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CORPORATE INFORMATION

- **Board Of Directors**

Executive Chairman
Dato' Tajudin Bin Haji Hashim

Managing Director
Beh Huck Lee

Independent Non-Executive Director
Dato' Paduka Haji Radzi Bin Haji Bassir

Independent Non-Executive Director
Dato' Jaafar Bin Jamaludin

Non-Independent Non-Executive Director
Datin Teoh Choon Boay

Independent Non-Executive Director
Tan Hiang Joo

Independent Non-Executive Director
Kek Jenny

Non-Independent Non-Executive Director
Mohamed Rizal Bin Tajudin

- **Audit Committee**

Chairman of the Committee
Dato' Jaafar Bin Jamaludin*

Members of the Committee
Dato' Tajudin Bin Haji Hashim
Beh Huck Lee
Dato' Paduka Haji Radzi Bin Haji Bassir*
Tan Hiang Joo*
Kek Jenny*

* Independent Non-Executive Directors

- **Company Secretaries**

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

- **Registered Office**

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

- **Auditors**

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

- **Solicitors**

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

- **Registrar**

Mega Corporate Services Sdn Bhd (187984-H)
Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 603-2692 4271
Fax : 603-2732 5388

- **Principal Bankers**

Bumiputra-Commerce Bank Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad

- **Stock Exchange Listing**

Main Board of the Bursa Malaysia Securities Berhad

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Eupe Corporation Berhad for the year ended 28 February 2006.

OPERATIONS

In the financial year under review, we posted promising results, with revenue increasing 117% to RM99.7 million. Correspondingly, profit before tax jumped 58% to RM6.4 million. Overall, the property and construction divisions reported the most significant improvements, with operating profit for these two divisions jumping 54%. The property development division posted 43% of the operating profit, whilst 26.5% was attributable to the civil engineering and construction arm. The hotel and golf as well as the property investment division accounted for the rest.

PROPERTY DEVELOPMENT

We managed an improved performance despite the challenging market conditions as our focus was on giving our buyers value for money via differentiated homes which were affordable to them. Despite the many competitors in the market, we were heartened that the buyers came to us and trusted us with what would possibly be the largest purchase in their lifetime. This is extremely humbling to us and it is our aim to ensure that our buyers will always remain our key focus.

The bulk of the profits came from the successful launches of the first two parcels of the Seri Astana township. In the financial year under review, approximately 1,800 residential units in Parcels A (comprising 169 acres) and B (comprising 113 acres) of Seri Astana were sold. Launched in November 2005, Parcel B saw a 70% take up rate in 3 months. To date, the 1,300 units launched in Parcel A have been fully sold. The construction progress on Parcel A, which was earlier delayed due to the shortage of manpower is now on schedule following the intake of foreign workers. Correspondingly, it is scheduled to be handed over to the buyers in December 2006. Since Seri Astana's launch in December 2004, the encouraging response of the market has been heartening, to say the least. Following on the heels of the first two launches, Parcel C, comprising approximately 750 units in an area of 95 acres will be launched in the coming financial year.



CHAIRMAN'S STATEMENT (CONTINUED)

PROPERTY DEVELOPMENT (CONTINUED)

Our next focus in Seri Astana will be on delivering well designed play parks, jogging trails, and other conveniences to the buyers. We have also conceptualised commercial developments, markets, a bus station and community centres to address the needs of the residents after they move in. Instead of waiting for the government schools to be built on designated land, we have donated a parcel of land which was initially designated for a private institution to a Chinese school, SRJK (C) Lin Khay to address the educational needs of the families there. This will benefit not only the residents of Seri Astana, but the neighbouring developments as well.

Seri Astana has received the bulk of attention this financial year as most of the resources were allocated to the marketing of this township. However, some of the resources have recently been diverted to Taman Ria Mesra 2 in Gurun now that Parcel B of Seri Astana has reached its sales target. A marketing thrust targeted specifically at the project was organised. Since the campaign, sales has picked up significantly.

Also in the pipeline for the property division in the coming year will be the First Phase of the Resort Homes located within Cinta Sayang Resort and adjacent to the water theme park which we target to open at the end of 2006.

HOTEL AND GOLF DIVISION - CINTA SAYANG GOLF AND COUNTRY RESORT AND CINTA SAYANG HOTEL

The Golf division recorded a drop in profit compared to the previous financial year as we have not launched any campaign to boost membership sales. Like many other golf resorts, the sale of memberships has slowed. However, this was mitigated by the improved profit of the hotel division due to increased revenue from the food and beverage sector, namely the catering and banqueting divisions.

Going forward, with the number of golf members consolidating, our focus has shifted to tapping new markets. With the opening of the golf academy to introduce new players to the game as well as the commencement of equestrian activities, we are looking towards synergistically using our strengths to attract different groups. It is with this purpose in mind that we will be opening the first water theme park in Kedah; The Carnivall. Designed by an international firm specialising in water parks, The Carnivall is targeted to open at the end of 2006 within the vicinity of the Resort, and will encompass a wet and dry park; the latter of which will be launched at a later stage. Targeted towards family groups, the park and the



CHAIRMAN'S STATEMENT (CONTINUED)

HOTEL AND GOLF DIVISION - CINTA SAYANG GOLF AND COUNTRY RESORT AND CINTA SAYANG HOTEL

Resort aim to provide a one-stop entertainment venue which will later feature an ongoing calendar of events and shows to continually attract visitors. This again will be a synergistic addition to the Group's Resort facilities and will provide another platform to tap new markets in and out of the state.

PROSPECTS

From a global perspective, two key events impacted on the global economy in 2005. The hike in oil prices reverberated across national economies, its repercussions being felt in virtually all sectors. Construction, transport and production costs increased, thereby affecting the supply and demand of properties in the market. The United States interest rate hike also affected consumer demand, dampening sentiments in anticipation of reduced exports to the US.

Despite the challenging macro economic environment, the Malaysian economy posted a growth of 5.3% in 2005, down from 7.1% in 2004. Although still buoyant in 2005, the property sector was not spared the consequences of cost increases due to the fuel price hike. Buyers adopted a more cautious stance to see how the market would react. Banks tightened their credit control and reduced margins of financing whilst interest rates rose. With the perceived oversupply of properties in the market, there was nothing to fuel buying interest. Overall, it was a competitive and challenging year for the property sector.

In spite of this relatively bleak backdrop of operations, we recorded a better performance for the year under review. Several reasons contributed to this. We were adamant about providing value for money. Affordable homes with well-planned layouts, thoughtful features to minimise renovations and a strong focus on quality were key elements in all our products. Service levels to ensure that our buyers remained first and foremost the most important part of the project, and a spread of property types tailored to different needs and affordability levels were other crucial points. It has been indeed gratifying to us to be able to report an improved performance in a challenging environment.

Going forward, the Malaysian economy is expected to sustain its growth with the GDP expansion forecast at 6% for 2006. As this is expected to be driven largely by domestic demand spurred by an increase in private consumption, the indicators are indeed positive across all our divisions. On the other side of the coin, fuel prices are expected to remain high, and the repercussions of this will be continue to be felt in almost all sectors. The possibility of inflation will do nothing to quell underlying apprehensions and dampen sentiment.



CHAIRMAN'S STATEMENT (CONTINUED)

PROSPECTS (CONTINUED)

On the property front, interest rates are expected to rise whilst it is anticipated that financing margins will continue to shrink, thus hampering affordability. This, together with intense competition among developers will create new challenges. However, rising disposable incomes and a strong employment market are positive factors which might mitigate this. On the back of this somewhat uncertain landscape, we believe that there is an underlying demand for property still, and the key challenge is to ensure that we are able to tap into it. Towards this end, we will continue to focus on anticipating the needs of our buyers and our core competencies.

APPRECIATION

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

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

Dato' Tajudin bin Haji Hashim
Executive Chairman

29 June 2006



PROFILE OF DIRECTORS

Dato Tajudin bin Haji Hashim
DSDK, BCK, JP
Executive Chairman

Aged 66. Malaysian. Appointed to the Board on 19 May 1997.

Together with Dato' Beh Heng Seong, was one of the founding members of the Group. Holds a Bachelor of Arts degree from the University of Malaya and a Certificate of Public Administration from the University of Manchester. Has over twenty (20) years of working experience as a civil servant and has held the posts of District Officer in Kuala Nerang, Kubang Pasu and Kuala Muda (1971-1976), Deputy Director of Land, Kedah (1976), and Deputy State Secretary, Kedah (1976-1978).

Attended all four board meetings in the financial year. No conflict of interest with the Group and is the father of Mohamed Rizal bin Tajudin. 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.

Beh Huck Lee
Managing Director

Aged 35. Malaysian. Appointed to the Board on 19 May 1997.

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

Attended all four board meetings in the financial year. No conflict of interest with the Group and is the son of Datin Teoh Choon Boay. Is also a director in 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.

Dato' Paduka Haji Radzi bin Bassir
DHMS, DSDK, PSB, SMK, AMN, BCK, JP (Dato' Bijaya Indera)
Independent Non-Executive Director

Aged 74. Malaysian. Appointed to the Board on 28 February 1997.

Holds a Bachelor of Arts (Honours) from the University of London. Served the Kedah State Government from 1953 to 1987 when he retired after serving as State Secretary of Kedah since 1976. Other posts held include State Liaison Officer; President of Town Council, Sungai Petani; District Officer of Padang Terap, Langkawi, and Kota Setar; as well as State Treasurer and General Manager of the Kedah State Economic Development Corporation (1972-1976). Also served as a Committee Member of the Malaysian Industrial Development Authority (MIDA), Muda Agricultural Development Authority (MADA) and Pilgrim Management Advisory Council. Was appointed a Member of the State Public Services Commission from 1992-1996 and served as a Council Member of University Utara Malaysia as the Deputy Chairman.

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)

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

Aged 60. Malaysian. Appointed to the Board on 28 February 1997.

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

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

Tan Hiang Joo
Independent Non-Executive Director

Aged 42. 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 three out of the 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.

Kek Jenny
Independent Non-Executive Director

Aged 41. 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 services and an Investment Partner of Crescent Equity Management Sdn. Bhd., a private equity fund management company.

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)

Mohamed Rizal bin Tajudin
Non-Independent Non-Executive Director

Aged 38. Malaysian. Appointed to the Board on 19 May 1997.

Holds a Bachelor of Business Administration from La Sierra University, California, USA. Was the General Manager of Finance in Moza Precision Plastic Industry Sdn Bhd (1994-1997). Is currently a director of Teras Display Sdn Bhd as well as several other private limited companies.

Attended all four board meetings in the financial year. No conflict of interest with the Group and is the son of Dato' Tajudin bin Haji Hashim. Has not been convicted of offences within the past ten years.

Datin Teoh Choon Boay
Non-Independent Non-Executive Director

Aged 57. 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 in Beh Heng Seong Sdn Bhd. Has not been convicted of offences within the past ten years.

STATEMENT OF CORPORATE GOVERNANCE

PRINCIPLES STATEMENT

A. BOARD OF DIRECTORS

Board responsibilities

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

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

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

Meetings

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

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

During the year ended 28 February 2006, four board meetings were convened. The details of board attendance are as follows :

Name of directors		No. of meetings attended
Dato' Tajudin Bin Haji Hashim	(Non-Independent Executive Director)	4 out of 4
Beh Huck Lee	(Non-Independent Executive Director)	4 out of 4
Dato' Jaafar Bin Jamaludin	(Independent Non-Executive Director)	4 out of 4
Dato' Paduka Haji Radzi Bin Haji Bassir	(Independent Non-Executive Director)	4 out of 4
Datin Teoh Choon Boay	(Non-Independent Non-Executive Director)	4 out of 4
Mohamed Rizal Bin Tajudin	(Non-Independent Non-Executive Director)	4 out of 4
Tan Hiang Joo	(Independent Non-Executive Director)	3 out of 4
Kek Jenny	(Independent Non-Executive Director)	4 out of 4

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

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 17 to 20 of the Annual Report.

