Ecofuture Bhd.

Company No. 628026-M (Incorporated in Malaysia)

Interim Financial Report 30 June 2010

(Company No. 628026-M) (Incorporated in Malaysia) and its subsidiaries

Non-current assets Property, plant and equipment Estate development expenditure Intangible assets		
Estate development expenditure Intangible assets		
Estate development expenditure Intangible assets	66,846,867	68,596,05
Intangible assets	225,381	234,70
	759,012	875,87
Goodwill on consolidation	992,030	992,03
	68,823,290	70,698,66
Current assets		
Inventories	868,241	843,74
Trade receivables	1,529,933	1,345,85
Other receivables, deposits and prepayments	1,113,560	634,59
Tax refundable	35,205	48,09
Cash and bank balances	259,586	79,63
•	3,806,525	2,951,93
Total assets	72,629,815	73,650,59
Equity		
Share capital	24,651,825	24,651,82
Reserves		
- Share Premium	7,820,326	7,820,32
- Accumulated losses	(21,569,253)	(17,737,98
Total equity attributable to the shareholders of the Company	10,902,898	14,734,16
Non-current liabilities		
Long term borrowings B9	32,875,936	31,169,49
Deferred income	396,189	452,78
Deferred taxation	195,314	195,31
·	33,467,439	31,817,60
Current liabilities		
Trade payables	5,116,380	5,549,70
Other payables and accruals	11,328,238	6,754,11
Advance from directors	5,067,327	4,917,01
Short term borrowings B9	6,747,533	9,877,99
	28,259,478	27,098,83
Total liabilities	61,726,917	58,916,43
Total equity and liabilities	72,629,815	73,650,59
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The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

^{*} The net assets per share is based on the computation of total asset (including intangibles) minus total liabilities divided by total number of ordinary shares in circulation

(Company No. 628026-M) (Incorporated in Malaysia) and its subsidiaries

Condensed Consolidated Statement of Comprehensive Income for the period ended 30 June 2010 (unaudited)

		<individua< th=""><th>Quarter></th><th colspan="3"><></th></individua<>	Quarter>	<>		
		Current year	Preceeding year	Current Year	Preceeding year corresponding	
		3 months ended	corresponding 3 months ended	6 months cummulative	6 months cummulative	
	Note	30 June 2010	30 June 2009	30 June 2010	30 June 2009	
Revenue		1,555,598	1,799,286	3,293,544	3,954,997	
Cost of sales		(2,160,056)	(2,847,141)	(4,001,264)	(7,057,234)	
Gross loss	-	(604,458)	(1,047,855)	(707,720)	(3,102,237)	
Operating expenses		(925,924)	(659,007)	(1,627,945)	(1,510,908)	
Other operating income		68,275	112,606	108,742	155,098	
Operating loss	-	(1,462,107)	(1,594,256)	(2,226,923)	(4,458,047)	
Financing costs		(830,788)	(782,260)	(1,604,343)	(1,429,389)	
Interest income		-	-	-	-	
Loss before taxation	-	(2,292,895)	(2,376,516)	(3,831,266)	(5,887,436)	
Tax expense	B5	-	_	-	-	
Loss for the period	-	(2,292,895)	(2,376,516)	(3,831,266)	(5,887,436)	
from continuing operations attributable to equity holders of the Company	_					
Basic loss per ordinary share (sen)	B13	(0.93)	(1.06)	(1.55)	(2.63)	
Diluted earnings per ordinary share (sen)	B13	N/A	N/A	N/A	N/A	

Note:

N/A Not applicable as there are no dilutive shares.

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

(Company No. 628026-M) (Incorporated in Malaysia) and its subsidiaries

Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2010 (unaudited)

	Note	Share capital RM	Non- distributable Share premium RM	(Accumulated Losses) RM	Total RM
At 1 January 2010		24,651,825	7,820,326	(17,737,987)	14,734,164
Net Loss for the period		-	-	(3,831,266)	(3,831,266)
At 30 June 2010		24,651,825	7,820,326	(21,569,253)	10,902,898
		<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
At 1 January 2009		22,410,750	7,424,161	(6,438,784)	23,396,127
Net Loss for the year		-	-	(5,887,436)	(5,887,436)
At 30 June 2009		22,410,750	7,424,161	(12,326,220)	17,508,691

