EUPE GOLF MANAGEMENT BERHAD				
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)	22 years Leasehold for 60 years expiring 31/07/2051	190.88 acres (8,314,733 sq. ft.: 772,438 sq. m.)	7,402.64	29,670,034
EUPE GOLF RECREATION & TOUR SDN BHD				
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)	15 to 22 years Freehold	8.62 acres (375,487 sq. ft.: 34,897 sq. m.)	10,768.40	22,830,299

LIST OF PROPERTIES (Continued)

Description	Tenure & Age	Land Area	Total Built-up (sq. m.)	Net Book Value as at 28.2.2010
EUPE REALTY SDN BHD				
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 (Commercial land erected with a 6-storey building known as Wisma Ria)	14 years Freehold	1.67 acres (72,642 sq. ft.: 6,748 sq. m.)	5,548.08	14,400,000
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.)	-	2,280,000
PASAR TAMAN RIA SDN BHD				
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)	22 years Freehold	0.70 acres (30,574 sq. ft.: 2,840 sq. m.)	2,835.20	2,870,000
RIA PLAZA SDN BHD				
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)	22 years Freehold	0.37 acres (16,307 sq. ft.: 1,515 sq. m.)	1,471.54	1,520,000
RIA FOOD CENTRE SDN BHD				
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)	22 years Freehold	0.34 acres (14,995 sq. ft.: 1,393 sq. m.)	1,235.57	1,330,000
EUPE HOTEL SDN BHD				
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.)	-	4,094,610
MILLENNIUM PACE SDN BHD				
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.)	-	3,935,391



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth 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 30 August 2010 at 10.00 a.m. for the following purposes:-

AGENDA

- 1 To receive and adopt the Audited Financial Statements for the year ended 28th February 2010 together with the Report of the Directors and Auditors thereon.(please refer to Note No.1)
- 2 To re-elect the following Directors who retire by rotation in accordance with the Article 82 of the Company's Articles of Association:
 - 2.1 Mr. Beh Huck Lee **Resolution 1**
 - 2.2 En. Muhamad Faisal bin Tajudin **Resolution 2**
- 3 To re-appoint Messrs. RSM Robert Teo, Kuan & Co. as Auditors of the Company and to authorize the Directors to fix their remuneration. **Resolution 3**
- 4 To consider and if thought fit, to pass the following resolutions as an Ordinary Resolutions:
As Special Business:
 - 4.1 **Authority to issue and allot shares** **Resolution 4**

“**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.”
 - 4.2 **Proposed Authority to purchase its own shares by the Company.** **Resolution 5**

“**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 the relevant authorities (if any), the Board of Directors of the Company be and is hereby unconditionally and generally authorised, to the extent permitted by law, to make purchases of the Company's issued and paid-up ordinary share capital from time to time through Bursa securities, subject further to the following:-

 - (a) The maximum aggregate number of ordinary shares which may be purchased and held by the Company must not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at any point in time.(“Proposed Share Buy-Back”)



NOTICE OF ANNUAL GENERAL MEETING (Continued)

4.2 Proposed Authority to purchase its own shares by the Company.

- (b) The maximum amount to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the Company's total retained profits or the share premium account at the time of purchase of the Proposed Share Buy-Back;
- (c) The approval conferred by this resolution will commence immediately upon the passing of this resolution until:-
 - (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution is passed at which time the authority will lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions;
 - (ii) expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first but not as to prejudice the completion of the purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority; and

- (d) upon completion of the purchase(s) of the EUPE Shares or any part thereof by the Company, the Directors be and are hereby authorised to cancel all the EUPE Shares so purchased, retained the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities or retain part thereof as treasury shares and canceling the balance and in any other manner 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 authority be and is hereby unconditionally and generally given to the Directors to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act 1991, and the entering into of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought-back) in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Securities and all other relevant governmental and/or regulatory authorities."

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



NOTICE OF ANNUAL GENERAL MEETING (Continued)

BY ORDER OF THE BOARD

NG BEE LIAN [MAICSA 7041392]

TAN ENK PURN [MAICSA 7045521]
Company Secretaries

Sungai Petani,
Kedah Darul Aman

Date: 4 August 2010

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.4, if passed, is to authorise the Directors to issue up to 10% of the paid-up capital of the Company and will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding current and/or future investment project(s), working capital and/or acquisition.

In order to avoid any delay and cost involved in convening a general meeting to approve such an issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company up to any amount not exceeding in total ten (10) per centum of the issued share capital of the Company for the time being., for such purposes. 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. No shares had been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 28 August 2009

- (2) Proposed renewal of authority for the Company to purchase its own shares

The 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. The Company has not purchased any of its own shares since obtaining the said mandate from its shareholders at the last Annual General Meeting held on 28 August 2009. Further information on the Proposed renewal of authority for the Share Buy-Back is set out in the Statement to shareholders dated 4 August 2010 which is despatched together with the Company's 2010 Annual Report.



NOTICE OF ANNUAL GENERAL MEETING (Continued)

Notes:

(1) Agenda No.1

This item of the Agenda is meant to discuss only. The provisions of Section 169 of the Companies Act 1965 requires that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

(2) Appointment of Proxy

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.

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 FOURTEEN ANNUAL GENERAL MEETING

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

Mr. Beh Huck Lee

Encik Muhamad Faisal Bin Tajudin

The details of the abovenamed Directors who are seeking for re-election are set out in their respective profiles which appear in the Directors' Profile on pages 8 to 10 of the Annual Report 2010. The Directors' shareholdings in the Company are set out in the Analysis of Shareholdings which appear on pages 103 of the Annual Report 2010.

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	3/4
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

4. Annual General Meeting of Eupe Corporation Berhad

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

Date & Time : 30 August 2010 at 10.00 a.m.