There is currently no Nominating 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, as there has been no change in the remuneration of executive Directors since the listing of the Company. Moreover, the entire Board would review the remuneration of the executive Directors should a change be contemplated.

Board Balance

The Board comprises eight (8) Directors as follows:

- 2 non-independent executive Directors;
- 2 non-independent non-executive Directors; and
- 4 independent non-executive Directors.

The Board has an independent element comprising half of the Board balance, with the executive Directors making up a quarter of the 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 six (6) non-executive Directors.

Supply of information

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

The Board Papers include, among others, the following:

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

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

Directors' training

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

Appointment and Re-election of Directors

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

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

B. DIRECTORS' REMUNERATION

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

The aggregate remuneration of Directors for the financial year ended 28 February 2006 is as follows:

	Salaries and EPF RM	Bonuses RM	Fees RM	Allowances RM	Total RM
Executive Directors	597,540	107,500	48,000	5,000	758,040
Non-executive Directors	-	-	120,000	14,000	134,000

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

Remuneration bands (RM)	Executive Directors	Non-Executive Directors
50,000 and below	-	6
350,001 to 400,000	2	-

STATEMENT OF CORPORATE GOVERNANCE (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 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 addresses the shareholders on the review of the Group's performance for the financial year and outlines the prospects of the Group for the subsequent financial year. The Company's external auditors and Company Secretary are also present to clarify and explain any issues that may arise. Usually, a press conference is held immediately after the AGM where the Chairman and the Managing Director will answer questions on the Group.

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 Chairman's Statement 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.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

D. ACCOUNTABILITY AND AUDIT (CONTINUED)

Internal control

The Statement on Internal Control furnished on page 16 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 17 to 20 of the Annual Report.

COMPLIANCE STATEMENT

Throughout the financial year ended 28 February 2006, 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 of the Board 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 Nominating Committee (in accordance with Best Practice Provisions AA VIII, AA IX and AA X) as the appointment of new Board members would be a matter for the Board as a whole. There is no formal assessment carried out on the performance of the Board, the Audit Committee and individual Directors. This is because the Board is of the view that the required mix of skills and experience of existing Directors, including core competencies which non-executive Directors bring to the Board, are deemed adequate in addressing the current business needs and issues faced by the Group. The Board's strong independent element and non-executive participation will further ensure unfettered decision-making. As for individual Directors, sufficient information such as their personal profile and meetings attendance are furnished in the Annual Report to assist shareholders to provide a fresh mandate for Directors who retire at the AGM and who have offered themselves for re-election. Appointment of Directors to be members of the Audit Committee is decided by the Board as a whole;

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

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

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

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

ADDITIONAL COMPLIANCE INFORMATION

Status of utilisation of proceeds raised from any corporate proposal

This is not applicable for the financial year ended 28 February 2006.

Share buybacks

There was no share buyback scheme implemented during the financial year ended 28 February 2006.

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

This is not applicable for the financial year ended 28 February 2006.

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

The Group has not sponsored any ADR or GDR programme during the financial year ended 28 February 2006.

Sanctions and / or penalties

There were no sanctions and / or penalties imposed on the Company, its other subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 28 February 2006.

Non-audit fees

There were no non-audit fees paid to the external auditors during the financial year ended 28 February 2006.

Profit guarantees

There were no profit guarantees given by the Company during the financial year ended 28 February 2006.

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 2006.

Revaluation policy

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

STATEMENT OF INTERNAL CONTROL

The Board is responsible for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework and for reviewing its adequacy and integrity. The system of internal control covers risk management and the relevant controls put into place to monitor the principal risks, both financial and otherwise, faced by the Group. Because of the limitations inherent in any system of internal control, this system is designed to manage rather than eliminate the risks involved. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

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

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

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

The internal audit function is outsourced to an independent firm of consultants to assist the Board in the review and appraisal of the internal control system within the Group. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the updated risk profiles of the major business units of the Group. For the financial years ending 2005 and 2006, a management assurance plan was drawn up. This comprises a 3-year internal audit strategy incorporating 4 cycles of internal audit and has been presented to the Audit Committee for approval.

Based on the updated risk profile and risk registers, a cycle of internal audit was conducted for the golf and hospitality division in August 2005 and tabled to the board in October 2005. The findings by the internal audit function, including the recommended corrective actions, were reported directly to the Audit Committee. Follow-up work was also carried out by the internal audit function on the implementation of corrective actions by Management. The Audit Committee considers reports from the internal audit function and comments from Management before making recommendations to the Board to strengthen the internal control and governance systems. A further cycle of internal audit is scheduled for the property and construction division in March 2006.

Apart from risk management and internal audit, the Group's organizational structure provides formal delineations of responsibility and delegation of authority. A process of hierarchical reporting provides for a documented trail of accountability. Limitations on authority and counter checks by other departments are other modes of control.

The effectiveness of the system of internal control is also reviewed through the MS ISO 9001:2000 certification held by the civil engineering and construction arm of the Group. Surveillance visits are carried out annually by auditors from Lloyd's Register Quality Assurance and a complete re-audit and re-assessment is carried out once in 3 years. The demanding documentation requirements of the certification further ensure that a trail of accountability exists in this division.

Two surveillance audits by the representatives of Lloyd's Register Quality Assurance were carried out in this financial year; in April 2005 and February 2006.

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

AUDIT COMMITTEE REPORT

COMPOSITION

The present members of the Committee comprise:

Chairman:

Dato' Jaafar Bin Jamaludin Independent Non-Executive Director

Members:

Dato' Paduka Haji Radzi Bin Haji Bassir Independent Non-Executive Director

Dato' Tajudin Bin Haji Hashim Non-Independent Executive Director

Beh Huck Lee Non-Independent Executive Director

Tan Hiang Joo Independent Non-Executive Director

Kek Jenny Independent Non-Executive Director

MEETINGS

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

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and audit plans for the year. Prior to the audit, representatives of the external auditors presented their audit strategy and plan;
- Reviewed with the external auditors' the results of the audit, the audit report and the response of management;
- Reviewed the Group's quarterly and annual financial statements before recommending to the Board for approval;
- Reviewed the programme, plans, scope and results of work carried out by the internal audit function, which was outsourced to an independent firm of consultants, and the corrective actions taken by Management to address the findings raised by the internal audit function;
- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group; and
- Reviewed key business proposals such as land acquisitions and investments and recommended proposals to the Board.

INTERNAL AUDIT FUNCTION

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

The internal audit function is currently outsourced to an independent firm of consultants, which is responsible for the review and appraisal of the internal control system within the Group. The scope and plan of their work, including the approach and the programme, is presented to the Audit Committee for approval before commencement of audit. The maintenance of the ISO 9001 certification requires two independent audits by Lloyds Register Quality Assurance and two internal quality audits per year. These audits serve as platforms to ensure that the requisite internal controls are in place. More information on this is contained in the Statement on Internal Control set out on page 16 of the Annual Report.

AUDIT COMMITTEE REPORT (CONTINUED)

TERMS OF REFERENCE

OBJECTIVES

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

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

MEMBERSHIP

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

At least one member of the Audit Committee:

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

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

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

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

QUORUM AND COMMITTEE'S PROCEDURES

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

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

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

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

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

AUDIT COMMITTEE REPORT (CONTINUED)

QUORUM AND COMMITTEE'S PROCEDURES (CONTINUED)

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

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

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

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

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

AUTHORITY AND RIGHTS

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

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

RESPONSIBILITIES AND DUTIES

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

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

AUDIT COMMITTEE REPORT (CONTINUED)

RESPONSIBILITIES AND DUTIES (CONTINUED)

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

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 28 February 2006.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit after tax	5,070,808	3,284,762
Minority interests	1,049	-
Net profit for the financial year	<u>5,071,857</u>	<u>3,284,762</u>

DIVIDENDS

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

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in Note 29 to the financial statements.

ISSUES OF SHARES AND DEBENTURES

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

DIRECTORS

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

Dato' Tajudin bin Haji Hashim (Executive Chairman)

Beh Huck Lee (Managing Director)

Dato' Paduka Haji Radzi bin Haji Bassir

Dato' Jaafar bin Jamaludin

Datin Teoh Choon Boay

Tan Hiang Joo

Mohamed Rizal bin Tajudin

Kek Jenny

DIRECTORS' REPORT (CONTINUED)

DIRECTORS (CONTINUED)

In accordance with Article 82 of the Company's Articles of Association, Dato' Tajudin bin Haji Hashim and Kek Jenny retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

Dato' Paduka Haji Radzi bin Haji Bassir retires pursuant to Section 129(2) of the Companies Act, 1965 at the forthcoming Annual General Meeting and offers himself for re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

DIRECTORS' INTERESTS IN SHARES

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and its related corporations during the financial year ended 28 February 2006 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

Shares in the Company	Number of ordinary shares of RM1.00 each		
	Balance as at 1.3.2005	Bought	Balance as at 28.2.2006
<u>Direct interest</u>			
Datin 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 interest</u>			
Dato' Tajudin bin Haji Hashim	30,508,392	-	30,508,392
Beh Huck Lee	51,529,989	385,000	51,914,989
Datin Teoh Choon Boay	51,529,989	385,000	51,914,989
Mohamed Rizal bin Tajudin	30,508,392	-	30,508,392

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

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

DIRECTORS' BENEFITS

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

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS (CONTINUED)

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

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

DIRECTORS' REPORT (CONTINUED)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

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

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

Dato' Tajudin bin Haji Hashim
Director

Beh Huck Lee
Director

Sungai Petani, Kedah Darul Aman

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 27 to 69 have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:

- (i) the state of affairs of the Group and of the Company as at 28 February 2006 and of their results for the financial year then ended; and
- (ii) the cash flows of the Group and of the Company for the financial year ended 28 February 2006.

On behalf of the Board,

Dato' Tajudin bin Haji Hashim
Director

Beh Huck Lee
Director

Sungai Petani, Kedah Darul Aman

STATUTORY DECLARATION

I, Dato' Tajudin bin Haji Hashim, being the Director primarily responsible for the financial management of Eupe Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 27 to 69 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Sungai Petani this)
)

Before me:

REPORT OF THE AUDITORS TO THE MEMBERS OF EUPE CORPORATION BERHAD

We have audited the financial statements set out on pages 27 to 69.

These financial statements are the responsibility of the Company's Directors.

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

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at 28 February 2006 and of their results and cash flows for the financial year then ended;and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 7 to the financial statements, being financial statements that are included in the consolidated financial statements.