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

(Company No. 628026-M) (Incorporated in Malaysia) and its subsidiaries

Condensed Consolidated Cash Flow Statement for the period ended 30 June 2010 (unaudited)

Cash flows from operating activities		For the 6-month period ended 30 June 2010 RM	For the 6-month period ended 30 June 2009 RM
Adjustments for: Depreciation of property, plant and equipment (56,599) (5	Cash flows from operating activities		. , , , , , , , , , , , , , , , , , , ,
Depreciation of property, plant and equipment	Loss before taxation	(3,831,266)	(5,887,436)
Amortisation of deferred income (56,599) (36,599) Amortisation of intangible assets 116,853 6,784 Amortisation of intangible assets 116,853 6,784 Amortisation of estate development expenditure 9,322 (73,205) Interest expense 1,604,343 1,429,389 Operating loss before changes in working capital (408,160) (1,589,815) Changes in working capital: - Inventories (24,495) 942,748 - Trade and other receivables (663,041) (750,649) - Trade and other payables 4,140,768 2,280,698 Cash (used in) / generated from operations 3,045,072 882,982 - Interest paid (1,604,343) (1,429,389) - Income tax refund from Inland Revenue Board 12,893 7,575 Net cash flow used in operating activities 1,453,622 (538,832) Cash flows used in investing activities Purchase of property, plant and equipment - (7,269) Proceed from disposal of property, plant and equipment - 129,036 Net cash flow used in investing activities 1,1767 Cash flows from financing activities Hire purchase financing obtained, net of repayments (352,316) (435,067) Drawdown of term loan, net of repayments (352,316) (435,067) Drawdown of term loan, net of repayments (2,977,774) (8,006,488) Advance from directors 150,316 (1,473,337) 87,441 Net decrease in cash and cash equivalents (1,473,337) 87,441 Net decrease in cash and cash equivalents (1,473,337) 87,441 Net decrease in cash and cash equivalents (1,473,337) 87,441 Net decrease in cash and cash equivalents (1,473,337) 87,441 Net decrease in cash and cash equivalents (1,473,337) 87,441 Ocash and cash equivalents at 1 January (4,063,090) (3,917,133) Cash and cash equivalents at 30 June (4,082,805) (4,246,757)	•		
Amortisation of intangible assets Amortisation of estate development expenditure Amortisation of estate development expenditure Interest expense Interest expen			
Amortisation of estate development expenditure 1,604,343 1,429,389 Operating loss before changes in working capital (408,160) (1,589,815) Changes in working capital: - Inventories (24,495) 942,748 - Trade and other receivables (663,041) (750,649) - Trade and other payables 4,140,768 2,280,698 Cash (used in)/ generated from operations 3,045,072 882,982 - Interest paid (1,604,343) (1,429,389) - Income tax refund from Inland Revenue Board 12,893 7,575 Net cash flow used in operating activities 1,455,622 (538,832) Cash flows used in investing activities Purchase of property, plant and equipment - (7,269) Proceed from disposal of property, plant and equipment - 129,036 Net cash flow used in investing activities - 121,767 Cash flows from financing activities Plire purchase financing obtained, net of repayments (352,316) (435,067) Drawdown of term loan, net of repayments (2,977,774) (8,006,488) Advance from directors 150,316 (1,599,200) Net cash flow generated from/ (used in) financing activities (1,473,337) 87,441 Net decrease in cash and cash equivalents (1,9715) (329,624) Cash and cash equivalents at 1 January (4,063,090) (3,917,133) Cash and cash equivalents at 30 June (4,082,805) (4,246,757)			,
Interest expense			·
Operating loss before changes in working capital: (408,160) (1,589,815) Changes in working capital: (24,495) 942,748 - Inventories (663,041) (750,649) - Trade and other receivables (663,041) (750,649) - Trade and other payables 4,140,768 2,280,698 Cash (used in)/ generated from operations 3,045,072 882,982 - Interest paid (1,604,343) (1,429,389) - Income tax refund from Inland Revenue Board 12,893 7,575 Net cash flow used in operating activities 1,453,622 (538,832) Cash flows used in investing activities - (7,269) Purchase of property, plant and equipment - (7,269) Proceed from disposal of property, plant and equipment - 129,036 Net cash flow used in investing activities - 121,767 Cash flows from financing activities - 121,767 Cash flow used in investing activities (352,316) (435,067) Drawdown of term loan, net of repayments (352,316) (435,067) Increase/ (decrease) in short term bank borrow	· · · · · · · · · · · · · · · · · · ·	•	