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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 Fourteen 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 Monday, 30th August 2010 at 10.00 a.m. and at any adjournment thereof in the manner indicated below:

NO	RESOLUTION		FOR	AGAINST
1.	To re-elect the retiring Director, Mr. Beh Huck Lee pursuant to Article 82 of the Company's Articles of Association	Resolution 1		
2.	To re-elect the retiring Director, En. Muhamad Faisal bin Tajudin pursuant to Article 82 of the Company's Articles of Association	Resolution 2		
3.	To re-appoint Auditors and to authorize the Directors to fix their remuneration.	Resolution 3		
4.	Special Business: Authority to issue shares pursuant to Section 132(D) of the Companies Act 1965 (Ordinary Resolution)	Resolution 4		
5.	Special Business : Proposed renewal of authority to purchase its own shares by the Company (Ordinary Resolution)	Resolution 5		

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

Dated this _____ day of _____ 2007

Signature of Shareholder or Common Seal

Note:

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



5TH FLOOR,
WISMA RIA, TAMAN RIA,
08000 SUNGAI PETANI,
KEDAH DARUL AMAN

TEL 604-441 4888
FAX 604-441 4548

To: **All Shareholders of Eupe Corporation Berhad**

Dear Sir / Madam

RE: Implementation of Electronic Dividend Payment (“eDividend”)

Electronic Dividend Payment or eDividend refers to the payment of cash dividends by a listed issuer to its shareholders by directly crediting the shareholders’ cash dividend entitlements into their respective bank accounts.

In tabling the Federal Budget 2010, the Primate Minister announced that all listed issuers are required to offer eDividend services to their shareholders. The Securities Commission’s subsequent press release stated that shareholders are given a one-year grace period to provide their bank account information to Bursa Malaysia Depository Sdn. Bhd. (“ursa Depository”) (as the repository of such information) and that eDividend will be implemented in the third quarter 2010.

The main objectives of implementing eDividend are, amongst others, to promote greater efficiency of the dividend payment and to put the Malaysian market on par with practices in other regional markets in relation to receipt of dividend proceeds by shareholders.

1. Benefits of eDividend

- 1.1 eDividend extends to all companies listed on Bursa Malaysia Securities Berhad (“listed issuers”) and provides, amongst others, faster access to your cash dividends, eliminates the inconvenience of having to deposit the dividend cheques and problems such as misplaced, lost or expired cheques, and unauthorized deposit of dividend cheques.
- 1.2 For those shareholders who have previously opted for direct crediting of dividend entitlement via GIRO Service with the Company, you will still need to register for eDividend to enjoy the following additional benefits:-
 - (a) the convenience of a one-off registration for entitlement to eDividend from all listed issuers; and
 - (b) the option to consolidate the dividends from all your Central Depository System (“CDS”) accounts into one bank account for better account management.

2. Registration for eDividend

- 2.1 Registration for eDividend will commence on 19 April 2010 for a period of 1 year until 18 April 2011, at no cost to the shareholders. If you register after the 1 year period, an administrative charge will be imposed.

To register for eDividend, you are required to provide to Bursa Malaysia Depository Sdn Bhd (“Bursa Depository”) through your stock broker, your bank account number and other information by completing the prescribed form. This form can be obtained in due course from your stock broker’s office where your CDS account is maintained, or downloaded from Bursa Malaysia’s website at <http://www.bursamalaysia.com>.

- 2.2 You need to submit to your stock broker’s office where your CDS account is maintained, the duly completed prescribed form and the following for registration:-
 - (a) Individual depositor: Copy of identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker’s verification;
 - Corporate depositor: Certified true copy of the Certificate of Incorporation/Certificate of Registration; and



5TH FLOOR,
WISMA RIA, TAMAN RIA,
08000 SUNGAI PETANI,
KEDAH DARUL AMAN

TEL 604-441 4888
FAX 604-441 4548

- (b) Copy of your bank statement / bank savings book / details of your bank account obtained from your banks website that has been certified by your bank / copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker's verification. For corporate entities, a certified true copy is to be submitted.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.

- 2.3 If you are not able to be present at your stock broker's office to submit the prescribed form and supporting documents, please ensure that the signing of the prescribed form and the supporting documents have been witnessed by an acceptable witness specified by Bursa Depository. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealer's Representative, a notary public and an Authorised Officer of the Malaysian Embassy/High Commission.

3. Notification of eDividend payment after registration

- 3.1 You are encouraged to provide in the prescribed form to Bursa Depository both your mobile phone number and e-mail address, if any. This is to enable the Company to issue electronic notification to you either via e-mail or sms, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if you provide only your mobile phone number, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

4. Additional information for shareholders

- 4.1 ~~Your savings or current account, must be an active bank~~ account, maintained with a local bank under your name or in the case of a joint account, has your name as one of the account holders. It must also be a bank account with a financial institution that is a member of the Malaysian Electronic Payment System Inter-Bank GIRO (IBG) set out below, which can be found on this website: http://meps.com.my/faq/interbank_giro.asp?id=2#answer
- 4.2 Your bank account particulars and other related information is protected under the Securities Industry (Central Depositories) Act 1991 which strictly prohibits the disclosure of such information to any person unless you expressly authorise the disclosure in writing. For eDividend purpose, you will be authorizing disclosure of your bank account particulars and other related information to persons necessary to facilitate the eDividend such as the Company, the share registrar and the appointed paying banks.
- 4.3 Once you have registered for eDividend, any cash dividend entitlement of which the books closure date is announced by the Company on or after 1 September 2010, shall be paid to you via eDividend.

We look forward to a successful implementation of eDividend through your active participation, and to serving you better as our valued shareholders.

Thank you.

Eupe Corporation Berhad

EUPE CORPORATION BERHAD
(377762-V)

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