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

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

BDO Binder
AF:0206
Chartered Accountants

Yong Kam Fei
2562/07/06 (J)
Partner

Kuala Lumpur
22 June 2006

BALANCE SHEETS
AS AT 28 FEBRUARY 2006

	NOTE	2006 RM	Group 2005 RM	2006 RM	Company 2005 RM
ASSETS EMPLOYED					
PROPERTY, PLANT AND EQUIPMENT	6	75,413,657	76,058,934	1,257	1,921
INVESTMENTS IN SUBSIDIARY COMPANIES	7	-	-	119,094,082	119,094,082
INVESTMENT IN AN ASSOCIATED COMPANY	8	25,483	25,957	-	-
OTHER INVESTMENTS	9	10,705	10,507	-	-
LAND HELD FOR PROPERTY DEVELOPMENT	10	112,057,936	111,191,814	-	-
INVESTMENT PROPERTIES	11	21,153,507	21,155,007	-	-
DEFERRED PLANTATION EXPENDITURE	12	997,442	808,337	-	-
DEFERRED TAX ASSETS	30	55,638	158,645	-	-
CURRENT ASSETS					
Property development costs	13	31,335,473	34,914,675	-	-
Inventories	14	15,184,348	14,676,568	-	-
Trade receivables	15	18,249,416	13,467,153	-	-
Other receivables, deposits and prepayments		1,697,755	1,535,474	4,500	4,500
Amounts owing by subsidiary companies	16	-	-	34,088,313	32,059,373
Sinking and redemption funds	17	560,070	572,570	-	-
Tax recoverable		661,404	632,350	131,461	22,308
Fixed deposits with licensed banks	18	764,004	1,177,196	-	-
Cash and bank balances	19	7,474,117	1,679,053	3,074	5,142
		75,926,587	68,655,039	34,227,348	32,091,323

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

BALANCE SHEETS (CONTINUED)

AS AT 28 FEBRUARY 2006

		Group		Company	
	NOTE	2006 RM	2005 RM	2006 RM	2005 RM
LESS: CURRENT LIABILITIES					
Trade payables	20	10,027,843	5,320,862	-	-
Progress billings		12,598,078	6,839,386	-	-
Other payables, deposits and accruals	21	19,621,105	19,879,253	57,000	57,000
Provision for infrastructure cost	22	255,998	1,859,770	-	-
Amount owing to Directors	23	152,000	163,370	-	-
Amounts owing to subsidiary companies	16	-	-	15,277,373	16,426,774
Borrowings	24	9,938,423	9,357,053	-	-
Tax liabilities		193,425	691,661	-	-
		<u>52,786,872</u>	<u>44,111,355</u>	<u>15,334,373</u>	<u>16,483,774</u>
NET CURRENT ASSETS		<u>23,139,715</u>	<u>24,543,684</u>	<u>18,892,975</u>	<u>15,607,549</u>
		<u>232,854,083</u>	<u>233,952,885</u>	<u>137,988,314</u>	<u>134,703,552</u>
FINANCED BY					
SHARE CAPITAL	28	128,000,000	128,000,000	128,000,000	128,000,000
RESERVES	29	70,885,690	67,527,699	9,988,314	6,703,552
SHAREHOLDERS' EQUITY		<u>198,885,690</u>	<u>195,527,699</u>	<u>137,988,314</u>	<u>134,703,552</u>
MINORITY INTERESTS		92,448	93,498	-	-
NON-CURRENT AND DEFERRED LIABILITIES					
Borrowings	24	11,752,948	15,435,424	-	-
Deferred tax liabilities	30	22,122,997	22,896,264	-	-
		<u>232,854,083</u>	<u>233,952,885</u>	<u>137,988,314</u>	<u>134,703,552</u>

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2006

		Group		Company	
	NOTE	2006 RM	2005 RM	2006 RM	2005 RM
Revenue	31	99,730,506	45,924,988	4,952,000	-
Cost of sales		(83,548,095)	(32,910,346)	-	-
Gross profit		16,182,411	13,014,642	4,952,000	-
Other operating income		532,696	690,152	-	-
Amortisation of reserve on consolidation		553,729	553,729	-	-
Marketing and distribution costs		(1,629,214)	(1,056,773)	-	-
Administration expenses		(6,814,229)	(6,510,532)	(223,457)	(184,653)
Other operating expenses		(1,331,122)	(1,432,344)	(166,374)	(218,315)
Profit/(Loss) from operations		7,494,271	5,258,874	4,562,169	(402,968)
Finance cost		(1,062,324)	(1,200,533)	-	-
Share of results in an associated company		(474)	(294)	-	-
Profit/(Loss) before tax	32	6,431,473	4,058,047	4,562,169	(402,968)
Tax expense	33	(1,360,665)	(1,017,955)	(1,277,407)	-
Profit/(Loss) after tax		5,070,808	3,040,092	3,284,762	(402,968)
Minority interests		1,049	1,179	-	-
Net profit/(loss) for the financial year		5,071,857	3,041,271	3,284,762	(402,968)
Basic earnings per ordinary share (sen)	34	3.9	2.4		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2006

Group	Ordinary share capital RM	Share premium RM	Reserve on consolidation RM	Retained profits RM	Total RM
Balance as at 1 March 2004	128,000,000	5,982,397	31,967,281	27,862,594	193,812,272
Amortisation for the financial year	-	-	(553,729)	-	(553,729)
Amount credited to the income statement upon sale of development properties	-	-	(772,115)	-	(772,115)
Net profit for the financial year	-	-	-	3,041,271	3,041,271
Balance as at 1 March 2005	128,000,000	5,982,397	30,641,437	30,903,865	195,527,699
Amortisation for the financial year	-	-	(553,729)	-	(553,729)
Amount credited to the income statement upon sale of development properties	-	-	(1,160,137)	-	(1,160,137)
Net profit for the financial year	-	-	-	5,071,857	5,071,857
Balance as at 28 February 2006	128,000,000	5,982,397	28,927,571	35,975,722	198,885,690

Company	Ordinary share capital RM	Share premium RM	Retained profits RM	Total RM
Balance as at 1 March 2004	128,000,000	5,982,397	1,124,123	135,106,520
Net loss for the financial year	-	-	(402,968)	(402,968)
Balance as at 1 March 2005	128,000,000	5,982,397	721,155	134,703,552
Net profit for the financial year	-	-	3,284,762	3,284,762
Balance as at 28 February 2006	128,000,000	5,982,397	4,005,917	137,988,314

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2006

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	100,813,948	49,786,130	-	-
Cash payments to suppliers and creditors	(71,673,238)	(35,155,730)	-	-
Cash payments to employees and for expenses	(15,355,452)	(15,558,040)	(389,168)	(402,305)
Cash generated from/(used in) operations	13,785,258	(927,640)	(389,168)	(402,305)
Interest income received	12,449	4,643	-	-
Rental income received	257,985	318,700	-	-
Option fees received	53,000	90,000	-	-
Bank overdraft interest paid	(7,571)	(6,438)	-	-
Deposit paid	(28,092)	(62,453)	-	-
Tax paid	(2,558,215)	(1,886,560)	-	-
Net cash from/(used in) operating activities	11,514,814	(2,469,748)	(389,168)	(402,305)
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances to subsidiary companies	-	-	(3,178,340)	-
Dividend received	-	-	3,565,440	-
Interest income received	72,471	148,596	-	-
Proceeds from disposal of ancillary equipment	-	52,200	-	-
Insurance claim received	6,379	42,939	-	-
Proceeds from disposal of property, plant and equipment	3,214	92,916	-	-
Investment in unit trust	(198)	(194)	-	-
Proceeds from disposal of investment properties	1,500	-	-	-
Purchase of land held for development	-	(311,257)	-	-
Purchase of property, plant and equipment (Note 35)	(1,838,701)	(2,026,348)	-	-
Net withdrawal of fixed deposits	304,800	214,800	-	-
Net cash (used in)/from investing activities	(1,450,535)	(1,786,348)	387,100	-

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

CASH FLOW STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2006

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of revolving credit	1,500,000	5,500,000	-	-
Repayment of revolving credit	(1,000,000)	-	-	-
Repayment of term loan	(3,420,244)	(4,252,066)	-	-
Repayment of hire-purchase	(99,870)	(4,041)	-	-
Term loan interest paid	(1,239,973)	(1,546,558)	-	-
Hire-purchase interest paid	(25,158)	(1,172)	-	-
Advances from subsidiary companies	-	-	-	396,060
(Repayment to)/advances from Directors	(11,370)	21,370	-	-
Net cash (used in)/from financing activities	(4,296,615)	(282,467)	-	396,060
Net increase/(decrease) in cash and cash equivalents	5,767,664	(4,538,563)	(2,068)	(6,245)
Cash and cash equivalents at beginning of financial year	989,247	5,527,810	5,142	11,387
Cash and cash equivalents at end of financial year (Note 36)	6,756,911	989,247	3,074	5,142

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

NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2006

1. GENERAL INFORMATION

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

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

The financial statements are presented in Ringgit Malaysia.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Liquidity and cash flow risks

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

Credit risk

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

Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

3. PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiary companies are set out in Note 7.

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

4. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of accounting

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

The preparation of financial statements in conformity with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5.2 Basis of consolidation

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

The difference between the purchase price and the fair value of the net assets of subsidiary companies at the date of acquisition is treated as goodwill or reserve on consolidation.

Goodwill or reserve on consolidation arising from the acquisition of development property companies is amortised or credited to the consolidated income statement upon sale of the development properties. Goodwill or reserve on consolidation arising from the acquisition of non-development property companies is amortised over its expected useful economic life of twenty-five (25) years. The results of the subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the date of their acquisition or up to the date of their disposal.

Inter-company balances and transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Minority interest is measured at the minorities' share of the post-acquisition fair values of the identifiable assets and liabilities of the acquiree.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.3 Land held for property development

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

5.4 Investments

(i) Subsidiary companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies which are eliminated on consolidation are stated at cost less impairment losses, if any.

(ii) Associated companies

An associated company is a company in which the Group has a long term equity interest and where the Group is in a position to exercise significant influence over the financial and operating policies of the investee company.

The Company's investment in associated companies is stated at cost less impairment losses, if any.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. The Group's interests in associated companies are stated at cost plus adjustments to reflect changes in the Group's share of profits and losses in the associated companies.

Goodwill or negative goodwill arising on acquisition represents the difference between the cost of investment and the Group's share of the value of net assets of the associated companies at the date of acquisition.

Goodwill arising on acquisition is stated at cost less impairment losses, if any. Negative goodwill arising on acquisition is not recognised as income.

The Group's share of results and reserves in the associated companies acquired or disposed of is included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

(iii) Other investments

Investment in fixed income unit trust held as long term investments are stated at cost unless in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Such decline is recognised as an expense in the period in which the decline is identified.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.5 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation or amortisation and impairment losses, if any.

No depreciation is provided on freehold land and construction-in-progress. Leasehold golf course and club buildings which has a remaining lease period of 44 years are amortised over the original lease period of 54 years. Depreciation on other property, plant and equipment is calculated to write off the cost of assets on a straight line basis over their estimated useful lives. The principal annual depreciation rates used are as follows:

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

5.6 Property development costs

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

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

When the outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in the income statement by reference to the stage of completion of development activity at the balance sheet date.

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

Any expected loss on a development activity is recognised as an expense immediately.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.7 Investment properties

Investment properties are investments in land or buildings that are not substantially occupied for use by, or in the operations of the Group and are held for investment potential and rental income. They are accounted for as long term investments and are stated at cost less impairment losses, if any.

5.8 Assets acquired under hire-purchase agreements

Assets acquired under hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are 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.

Finance charges are allocated to the income statement over the period of the agreements to give a constant periodic rate of charge on the remaining lease and hire purchase liabilities.

5.9 Deferred plantation expenditure

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

5.10 Impairment of assets

The carrying amounts of the Group's and the Company's assets, other than financial assets (excluding investment in subsidiary companies and associated company), inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

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

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

The impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of the specific event. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.10 Impairment of assets (CONTINUED)

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

5.11 Inventories

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

The cost of completed properties which comprises residential houses, shophouses and light industrial factories includes land cost and relevant development expenditure.

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

5.12 Construction contract

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

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

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

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

5.13 Receivables

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

5.14 Payables

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

5.15 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 2006

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.16 Employee benefits

5.16.1 Short term employee benefits

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

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

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

5.16.2 Defined contribution plans

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

- (a) after deducting contributions already paid as a liability; and
- (b) as an expense in the financial year in which the employees render their services.