Changes in working capital:	•		
Inventories		(400,100)	(1,000,010)
- Trade and other payables 4,140,768′ (asab (used in)) generated from operations 2,280,698′ (asab (used in)) generated from operations 3,045,072 882,982 - Interest paid - Income tax refund from Inland Revenue Board (1,604,343) (1,429,389) 7,575 (1,429,389) 7,575 Net cash flow used in operating activities 1,453,622 (538,832) (538,832) Purchase of property, plant and equipment - Proceed from disposal of property, plant and equipment - 129,036 (7,269) 129,036 Net cash flow used in investing activities - 121,767 Cash flows from financing activities - 121,767 Cash flows from financing activities (352,316) (435,067) (435,067) (435,067) (436,077) (436,067) (436,077) (436,067) (436,077) (436,067) (436,077) (436,067) (436,077) (436,067) (436,077) (436,067) (436,077) (436		(24,495)	942,748
- Trade and other payables 4,140,768 (used in)/ generated from operations 3,045,072 882,982 - Interest paid - Income tax refund from Inland Revenue Board (1,604,343) (1,429,389) 7,575 Net cash flow used in operating activities 1,453,622 (538,832) Cash flows used in investing activities Purchase of property, plant and equipment - 129,036 (7,269) 7,269 Proceed from disposal of property, plant and equipment - 129,036 (7,269) 7,269 Net cash flow used in investing activities - 121,767 Cash flows from financing activities - 121,767 Cash flows from financing activities - 121,767 Cash flows from financing activities (352,316) (435,067) (435,067) (435,067) (435,067) (435,067) (436,064,068) (430,064,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068) (430,064,068)	- Trade and other receivables	(663,041)	(750,649)
- Interest paid - Income tax refund from Inland Revenue Board 12,893 7,575 Net cash flow used in operating activities 1,453,622 (538,832) Cash flows used in investing activities Purchase of property, plant and equipment - (7,269) Proceed from disposal of property, plant and equipment - 129,036 Net cash flow used in investing activities - 121,767 Cash flows from financing activities - 121,767 Cash flows from financing activities - 121,767 Cash flows from financing activities - 1,706,437 Increase/ (decrease) in short term bank borrowings Advance from directors 150,316 1,599,200 Net cash flow generated from/ (used in) financing activities (1,473,337) 87,441 Net decrease in cash and cash equivalents (19,715) (329,624) Cash and cash equivalents at 1 January (4,063,090) (3,917,133) Cash and cash equivalents at 30 June (259,586 6,073 Bank overdrafts (4,342,391) (4,252,830)	- Trade and other payables	4,140,768	
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Income tax refund from Inland Revenue Board 12,893 7,575 Net cash flow used in operating activities 1,453,622 (538,832) Cash flows used in investing activities - (7,269) Purchase of property, plant and equipment - (7,269) Proceed from disposal of property, plant and equipment - 129,036 Net cash flow used in investing activities - 121,767 Cash flows from financing activities - 121,767 Cash flows from financing activities - 121,767 Cash flows from financing obtained, net of repayments (352,316) (435,067) Drawdown of term loan, net of repayments 1,706,437 6,929,776 Increase/ (decrease) in short term bank borrowings (2,977,774) (8,006,468) Advance from directors 150,316 1,599,200 Net cash flow generated from/ (used in) financing activities (1,473,337) 87,441 Net decrease in cash and cash equivalents (19,715) (329,624) Cash and cash equivalents at 1 January (4,063,090) (3,917,133) Cash and cash equivalents at 30 June (4,082,805) (4,246,757) © Cash and cash equivalents comprise the following balance sheet amounts: Cash and bank balances 259,586 6,073 Bank overdrafts (4,342,391) (4,252,830)	- Interest naid	(1 604 343)	(1 420 380)