5.17 Income tax

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

5.17.1 Current tax expense

Current tax expense includes all domestic taxes which is based on taxable profits.

5.17.2 Deferred tax

Deferred tax, which includes deferred tax liabilities and assets, is provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.17 Income tax (Continued)

5.17.2 Deferred tax

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

5.18 Revenue recognition

Revenue are recognised upon delivery of products and customer acceptance, or performance of services, net of sales taxes and discounts.

Revenue from development properties is recognised in the income statements based on the percentage of completion method. The stage of completion of a property development is determined based on the proportion of development costs incurred for work performed to date to the estimated total development costs.

Revenue from construction contracts is recognised in the income statements based on the percentage of completion method. The stage of completion of a construction contract is determined based on the proportion of contract expenditure incurred for work performed to date to the estimated total contract expenditure.

Rental income, interest income, subscription and entrance fees are recognised on accrual basis unless collectibility is in doubt.

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

5.19 Cash and cash equivalents

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

5.20 Borrowing costs

Interest, dividends, losses and gains relating to a financial instrument, or a component part classified as a financial liability is reported as finance cost in the income statement.

Cost incurred on borrowings to finance the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to the income statement.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.21 Segment information

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

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

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

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

5.22 Financial instruments

5.22.1 Financial instruments recognised on the balance sheets

(a) Ordinary shares

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. Cost incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise they are charged to the income statement.

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

(b) Other financial instruments

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

5.22.2 Financial instruments not recognised on the balance sheets

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

6. PROPERTY, PLANT AND EQUIPMENT

Group 2006	Balance as at 1.3.2005 RM	Additions RM	Disposals RM	Written off RM	Balance as at 28.2.2006 RM
At cost					
Freehold land and buildings	36,919,420	-	-	-	36,919,420
Short term leasehold golf course and club buildings	40,000,000	-	-	-	40,000,000
Renovation, electrical and amusement equipment	4,216,533	911,176	(25,466)	-	5,102,243
Motor vehicles	1,765,136	133,000	-	-	1,898,136
Motor vehicles under hire-purchase	606,000	-	-	-	606,000
Furniture, fittings and equipment	6,138,679	260,829	(6,270)	(13,160)	6,380,078
Sports equipment, machinery and others	7,406,581	375,055	(54,980)	(450)	7,726,206
Construction-in-progress	85,260	158,641	-	-	243,901
	97,137,609	1,838,701	(86,716)	(13,610)	98,875,984
	Balance as at 1.3.2005 RM	Charge for the Year RM	Disposals RM	Written off RM	Balance as at 28.2.2006 RM
Accumulated depreciation/ amortisation					
Freehold land and buildings	1,598,749	198,140	-	-	1,796,889
Short term leasehold golf course and club buildings	6,626,261	740,741	-	-	7,367,002
Renovation, electrical and amusement equipment	2,270,179	406,626	(4,434)	-	2,672,371
Motor vehicles	1,375,001	130,488	-	-	1,505,489
Motor vehicles under hire-purchase	10,100	121,200	-	-	131,300
Furniture, fittings and equipment	4,636,078	456,163	(6,270)	(10,399)	5,075,572
Sports equipment, machinery and others	4,562,307	406,486	(54,826)	(263)	4,913,704
	21,078,675	2,459,844	(65,530)	(10,662)	23,462,327

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Balance as at 1.3.2004 RM	Additions RM	Disposals RM	Written off RM	Balance as at 28.2.2005 RM
At cost					
Freehold land and buildings	36,806,978	112,442	-	-	36,919,420
Short term leasehold golf course and club buildings	40,000,000	-	-	-	40,000,000
Renovation, electrical and amusement equipment	4,063,659	154,001	(1,127)	-	4,216,533
Motor vehicles	1,547,936	238,200	(21,000)	-	1,765,136
Motor vehicles under hire-purchase	-	606,000	-	-	606,000
Furniture, fittings and equipment	5,875,704	289,029	-	(26,054)	6,138,679
Sports equipment, machinery and others	6,831,577	1,095,416	(501,230)	(19,182)	7,406,581
Construction-in-progress	-	85,260	-	-	85,260
	95,125,854	2,580,348	(523,357)	(45,236)	97,137,609
	Balance as at 1.3.2004 RM	Charge for the financial year RM	Disposals RM	Written off RM	Balance as at 28.2.2005 RM
Accumulated depreciation/ amortisation					
Freehold land and buildings	1,408,854	189,895	-	-	1,598,749
Short term leasehold golf course and club buildings	5,885,520	740,741	-	-	6,626,261
Renovation, electrical and amusement equipment	1,922,680	347,612	(113)	-	2,270,179
Motor vehicles	1,260,877	135,123	(20,999)	-	1,375,001
Motor vehicles under hire-purchase	-	10,100	-	-	10,100
Furniture, fittings and equipment	4,150,987	504,288	-	(19,197)	4,636,078
Sports equipment, machinery and others	4,601,933	461,109	(487,507)	(13,228)	4,562,307
	19,230,851	2,388,868	(508,619)	(32,425)	21,078,675

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Balance as at		Balance as at
2006	1.3.2005	Addition	28.2.2006
	RM	RM	RM
At cost			
Furniture, fittings and equipment	6,633	-	6,633
	Balance as at	Charge for	Balance as at
	1.3.2005	the financial	28.2.2006
	RM	year	RM
		RM	
Accumulated depreciation			
Furniture, fittings and equipment	4,712	664	5,376
Company	Balance as at		Balance as at
2005	1.3.2004	Addition	28.2.2005
	RM	RM	RM
At cost			
Furniture, fittings and equipment	6,633	-	6,633
	Balance as at	Charge for	Balance as at
	1.3.2004	the financial	28.2.2005
	RM	year	RM
		RM	
Accumulated depreciation			
Furniture, fittings and equipment	4,048	664	4,712

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Net book value				
Freehold land and buildings	35,122,531	35,320,671	-	-
Short term leasehold golf course and club buildings	32,632,998	33,373,739	-	-
Renovation, electrical and amusement equipment	2,429,872	1,946,354	-	-
Motor vehicles	392,647	390,135	-	-
Motor vehicles under hire-purchase	474,700	595,900	-	-
Furniture, fittings and equipment	1,304,506	1,502,601	1,257	1,921
Sports equipment, machinery and others	2,812,502	2,844,274	-	-
Construction-in-progress	243,901	85,260	-	-
	75,413,657	76,058,934	1,257	1,921

Certain freehold land and buildings of the Group with net book value of RM23,544,620 (2005: RM23,710,735) have been pledged to licensed banks for credit facilities granted to the Group as disclosed in Note 25 and 26.

The title to certain freehold land with a cost of RM7,133,779 (2005: RM7,133,779) is pending issuance of the master title by the relevant authority.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2006 RM	2005 RM
Unquoted shares, at cost	119,094,082	119,094,082

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

Name of company	Group's effective interest		Principal activities
	2006 %	2005 %	
Subsidiaries of the Company			
Eupe Realty Sdn. Bhd.	100	100	Property investment and management
Riacon Sdn. Bhd.	100	100	Building construction and sale of building materials
Bukit Makmur Sdn. Bhd.	100	100	Property development

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

Name of company	Group's effective interest		Principal activities
	2006 %	2005 %	
Subsidiaries of the Company			
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
Desani Enterprise Sdn. Bhd.*	100	100	Property development
Eupe Hotel Sdn. Bhd.*	100	100	Property rental
Ria Plaza Sdn. Bhd.*	100	100	Operating a complex for rental of stalls
Ria Food Centre Sdn. Bhd.*	100	100	Operating a complex for rental of stalls
Pasar Taman Ria Sdn. Bhd.*	100	100	Operating a complex for rental of stalls
Eupe Golf Management Berhad*	100	100	Owner and manager of golf course and recreation facilities
Eupe Golf Recreation & Tour Sdn. Bhd.*	100	100	Chalet and restaurant operation, recreation and tour services
Subsidiary of Eupe Kemajuan Sdn. Bhd.			
Eupe Development Sdn. Bhd.*	60	60	Dormant
Subsidiary of Bukit Makmur Sdn. Bhd.			
Makmur Longan Farming Sdn. Bhd.*	70	70	Fruits cultivation
Subsidiary of Eupe Hotel Sdn. Bhd.			
Millennium Pace Sdn. Bhd.*	100	100	Fruits cultivation
Subsidiary of Eupe Golf Recreation & Tour Sdn. Bhd.			
Tadika Pro-Dedikasi Sdn. Bhd.*	51	51	Operating and management of a kindergarten

* Companies not audited by BDO Binder

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

8. INVESTMENT IN AN ASSOCIATED COMPANY

	2006 RM	Group 2005 RM
Unquoted shares, at cost	30,000	30,000
Group's share of post acquisition results	(4,517)	(4,043)
	25,483	25,957

The Company's investment in the associated company is represented by:

	2006 RM	2005 RM
Share of total assets	26,261	26,323
Share of total liabilities	(778)	(366)
	25,483	25,957

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

Name of company	Group's effective interest		Principal activities
	2006 %	2005 %	
Integrated Manufacturing Centre Management Sdn. Bhd.	30	30	Dormant

9. OTHER INVESTMENTS

	2006 RM	Group 2005 RM
Investment in fixed income unit trusts, at cost	10,705	10,507
Market value of fixed income unit trusts	10,705	10,507

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

10. LAND HELD FOR PROPERTY DEVELOPMENT

	2006 RM	Group 2005 RM
Cost		
Balance as at 1 March	111,191,814	123,788,044
Additions during the financial year	4,330,707	5,669,523
Less: Transfer to cost of development property	(3,464,585)	(18,265,753)
Balance as at 28 February	<u>112,057,936</u>	<u>111,191,814</u>
Freehold land, at cost	86,860,899	91,844,647
Development cost	25,197,037	19,347,167
	<u>112,057,936</u>	<u>111,191,814</u>

The freehold land with cost of RM15,922,361 (2005: RM20,439,161) is registered under a third party's name. The title of the land will be transferred upon settlement of purchase consideration due to Perbadanan Kemajuan Negeri Kedah (Note 21).

Freehold land at cost of RM22,533,137 (2005: RM21,770,469) is pledged to licensed banks for credit facilities as disclosed in Note 25.

Included in the development costs is borrowing cost capitalised during the financial year amounting to RM1,277,229 (2005: Nil).

11. INVESTMENT PROPERTIES

	2006 RM	Group 2005 RM
Freehold land and buildings, at cost	<u>21,153,507</u>	<u>21,155,007</u>

Included in investment properties are freehold land and building at cost of RM13,680,000 (2005: RM13,680,000) that have been pledged to licensed banks for credit facilities as disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 28 FEBRUARY 2006

12. DEFERRED PLANTATION EXPENDITURE

	2006 RM	Group 2005 RM
Cost		
Balance as at 1 March	808,337	271,614
Additions during the financial year	206,483	538,016
	1,014,820	809,630
Amortisation		
Balance as at 1 March	1,293	-
Amortisation charge for the financial year	16,085	1,293
	(17,378)	(1,293)
Balance as at 28 February	997,442	808,337

13. PROPERTY DEVELOPMENT COSTS

	2006 RM	Group 2005 RM
Freehold land, at cost		
Balance as at 1 March	28,995,317	6,487,783
Add: Cost incurred during the financial year	-	8,802,176
Transferred from land held for property development during the year	3,931,777	13,705,358
Less: Transferred to development expenditure	(540,749)	-
Reversal of completed project	(6,646,550)	-
	25,739,795	28,995,317
Development expenditure		
Balance as at 1 March	108,308,410	86,516,739
Add: Incurred during the financial year	52,728,342	17,231,276
Transferred from land cost	540,749	-
Less: Transferred to land held for property development during the year	(467,192)	4,560,395
Reversal of completed project	(82,377,070)	-
	78,733,239	108,308,410
	104,473,034	137,303,727

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

13. PROPERTY DEVELOPMENT COSTS (CONTINUED)

	2006 RM	Group 2005 RM
Less: Recognised as an expense in the income statement		
- In previous years	101,164,366	81,173,053
- During the financial year	56,909,903	19,991,313
- Reversal of completed project	(87,798,934)	-
	(70,275,335)	(101,164,366)
Less: Transfer to inventories	(2,862,226)	(1,224,686)
	31,335,473	34,914,675

Freehold land at cost of RM6,566,317 (2005: RM7,319,984) is pledged to licensed banks for term loan facilities as disclosed in Note 25.

Included in development costs is borrowing cost capitalised during the financial year amounting to RM904,171 (2005: RM467,067).

14. INVENTORIES

	2006 RM	Group 2005 RM
At cost		
Completed properties	14,639,556	14,319,425
Building materials	386,070	212,524
Food and beverage	120,595	113,801
Spare parts and consumables	38,127	30,818
	15,184,348	14,676,568

15. TRADE RECEIVABLES

	2006 RM	Group 2005 RM
Trade receivables	18,266,193	13,755,236
Less: Allowance for doubtful debts	(16,777)	(288,083)
	18,249,416	13,467,153

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

The allowance for doubtful debts is net of bad debt written off of RM288,083 (2005: Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

16. AMOUNTS OWING BY/(TO) SUBSIDIARY COMPANIES

The amounts owing by/(to) subsidiary companies represent advances and payments made on behalf which are unsecured, interest-free and have no fixed terms of repayment.

17. 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.

18. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group as at 28 February 2006 have maturity periods ranging between 30 days and 365 days.

Included in fixed deposits with licensed banks of the Group is an amount of RM492,890 (2005: RM797,691) that is pledged to licensed banks for bank guarantee facilities granted to the Group as disclosed in Note 36.

19. CASH AND BANK BALANCES

Included in the Group's cash and bank balances is an amount of RM4,553,587 (2005: RM526,651) held under the Housing Development Accounts pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966.

20. TRADE PAYABLES

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

21. OTHER PAYABLES, DEPOSITS AND ACCRUALS

Included in other payables of the Group is a balance of RM17,941,016 (2005: RM17,946,688) due to Perbadanan Kemajuan Negeri Kedah in relation to the acquisition of certain freehold land of which the Sale and Purchase Agreement and Supplemental Agreement were signed on 20 March 2003 and 27 June 2003 respectively as disclosed in Note 37. In the previous financial year, the purchase price has been revised to RM26,527,600 from the original purchase consideration of RM26,000,000 based on the actual measurement of the land upon sub-division of land title.

22. PROVISION FOR INFRASTRUCTURE COST

	2006 RM	Group	2005 RM
Balance as at 1 March	1,859,770		1,859,770
Amount used during the financial year	(1,603,772)		-
Balance as at 28 February	255,998		1,859,770

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

23. AMOUNT OWING TO DIRECTORS

The amount owing to Directors represents advances and payments made on behalf which are unsecured, interest-free and have no fixed terms of repayment.

24. BORROWINGS

	2006 RM	Group 2005 RM
Current liabilities		
Term loans - secured (Note 25)	2,844,642	2,682,483
Revolving credit - unsecured	6,000,000	5,500,000
Bank overdrafts - secured (Note 26)	-	18,406
Bank overdrafts - unsecured	988,320	1,050,905
Hire-purchase creditors (Note 27)	105,461	105,259
	<u>9,938,423</u>	<u>9,357,053</u>
Non-current liabilities		
Term loans - secured (Note 25)	11,408,322	14,990,724
Hire-purchase creditors (Note 27)	344,626	444,700
	<u>11,752,948</u>	<u>15,435,424</u>
Total borrowings		
Terms loans - secured (Note 25)	14,252,964	17,673,207
Revolving credit - unsecured	6,000,000	5,500,000
Bank overdrafts - secured (Note 26)	-	18,406
Bank overdrafts - unsecured	988,320	1,050,905
Hire-purchase creditors (Note 27)	450,087	549,959
	<u>21,691,371</u>	<u>24,792,477</u>

25. TERM LOANS - SECURED

	2006 RM	Group 2005 RM
(a) Term loan I repayable by 132 monthly instalments of RM47,851 each commencing June 1996	1,069,537	1,540,068
(b) Term loan II repayable within 36 months by way of redemption of land titles	1,048,687	1,048,687
(c) Term loan III repayable by 96 monthly instalments of RM267,183 each commencing March 2004	12,134,740	15,084,452
	<u>14,252,964</u>	<u>17,673,207</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

25. TERM LOANS - SECURED (CONTINUED)

	2006 RM	Group 2005 RM
Repayable as follows:		
Current liabilities:		
- not later than one year	2,844,642	2,682,483
Long term liabilities:		
- later than one year and not later than five years	11,408,322	12,526,902
- later than five years	-	2,463,822
	11,408,322	14,990,724
	14,252,964	17,673,207

Term loan III has been restructured during the previous financial year to be repayable by 96 monthly instalments of RM267,183 commencing March 2004 instead of 48 months of RM464,961 commencing January 2003

The term loans 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 10 and Note 13; and
- (iii) certain investment properties as disclosed in Note 11.

26. BANK OVERDRAFTS - SECURED

The bank overdrafts are secured by first legal charges over certain freehold land of the Group and corporate guarantees issued by the Company.

27. HIRE-PURCHASE CREDITORS

	2006 RM	Group 2005 RM
Minimum hire-purchase payments:		
- not later than one year	125,028	125,028
- later than one year and not later than five years	369,782	494,810
	494,810	619,838
Less: Future interest charges	(44,723)	(69,879)
Present value of hire-purchase liabilities	450,087	549,959

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

27. HIRE-PURCHASE CREDITORS (CONTINUED)

	2006 RM	Group 2005 RM
Repayable as follows:		
Current liabilities		
- not later than one year	105,461	105,259
- later than one year and not later than five years	344,626	444,700
	<u>450,087</u>	<u>549,959</u>

28. SHARE CAPITAL

	2006		Group and Company 2005	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM1.00 each:				
Authorised	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
Issued and fully paid-up	<u>128,000,000</u>	<u>128,000,000</u>	<u>128,000,000</u>	<u>128,000,000</u>

29. RESERVES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Non-distributable				
Share premium	5,982,397	5,982,397	5,982,397	5,982,397
Reserve on consolidation				
As at 1 March	30,641,437	31,967,281	-	-
Amortisation for the financial year	(553,729)	(553,729)	-	-
Amount credited to the income statement upon sale of development properties	(1,160,137)	(772,115)	-	-
As at 28 February	<u>28,927,571</u>	<u>30,641,437</u>	<u>-</u>	<u>-</u>
	34,909,968	36,623,834	5,982,397	5,982,397
Distributable				
Retained profits	35,975,722	30,903,865	4,005,917	721,155
	<u>70,885,690</u>	<u>67,527,699</u>	<u>9,988,314</u>	<u>6,703,552</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

29. RESERVES (CONTINUED)

- (a) The Company has tax exempt account of approximately RM607,780 (2005: RM607,780) available for distribution as tax exempt dividends; and
- (b) The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and balance in the tax exempt account to frank the payment of net dividends out of its entire retained profits as at 28 February 2006 without incurring additional tax liability.

30. DEFERRED TAX

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

	2006 RM	Group 2005 RM
Balance as at 1 March	22,737,619	23,561,838
Recognised in the income statement		
- current year (Note 33)	(633,695)	(800,023)
- over provision in prior years (Note 33)	(36,565)	(24,196)
	(670,260)	(824,219)
Balance as at 28 February	20,067,359	22,737,619
Presented after appropriate offsetting as follows:		
Deferred tax assets	(55,638)	(158,645)
Deferred tax liabilities	22,122,997	22,896,264
	20,067,359	22,737,619

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

	2006 RM	Group 2005 RM
Deferred tax assets		
Balance as at 1 March	337,098	-
Recognised in the income statement		
Unabsorbed capital allowances	674	1,635
Unabsorbed agricultural allowances	50,193	73,702
Unutilised tax losses	(131,290)	261,761
Other deductible temporary differences	14,766	-
	(65,657)	337,098
Balance as at 28 February	271,441	337,098

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

30. DEFERRED TAX (CONTINUED)

	2006 RM	Group 2005 RM
Deferred tax liabilities		
Balance as at 1 March	23,074,717	23,561,838
Recognised in the income statement		
Excess of capital allowances over depreciation	237,069	(158,386)
Realisation of deferred tax upon sale of development properties	(661,024)	(453,773)
Realisation of deferred tax on surplus arising from revaluation of land under property, plant and equipment through usage	(390,529)	(11,108)
Deferred plantation expenditure	78,567	136,146
	(753,917)	(487,121)
Balance as at 28 February	<u>22,338,800</u>	<u>23,074,717</u>

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

	2006 RM	Group 2005 RM
Deferred tax assets		
Unabsorbed capital allowances	2,309	1,635
Unabsorbed agricultural allowances	123,895	73,702
Unutilised tax losses	130,471	261,761
Other deductible temporary differences	14,766	-
	<u>271,441</u>	<u>337,098</u>
Deferred tax liabilities		
Revaluation surplus arising from land held under property development	9,682,427	10,072,956
Revaluation surplus arising from subsidiary companies' development properties	11,501,404	12,162,428
Excess of capital allowances over corresponding depreciation	940,256	703,187
Deferred plantation expenditure	214,713	136,146
	<u>22,338,800</u>	<u>23,074,717</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

30. DEFERRED TAX (CONTINUED)

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

	2006 RM	Group	2005 RM
Other deductible temporary differences	24,405		-

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

- (e) Deferred tax liability in respect of the revaluation surplus arising from investment properties of the Group amounting to RM722,878 (2005: RM722,878) has not been recognised as the Group does not have a firm commitment to dispose the investment properties.

31. REVENUE

	2006 RM	Group	2005 RM
Revenue from development properties	62,539,330		21,809,192
Property construction contract revenue	-		2,044,509
Sale of completed properties	3,697,540		1,295,828
Sale of goods	25,061,484		12,265,369
Rental income	5,031,337		5,175,988
Sports and recreation services	1,964,127		1,770,987
Subscription and entrance fees	954,760		1,246,626
Tuition fees	330,319		272,684
Sales of longan, fruits and other supplies	151,609		43,805
	<u>99,730,506</u>		<u>45,924,988</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

32. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit/(Loss) before tax is arrived at after charging:				
Allowance for doubtful debts	16,777	196,423	-	-
Amortisation of leasehold golf course and club buildings (Note 6)	740,741	740,741	-	-
Amortisation of deferred plantation expenditure (Note 12)	16,085	1,293	-	-
Auditors' remuneration:				
- current year	99,450	96,250	25,000	25,000
- over provision in prior year	(500)	-	-	-
Bad debts written off	41,581	53,099	-	-
Cost of completed properties sold during the financial year	2,307,574	669,898	-	-
Contract cost recognised	47,123,492	20,396,582	-	-
Depreciation of property, plant and equipment (Note 6)	1,719,103	1,648,127	664	664
Directors' emoluments paid/ payable to:				
Executive directors:				
- other emoluments:				
- paid/payable by the Company	53,000	52,000	53,000	52,000
- paid/payable by the subsidiary company	1,234,366	1,051,577	-	-
Non-executive directors:				
- other emoluments paid/ payable by the Company	134,000	130,500	134,000	130,500
Interest expense on:				
- bank overdraft	7,571	4,403	-	-
- hire-purchase	25,158	1,172	-	-
- term loans	1,004,583	1,186,442	-	-
Inventories written off	2,656	-	-	-
Loss on disposal of property, plant and equipment	21,186	171	-	-
Property, plant and equipment written off	2,948	12,811	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

32. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Rental expenses:				
- premises	288,872	47,965		
- equipment	55,971	24,334	-	-
And crediting:				
Bad debts recovered	(2,282)	(1,479)	-	-
Gain on disposal of property, plant and equipment	(3,214)	(78,349)	-	-
Interest income	(84,920)	(153,239)	-	-
Rental income	(1,383,297)	(5,567,888)	-	-
Amortisation of reserve on consolidation	(1,713,866)	(1,325,844)	-	-

33. TAX EXPENSE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Current tax expense based on profit for the financial year	2,044,728	1,911,187	1,227,407	-
Deferred tax (Note 30)	(633,695)	(800,023)	-	-
	1,411,033	1,111,164	1,227,407	-
Over provision in prior year				
Income tax	(13,803)	(69,013)	-	-
Deferred tax (Note 30)	(36,565)	(24,196)	-	-
	(50,368)	(93,209)	-	-
	1,360,665	1,017,955	1,227,407	-

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

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Average applicable tax rate	28.0	28.0	28.0	(28.0)
Tax effect in respect of:				
Depreciation on non-qualifying property, plant and equipment	0.6	0.3	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

33. TAX EXPENSE (CONTINUED)

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Non-allowable expenses	4.8	7.1	-	-
Tax losses not recognised:				
- utilised in current year	-	(0.3)	-	-
- incurred in current year	-	-	-	28.0
Reduction in statutory tax rate on chargeable income up to RM500,000 of certain subsidiary companies	(3.6)	(3.9)	-	-
Utilisation of business losses brought forward	(0.1)	-	-	-
Amortisation of reserve on consolidation which is not subject to income tax	(7.4)	(3.8)	-	-
	<u>22.3</u>	<u>27.4</u>	<u>28.0</u>	<u>-</u>
Over provision in prior year				
- income tax	(0.2)	(1.7)	-	-
- deferred tax	(0.9)	(0.6)	-	-
	<u>21.2</u>	<u>25.1</u>	<u>28.0</u>	<u>-</u>

The Group has unabsorbed tax losses, unutilised capital allowances and unutilised agriculture allowances of approximately RM652,000 (2005: RM1,057,000), RM11,500 (2005: RM124,000) and RM619,000 (2005: RM368,000) respectively available for set off against future taxable profit.

Tax savings of the Group are as follows:

	Group	
	2006 RM	2005 RM
Arising from utilisation of unabsorbed tax losses and capital allowances	<u>292,285</u>	<u>57,338</u>

34. BASIC EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share:

The basic earnings per ordinary share for the financial year has been calculated based on the consolidated profit after tax and minority interests divided by the number of ordinary shares outstanding during the financial year:

	2006	2005
Consolidated profit after tax and minority interests (RM)	<u>5,071,857</u>	<u>3,041,271</u>
Number of ordinary shares outstanding	<u>128,000,000</u>	<u>128,000,000</u>
Basic earnings per ordinary shares (sen)	<u>3.9</u>	<u>2.4</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

35. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

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

	2006 RM	Group 2005 RM
Purchase of property, plant and equipment (Note 6)	1,838,701	2,580,348
Financed by hire-purchase arrangements	-	(554,000)
Cash payments on purchase of property, plant and equipment	1,838,701	2,026,348

36. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash and bank balances	7,474,117	1,679,053	3,074	5,142
Fixed deposits with licensed banks	764,004	1,177,196	-	-
Bank overdraft	(988,320)	(1,069,311)	-	-
	7,249,801	1,786,938	3,074	5,142
Less: Fixed deposits pledged to licensed banks (Note 18)	(492,890)	(797,691)	-	-
	6,756,911	989,247	3,074	5,142

37. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

Substantial shareholder of the Company
Perbadanan Kemajuan Negeri Kedah ("PKNK")

Companies in which the Director of the Company, Mr. Beh Huck Lee acts as Director
Beh Heng Seong Sdn. Bhd.
Kampian Garden Development Sdn. Bhd.

Company in which the Directors of the Company, Mr. Beh Huck Lee and Dato' Tajudin bin Hashim act as Directors
RJ Properties Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(a) Identities of related parties (Continued)

Subsidiary company of a substantial shareholder of the Company
Cipta Dua Sdn. Bhd. ("CDSB")

Father of Beh Huck Lee
Dato' Beh Heng Seong

(b) Significant related party transactions and balances

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Contract work awarded by CDSB	-	2,044,509	-	-
Additional consideration for purchase of land from PKNK*	-	527,600	-	-
Interest on late payment charged by PKNK for purchase of land	1,645,958	-	-	-
Directors' emoluments paid/ payable to:				
Executive directors:				
- other emoluments:				
- paid/payable by the Company	53,000	52,000	53,000	52,000
- paid/payable by the subsidiary company	1,234,366	1,051,817	-	-
Non-executive directors:				
- other emoluments paid/ payable by the Company	134,000	130,500	134,000	130,500
Advisory fees paid to Dato' Beh Heng Seong	240,000	80,000	-	-

* This is related to the purchase of freehold land from PKNK in the previous financial year with total purchase consideration of RM26,000,000 out of which RM8,586,584 (2005: RM8,580,912) has been paid as at the balance sheet date. In the previous financial year, the purchase price has been revised to RM26,527,600 from the original purchase consideration of RM26,000,000 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 RM17,941,016 (2005: RM17,946,688) as disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

38. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2006 RM	2005 RM
Guarantees given to licensed banks for credit facilities utilised by the subsidiary companies	20,672,963	24,642,520
Total credit facilities available to the subsidiary companies	61,940,000	47,440,000

39. CAPITAL COMMITMENT

	Group	
	2006 RM	2005 RM
Capital expenditure in respect of acquisition of freehold land: Contracted but not provided for	13,311,857	11,125,006

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

40. SEGMENT REPORTING

Business segments

The Group's operations comprise the following business segments:

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

2006	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
Revenue						
External sales	66,236,870	12,713,025	19,000,751	1,779,860	-	99,730,506
Inter-segment sales	-	20,474	47,852,393	5,252,923	(53,125,790)	-
Total revenue	66,236,870	12,733,499	66,853,144	7,032,783	(53,125,790)	99,730,506

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

40. SEGMENT REPORTING (CONTINUED)

2006	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
Results						
Segment results	3,205,275	1,576,078	1,958,161	644,825	-	7,384,339
Share of results of associated company	(474)	-	-	-	-	(474)
						<u>7,383,865</u>
Interest income	71,936	9,935	-	3,049	-	84,920
Interest expense	(920,910)	(101)	(12,622)	(103,679)	-	(1,037,312)
Profit before tax						<u>6,431,473</u>
Tax expense						<u>(1,360,665)</u>
Profit after tax						<u>5,070,808</u>
Minority interests						<u>1,049</u>
Net profit for the financial year						<u>5,071,857</u>
Other information						
Segment assets	177,973,811	73,750,619	1,864,436	31,309,564		284,898,430
Investment in an associated company	25,483	-	-	-		25,483
Tax assets	198,853	-	322,815	139,736		661,404
Deferred tax assets	14,766	-	-	40,872		55,638
Total assets						<u>285,640,955</u>
Segment liabilities	31,337,590	3,550,111	7,370,694	396,629		42,655,024
Borrowings	20,394,686	-	227,149	1,069,536		21,691,371
Tax liabilities	53,485	117,656	-	22,284		193,425
Deferred tax liabilities	11,553,380	10,314,553	30,800	224,264		22,122,997
Total liabilities						<u>86,662,817</u>
Capital expenditure	74,981	1,395,556	176,808	191,356		1,838,701
Depreciation and amortisation	261,179	1,941,276	155,353	118,121		2,475,929
Non cash expenses other than depreciation and amortisation	7,613	58,789	16,777	-		83,179

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

40. SEGMENT REPORTING (CONTINUED)

2005	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
Revenue						
External sales	23,105,020	13,288,169	8,088,997	1,442,802	-	45,924,988
Inter-segment sales	-	-	22,392,754	288,180	(22,680,934)	-
Total revenue	23,105,020	13,288,169	30,481,751	1,730,982	(22,680,934)	45,924,988
Segment results	2,670,190	1,475,990	686,237	264,702	-	5,097,119
Share of results of associated company	(294)	-	-	-	-	(294)
						5,096,825
Interest income	109,823	40,207	-	3,209	-	153,239
Interest expense	(1,054,322)	-	-	(137,695)	-	(1,192,017)
Profit before tax						4,058,047
Tax expense						(1,017,955)
Profit after tax						3,040,092
Minority interests						1,179
Net profit for the financial year						3,041,271
Other information						
Segment assets	169,658,541	73,976,910	2,943,386	30,668,451	-	277,247,288
Investment in an associated company	25,957	-	-	-	-	25,957
Tax assets	591,371	10,156	-	30,823	-	632,350
Deferred tax assets	130,806	-	-	27,839	-	158,645
Total assets						278,064,240
Segment liabilities	27,112,262	3,949,404	2,598,697	402,278	-	34,062,641
Borrowings	22,957,003	18,406	277,000	1,540,068	-	24,792,477
Tax liabilities	3,219	321,591	348,571	18,280	-	691,661
Deferred tax liabilities	12,166,255	10,461,369	33,897	234,743	-	22,896,264
Total liabilities						82,443,043

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

40. SEGMENT REPORTING (CONTINUED)

2005	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
Capital expenditure	395,958	1,407,135	518,482	258,773	-	2,580,348
Depreciation and amortisation	208,845	2,028,692	59,374	93,250	-	2,390,161
Non cash expenses other than depreciation and amortisation	40,666	150,555	65,937	-	-	257,158

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

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

41. FINANCIAL INSTRUMENTS

(a) Interest rate risk

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

2006 Group	Not later than 1 year RM	1 to 5 years RM	Later than 5 years RM	Total RM	Effective Interest Rate %
Financial assets					
Fixed deposits	661,404	-	-	661,404	3.70
Financial liabilities					
Term loans	2,844,642	11,408,322	-	14,252,964	8.38
Revolving credit	6,000,000	-	-	6,000,000	-
Bank overdrafts	988,320	-	-	988,320	7.50
Hire-purchase creditors	105,461	344,626	-	450,087	2.58

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

41. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Interest rate risk (Continued)

2005 Group	Not later than 1 year RM	1 to 5 years RM	Later than 5 years RM	Total RM	Effective Interest Rate %
Financial assets					
Fixed deposits	1,177,196	-	-	1,177,196	3.35
Financial liabilities					
Term loans	2,682,483	12,526,902	2,463,822	17,673,207	7.66
Revolving credit	5,500,000	-	-	5,500,000	-
Bank overdrafts	1,069,311	-	-	1,069,311	7.50
Hire-purchase creditors	105,259	444,700	-	549,959	2.58

(b) Credit risk

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

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

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

(c) Fair values

The carrying amounts of the financial assets and liabilities of the Group and of the Company maturing within 12 months approximate their fair values except as set out below:

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair Value RM
As at 28 February 2006				
Amount owing by subsidiary companies	-	-	34,088,313	#
Amount owing to Directors	152,000	#	-	-
Amount owing to subsidiary companies	-	-	15,277,373	#

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

41. FINANCIAL INSTRUMENTS (CONTINUED)

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair Value RM
As at 28 February 2005				
Amount owing by subsidiary companies	-	-	32,059,373	#
Amount owing to Directors	163,370	#	-	-
Amount owing to subsidiary companies	-	-	16,426,774	#

It is not practical to estimate the fair value of amounts owing by/to subsidiary companies and amounts owing to Directors. This is principally due to lack of fixed repayment terms and the inability to estimate fair value without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The carrying values of the Group's borrowings maturing after 12 months approximate their fair values and are estimated based on market rates for similar loans offered to the Group with the same remaining maturities.

42. NUMBER OF EMPLOYEES AND STAFF COSTS

The number of employees of the Group and of the Company, including Executive Directors, at the end of the financial year are as follows:

	Number of employees			
	2006	Group 2005	2006	Company 2005
Operations	259	268	-	-
Sales, marketing and distribution	16	15	-	-
Administration	80	66	3	2
	355	349	3	2

The total expenses recognised in the income statement are as follows:

	Staff costs			
	2006 RM	Group 2005 RM	2006 RM	Company 2005 RM
Operations				
- Salaries and wages	3,375,415	3,081,364	-	-
- Defined contribution retirement plan	368,612	347,190	-	-
- Others	419,863	345,411	-	-
	4,163,890	3,773,965	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 FEBRUARY 2006

42. NUMBER OF EMPLOYEES AND STAFF COSTS (CONTINUED)

	Staff costs			
	2006 RM	Group 2005 RM	2006 RM	Company 2005 RM
Sales, marketing and distribution				
- Salaries and wages	324,475	266,500	-	-
- Defined contribution retirement plan	47,870	37,008	-	-
- Others	156,732	76,952	-	-
	529,077	380,460	-	-
Administration				
- Salaries and wages	2,481,777	2,289,146	207,400	182,500
- Defined contribution retirement plan	310,682	251,106	3,312	-
- Others	402,276	597,908	7,437	-
	3,194,735	3,138,160	218,149	182,500
	7,887,702	7,292,585	218,149	182,500

43. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 22 June 2006.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2006

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 2006

Category By Size	Number Of Shareholders		Number Of Shares Held		Percentages	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less Than 100 Shares	4	-	197	-	0.0001	-
100 To 1,000 Shares	3,040	6	3,025,400	6,000	2.3636	0.0047
1,001 To 10,000 Shares	2,211	16	8,668,400	109,100	6.7722	0.0852
10,001 To 100,000 Shares	316	4	9,396,600	127,000	7.3411	0.0992
100,001 To Less Than 5% Of Issued Shares	51	1	47,619,926	470,800	37.2031	0.3678
5% And Above Of Issued Shares	3	-	58,576,577	-	45.7630	-
TOTAL	5,625	27	127,287,100	712,900	99.4431	0.5569
Directors Shareholding	3	0	3,744,416	0	2.9253	0.000

30 LARGEST SHAREHOLDERS AS AT 30 JUNE 2006

No	Name	Shareholdings	Percentages
1.	Betaj Holdings Sdn Bhd	28,653,781	22.3858
2.	Beh Heng Seong Sdn.Bhd.	23,261,208	18.1728
3.	Perbadanan Kemajuan Negeri Kedah	6,661,588	5.2044
4.	Teh Ah Yau Rubber Factory Sdn Berhad	4,318,729	3.3740
5.	Ahmad Zakiuddin Bin Harun	4,000,000	3.1250
6.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Beh Huck Lee (511356)	3,500,000	2.7344
7.	Chan Wan Moi	2,814,600	2.1989
8.	Success Leads Sdn Bhd	2,781,794	2.1733
9.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liew Hock Lai (M11)	2,700,000	2.1094

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

AS AT 30 JUNE 2006

30 LARGEST SHAREHOLDERS AS AT 30 JUNE 2006

No	Name	Shareholdings	Percentages
10.	Firm Alliance Sdn Bhd	2,622,538	2.0489
11.	Tham Sau Kien	2,547,300	1.9901
12.	Liew Hock Lai	2,113,000	1.6508
13.	Low Cheng Peng	2,076,000	1.6219
14.	Saw Tiang Aun	2,004,500	1.5660
15.	Dato Tajudin Holdings Sdn Bhd	1,854,611	1.4489
16.	Khoo Chai Teik	1,583,000	1.2367
17.	Wong Chee Choon	1,375,000	1.0742
18.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For RCS Electronics Sdn Bhd (M01)	1,056,538	0.8254
19.	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yeong Wai Cheng	978,100	0.7641
20.	Teh Khean Tiong	822,800	0.6428
21.	Chuah Chew Hing	736,700	0.5755
22.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Toh Chun Hok (M11)	708,000	0.5531
23.	Cimsec Nominees (Asing) Sdn Bhd Pledged Securities Account For Kenwin Investment Limited	470,800	0.3678
24.	Elite Aluminium Panel Sdn Bhd	428,000	0.3344
25.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Huey Peng (Rem 650)	393,600	0.3075
26.	Tan Teck Chong	379,500	0.2965
27.	Tan Tiang Choon	354,700	0.2771
28.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Boon Jin @ Lim Bak Kim (E-spi)	347,600	0.2716
29.	Lim See Leng	330,000	0.2578
30.	Teoh Tian Wen	313,800	0.2452

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

AS AT 30 JUNE 2006

LIST OF SUBSTANTIAL SHAREHOLDERS (5%) AS AT 30 JUNE 2006

No.	Name	Direct Interest		Indirect Interest	
		Shares	Percentage	Shares	Percentage
1	Betaj Holdings Sdn Bhd	28,653,781	22.385	-	-
2	Beh Heng Seong Sdn Bhd	23,261,208	18.172	28,653,781	22.385
3	Perbadanan Kemajuan Negeri Kedah	6,661,588	5.204	-	-

LIST OF DIRECTORS AS AT 30 JUNE 2006

No.	Name	Direct Interest		Indirect Interest	
		Shares	Percentage	Shares	Percentage
1	Beh Huck Lee	3,500,000	2.734	51,914,989 ^(a)	40.558
2	Teoh Choon Boay	234,416	0.183	51,914,989 ^(a)	40.558
3	Tan Hiang Joo	10,000	0.007	-	-
4	Dato' Tajudin bin Haji Hashim	-	-	30,508,392 ^(b)	23.834
5	Mohamed Rizal Bin Tajudin	-	-	30,508,392 ^(b)	23.834

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

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

LIST OF PROPERTIES HELD

Description	Tenure & Age	Land Area	Total Built-up (sq. m.)	Net Book Value as at 28.2.2006 (RM)
P.T. 66058, H.S.(M) 2434 Mukim of Sungai Petani, District of Kuala Muda Located along the eastern side of Jln Badlishah, within Taman Ria, Sungai Petani, Kedah (Vacant plot of freehold commercial land)	Freehold	1.07 acres (46,719 sq. ft.; 4,340 sq. m.)	-	358,512
P.T. 20439, H.S.(M) 569/92 Mukim of Sungai Petani, District of Kuala Muda Located within Cinta Sayang Golf and Country Resort Sungai Petani, Kedah (Vacant condominium site)	Freehold	4.01 acres (174,885 sq. ft.; 16,247 sq. m.)	-	2,839,033
P.T. 09943, P.T. 09959 to P.T. 09962, P.T. 10134, P.T. 10252, P.T. 10256 to P.T. 10258, and P.T. 10389 to P.T. 10390 H.S.(M) 31/1989, H.S.(M) 47/1989 to H.S. (M) 50/1989, H.S.(M) 222/1989, H.S.(M) 340/1989, H.S.(M) 344/1989 to H.S.(M) 346/1989, and H.S.(M) 477/4989 to H.S.(M) 478/1989 Mukim of Sungai Petani, District of Kuala Muda Located within Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah (12 freehold vacant bungalow plots)	Freehold	2.47 acres (107,524 sq. ft.; 9,989 sq. m.)	-	3,132,960
P.T. 13453, H.S.(M) 2974/1989 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (Vacant commercial complex site)	Freehold	3.35 acres (146,130 sq. ft.; 13,575 sq. m.)	-	4,815,750
P.T. 13454 to P.T.13456 H.S.(M) 2975/1989 to H.S.(M) 2977/1989 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (3 vacant commercial lands)	Freehold	2.19 acres (95,453 sq. ft.; 8,868 sq. m.)	-	2,454,864
P.T. 10713 to P.T. 10793 H.S.(M) 797/89 to H.S.(M) 877/89 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (81 freehold vacant commercial plots)	Freehold	3.18 acres (138,643 sq. ft.; 12,880 sq. m.)	-	4,263,638
P.T. 15777 to P.T. 15793 H.S.(M) 5298/1989 to H.S.(M) 5314/1989 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (17 vacant detached plots)	Freehold	3.11 acres (135,539 sq. ft.; 12,592 sq. m.)	-	893,249

LIST OF PROPERTIES HELD (CONTINUED)

Description	Tenure & Age	Land Area	Total Built-up (sq. m.)	Net Book Value as at 28.2.2006 (RM)
PT. 71108 to PT. 71128 H.S.(M) 2972 to H.S.(M) 2990 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (17 vacant industrial lots & 2 sub-station lots)	Freehold	10.78 acres (469,716 sq. ft.: 43,638 sq. m.)	-	1,057,193
244 development lots within PT. 69088 to PT. 70918 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Kelisa Ria, Sungai Petani (244 lots for mixed development)	Freehold	48.12 acres (2,096,124 sq. ft.: 194,736 sq. m.)	-	4,729,382
Lots 2789, 2794, 2796, 2797, 2800, 2801, 3003, 3004, 3630, 3631, 5503, 5504 and 5505 Mukim of Sungai Petani, District of Kuala Muda Located next to Taman Kelisa Ria and Aman Jaya (13 parcels of freehold land currently under development)	Freehold	219.39 acres (9,556,786 sq. ft.: 888,177 sq. m.)	-	36,026,076
PT. 5205 to PT. 5210 H.S.(D) 27773 to H.S.(D) 27778 Mukim of Pinang Tunggal, District of Kuala Muda Located next to Bandar Puteri Jaya (6 parcels of freehold land currently under development)	Freehold	663.19 acres (28,888,556 sq. ft.: 2,683,835 sq. m.)	-	21,931,336
PT. 558, GM 796 Mukim of Pinang Tunggal, District of Kuala Muda Located next to Bandar Perdana (1 plot of agriculture land)	Freehold	8.07 acres (351,420 sq. ft.: 32,647 sq. m.)	-	276,761
Lots 63, 65, 741 and 743, SP 27493, SP 27495, SP 30052, SPB 62192 Mukim of Gurun, District of Kuala Muda Located along the southern side of Gurun/Jeniang Main road, about 7 kilometres east of Gurun, Kedah (4 plots of freehold land currently under development)	Freehold	291.97 acres (12,717,976 sq. ft.: 1,181,539 sq. m.)	-	30,131,617
PT. 30395 and 30396 H.S.(D) 443 and 444 Mukim of Sungai Petani, District of Kuala Muda Within Kawasan Perusahaan Ringan Bukit Makmur (2 vacant industrial lots, 1 stall lot & 1 sub-station lot)	Freehold	8.71 acres (379,330 sq. ft.: 35,241 sq. m.)	-	2,826,626
Lot 67, PT. 6932, H.S.(M) 697 Mukim of Bukit Katil, District of Melaka Tengah, Melaka (1 vacant industrial lot)	8 years Leasehold for 99 yrs expiring 29.3.2097	1.10 acres (47,803 sq. ft.: 4,441 sq. m.)	-	437,388

LIST OF PROPERTIES HELD (CONTINUED)

Description	Tenure & Age	Land Area	Total Built-up (sq. m.)	Net Book Value as at 28.2.2006 (RM)
P.T. 15797 to P.T.15813 H.S.(D) 5318/1989 to H.S.(D) 5334/1989 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (17 vacant detached plots)	Freehold	7.45 acres (324,618 sq. ft.: 30,157 sq. m.)	-	1,659,258
355 development lots within P.T. 211 to P.T. 283, P.T. 308 to P.T. 316, P.T. 329 to 340, P.T. 606 to P.T. 625, P.T. 1435 to P.T. 1461, P.T. 1476 to P.T. 1681, P.T. 1687 to P.T. 1695 and P.T. 1698 H.S.(D) 48/89 to H.S.(D) 120/89, H.S.(D) 145/89 to H.S.(D) 153/89, H.S.(D) 166/89 to H.S.(D) 177/89, H.S.(D) 428/89 to H.S.(D) 447/89, H.S.(D) 1255/89 to H.S.(D) 1281/89, H.S.(D) 1296/89 to H.S.(D) 1501/89, H.S.(D) 1507/89 to H.S.(D) 1515/89 and H.S.(D) 1518/89 Mukim of Naga Lilit, District of Kulim Located within Taman Ria, Padang Serai, Kedah (357 lots for mixed development)	Freehold	47.36 acres (2,063,006 sq. ft.: 191,660 sq. m.)	-	9,998,688
P.T. 55443 to P.T. 55445 H.S.(D) 648 to H.S.(D) 650 Mukim of Sungai Petani, District of Kuala Muda Located next to Taman Ria, Sungai Petani (3 vacant freehold bungalow lots)	Freehold	0.38 acres (16,533 sq. ft.: 1,536 sq. m.)	-	60,138
P.T. 17698 and P.T. 17699 H.S.(D) 1073/90 and H.S.(D) 1074/90 Mukim of Sungai Petani, District of Kuala Muda Located within Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah (Golf and Country Resort)	18 years Leasehold for 60 years expiring 31/7/2051	190.88 acres (8,314,733 sq. ft.: 772,438 sq. m.)	7,402.64	32,981,773
Part of lot 4666, lot 4667 to 4670, part of lot 4672, lot 4673 to 4678 and part of lot 3187 Mukim of Sungai Petani, District of Kuala Muda Located next to Cinta Sayang Golf and Country Resort Persiaran Cinta Sayang, Sungai Petani, Kedah (13 parcels of development land)	Freehold	67.40 acres (2,935,889 sq. ft.: 272,753 sq. m.)	-	7,133,780
P.T. 10398 and P.T. 10422 H.S.(D) 486/89 to H.S.(D) 510/89 P.T. 10447 to P.T. 10457 H.S.(M) 535/1989 to H.S.(M) 545/1989 Mukim of Sungai Petani, District of Kuala Muda Located within Cinta Sayang Hotel Persiaran Cinta Sayang, Sungai Petani, Kedah (218 rooms within Cinta Sayang Golf and Country Resort)	11 to 18 years Freehold	8.62 acres (375,487 sq. ft.: 34,897 sq. m.)	10,768.40	23,494,761

LIST OF PROPERTIES HELD (CONTINUED)

Description	Tenure & Age	Land Area	Total Built-up (sq. m.)	Net Book Value as at 28.2.2006 (RM)
PT. 21648, H.S.(M) 3/94 Mukim of Sungai Petani, District of Kuala Muda Located along the eastern side of Jln Badlishah, Sungai Petani, Kedah (Freehold commercial land erected with a 6-storey building known as Wisma Ria)	10 years Freehold	1.67 acres (72,642 sq. ft.: 6,748 sq. m.)	5,548.08	13,680,000
PT. 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.)	-	2,367,174
PT. 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)	18 years Freehold	0.70 acres (30,574 sq. ft.: 2,840 sq. m.)	2,835.20	2,587,000
PT. 05945 to P.T. 05954 H.S.(M) 298/1986 to H.S.(M) 307/1986 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria, Sungai Petani, Kedah (Single storey plaza known as Ria Plaza)	18 years Freehold	0.37 acres (16,307 sq. ft.: 1,515 sq. m.)	1,471.54	1,290,000
PT. 05916 to P.T. 05924 H.S.(M) 269/1986 to H.S.(M) 277/1986 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria, Sungai Petani, Kedah (9 contiguous shoplots known as Ria Food Centre)	18 years Freehold	0.34 acres (14,995 sq. ft.: 1,393 sq. m.)	1,235.57	1,080,000
PT. 09297, H.S.(M) 2632/1986 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria, Sungai Petani, Kedah (Approved hotel site)	Freehold	1.80 acres (78,468 sq. ft.: 7,290 sq. m.)	-	4,014,081
Lots 3329 and 3330, GM 4442 and GM 4443 Mukim of Sungai Petani, District of Kuala Muda Located within Chengai (2 contiguous parcels of agriculture land)	Freehold	47.86 acres (2,084,782 sq. ft.: 193,683 sq. m.)	-	3,635,900

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth 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 Thursday, 24th day of August, 2006 at 10.30 a.m. for the following purposes:

A G E N D A

- 1 To receive and adopt the Audited Financial Statements for the year ended 28th February 2006 together with the Report of the Directors and Auditors thereon. Resolution 1
- 2 To re-elect the following Directors who retire by rotation in accordance with the Company's Articles of Association:
 - 2.1 Ms Kek Jenny Resolution 2
 - 2.2 Encik Muhamad Faisal Bin Tajudin Resolution 3
- 3 To consider and if thought fit, pass the following Resolution in accordance with Section 129(6) of the Companies Act, 1965:

"That Dato' Paduka Haji Radzi Bin Bassir, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting."

Resolution 4
- 4 To re-appoint Messrs BDO Binder as Auditors and to authorise the Directors to fix their remuneration. Resolution 5
- 5 To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

As Special Business:

Authority to issue and allot shares Resolution 6

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

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

BY ORDER OF THE BOARD

NG BEE LIAN [MAICSA 7041392]

LIM HOOI MOOI [MAICSA 0799764]

Company Secretaries

Kuala Lumpur

Date: 31 July 2006

Explanatory Notes to Special Business:

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

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if his appointor is a corporation, either under seal or under the hands of an officer or attorney duly authorised.
2. The instrument appointing a proxy must be deposited at the Company's Registered Office, 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

STATEMENT ACCOMPANYING NOTICE OF TENTH ANNUAL GENERAL MEETING

1. The names of individuals who are standing for re-election:

Ms. Kek Jenny

Encik Muhamad Faisal Bin Tajudin

2. The name of individual who is standing for re-appointment under Section 129(6) of the Companies Act, 1965:

Dato' Paduka Haji Radzi Bin Bassir

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

During the financial period, four Board meetings were held.

Name	Attendance
Dato' Paduka Haji Radzi Bin Bassir	4/4
Dato' Jaafar Bin Jamaludin	4/4
Datin Teoh Choon Boay	4/4
Beh Huck Lee	4/4
Tan Hiang Joo	3/4
Kek Jenny	4/4
Muhamad Faisal Bin Tajudin (appointed on 30.06.06)	0/4

3. Annual General Meeting of Eupe Corporation Berhad

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

Date & Time : 24th August 2006 at 10.30 a.m.

4. Further details of the individuals who are standing for election or re-election:

- A Name : Kek Jenny
 Age : 41 years old
 Nationality : Malaysian
 Qualification : Businesslady
 Position in the Company : Independent Non-Executive Director
 Date of Appointment to the Board : 28 March 2002
 Working Experience and Occupation : She was with KPMG (Malaysia) as a Senior Manager / Head of Department and was primarily involved in due diligence and special audits (1990-1997). Prior to her re-location to KPMG (Malaysia), was attached to KPMG 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 services and an Investment Partner of Crescent Equity Management Sdn. Bhd., a private equity fund management company.
- Any other directorships of public Companies : None

STATEMENT ACCOMPANYING NOTICE OF TENTH ANNUAL GENERAL MEETING (CONTINUED)

A	Securities holdings In the Company and its Subsidiaries	: Securities Holding	No. of Shares	Percentage
		-	-	-
	Family relationship with any Director and / or major Shareholder of the Company	: None		
	Any conflict of interest with the Company	: None		
	Convictions for Offences within the past 10 years other than traffic Offences	: None		
	Details of attendance at Board Meetings	: 4/4		
B	Name	: Muhamad Faisal Bin Tajudin		
	Age	: 36 years old		
	Nationality	: Malaysian		
	Qualification	: holds a Bachelor of Arts in Political Science.		
	Position in the Company	: Non-Independent Executive Director		
	Date of Appointment to the Board	: 30 June 2006		
	Working Experience and Occupation	: Currently a Director in a construction company as well as for a few property related companies.		
	Any other Directorships of public Companies	: None		
	The Securities holdings In the Company and its Subsidiaries	: Securities Holding	No. of Shares	Percentage
		Ordinary shares of RM 1.00 each	-	-
	Family relationship with any Director and / or major Shareholder of the Company	: None		
	Any conflict of interest that he has with the Company	: None		
	List of convictions for Offences within the past 10 years other than traffic Offences, if any	: None		
	Details of attendance at Board Meetings	: 0/4		
C	Name	: Dato' Paduka Haji Radzi Bin Bassir		
	Age	: 74 years old		
	Nationality	: Malaysian		
	Qualification	: Bachelor of Arts (Honours), University of London.		
	Position in the Company	: Independent Non-Executive Director		
	Date of Appointment to the Board	: 28th February 1997		

STATEMENT ACCOMPANYING NOTICE OF TENTH ANNUAL GENERAL MEETING
 (CONTINUED)

C Working Experience and Occupation	: Served the Kedah State Government from 1953 to 1987 when he retired after serving as State Secretary of Kedah since 1976. Other posts held include State Liaison Officer; President of Town Council, Sungai Petani; District Officer of Padang Terap, Langkawi and Kota Setar as well as State Treasurer and General Manager of the Kedah State Economic Development Corporation (1972-1976).		
	Committee Member of the Malaysian Industrial Development Authority (MIDA), Muda Agricultural Development Authority (MADA) and Pilgrim Management Advisory Council.		
	Member of the State Public Services Commission (1992-1996) and Council Member of University Utara Malaysia as the Deputy Chairman.		
Any other Directorships of public Companies	: None		
The Securities holdings In the Company and its Subsidiaries	: Securities Holding	No. of Shares	Percentage
	-	-	-
Family relationship with any Director and / or major Shareholder of the Company	: None		
Any conflict of interest that he has with the Company	: None		
List of convictions for Offences within the past 10 years other than traffic Offences, if any	: None		
Details of attendance at Board Meetings	: 4/4		



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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 Tenth 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 24th August 2006 at 10.30 a.m. and at any adjournment thereof in the manner indicated below:

NO	RESOLUTION		FOR	AGAINST
1.	To receive and adopt the audited Financial Statements for the year ended 28th February 2006 together with the Report of the Directors and Auditors thereon.	Resolution 1		
2.	To re-elect the retiring Director, Ms Kek Jenny pursuant to the Company's Articles of Association.	Resolution 2		
3.	To re-elect the retiring Director, En. Muhamad Faisal Bin Tajudin pursuant to the Company's Articles of Association.	Resolution 3		
4.	To re-appoint Dato' Paduka Haji Radzi bin Bassir as Director pursuant to Section 129 (6) of the Companies Act, 1965.	Resolution 4		
5.	To re-appoint Messrs BDO Binder as Auditors of the Company.	Resolution 5		
6.	To empower the Directors to issue up to 10% of the issued share capital of the Company.	Resolution 6		

(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 _____ 2006

Signature of Shareholder or Common Seal

Note:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if his appointor is a corporation, either under seal or under the hands of an officer or attorney duly authorised.
2. The instrument appointing a proxy must be deposited at the Company's Registered Office, 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

Affix
Stamp

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