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Proceed from disposal of property, plant and equipment 129,036 Net cash flow used in investing activities - 121,767 Cash flows from financing activities - 352,316 (435,067) Drawdown of term loan, net of repayments 1,706,437 6,929,776 10,064,437 6,929,776 Increase/ (decrease) in short term bank borrowings (2,977,774) (8,006,468) 4,006,468) Advance from directors 150,316 1,599,200 Net cash flow generated from/ (used in) financing activities (1,473,337) 87,441 Net decrease in cash and cash equivalents (19,715) (329,624) Cash and cash equivalents at 1 January (4,063,090) (3,917,133) Cash and cash equivalents at 30 June (4,082,805) (4,246,757) @ Cash and cash equivalents comprise the following balance sheet amounts: 259,586 6,073 Cash and bank balances 259,586 6,073 Bank overdrafts (4,342,391) (4,252,830)	Cash flows used in investing activities		
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Hire purchase financing obtained, net of repayments (352,316) (435,067) Drawdown of term loan, net of repayments 1,706,437 6,929,776 Increase/ (decrease) in short term bank borrowings (2,977,774) (8,006,468) Advance from directors 150,316 1,599,200 Net cash flow generated from/ (used in) financing activities (1,473,337) 87,441 Net decrease in cash and cash equivalents (19,715) (329,624) Cash and cash equivalents at 1 January (4,063,090) (3,917,133) Cash and cash equivalents at 30 June (4,082,805) (4,246,757) © Cash and cash equivalents comprise the following balance sheet amounts: Cash and bank balances 259,586 6,073 Bank overdrafts (4,342,391) (4,252,830)	Net cash flow used in investing activities	4	121,767
Hire purchase financing obtained, net of repayments (352,316) (435,067) Drawdown of term loan, net of repayments 1,706,437 6,929,776 Increase/ (decrease) in short term bank borrowings (2,977,774) (8,006,468) Advance from directors 150,316 1,599,200 Net cash flow generated from/ (used in) financing activities (1,473,337) 87,441 Net decrease in cash and cash equivalents (19,715) (329,624) Cash and cash equivalents at 1 January (4,063,090) (3,917,133) Cash and cash equivalents at 30 June (4,082,805) (4,246,757) © Cash and cash equivalents comprise the following balance sheet amounts: Cash and bank balances 259,586 6,073 Bank overdrafts (4,342,391) (4,252,830)	Cash flows from financing activities		
Drawdown of term loan, net of repayments 1,706,437 6,929,776 Increase/ (decrease) in short term bank borrowings (2,977,774) (8,006,468) Advance from directors 150,316 1,599,200 Net cash flow generated from/ (used in) financing activities (1,473,337) 87,441 Net decrease in cash and cash equivalents (19,715) (329,624) Cash and cash equivalents at 1 January (4,063,090) (3,917,133) Cash and cash equivalents at 30 June (4,082,805) (4,246,757) © Cash and cash equivalents comprise the following balance sheet amounts: Cash and bank balances 6,073 Bank overdrafts (4,342,391) (4,252,830)		(352,316)	(435,067)
Increase/ (decrease) in short term bank borrowings		, , ,	, , ,
Net cash flow generated from/ (used in) financing activities (1,473,337) 87,441 Net decrease in cash and cash equivalents (19,715) (329,624) Cash and cash equivalents at 1 January (4,063,090) (3,917,133) Cash and cash equivalents at 30 June (4,082,805) (4,246,757) @ Cash and cash equivalents comprise the following balance sheet amounts: Cash and bank balances 259,586 6,073 Bank overdrafts (4,342,391) (4,252,830)		(2,977,774)	(8,006,468)
Net decrease in cash and cash equivalents (19,715) (329,624) Cash and cash equivalents at 1 January (4,063,090) (3,917,133) Cash and cash equivalents at 30 June (4,082,805) (4,246,757) © Cash and cash equivalents comprise the following balance sheet amounts: Cash and bank balances 259,586 6,073 Bank overdrafts (4,342,391) (4,252,830)	Advance from directors	150,316	1,599,200
Cash and cash equivalents at 1 January (4,063,090) (3,917,133) Cash and cash equivalents at 30 June (4,082,805) (4,246,757) © Cash and cash equivalents comprise the following balance sheet amounts: 259,586 6,073 Cash and bank balances (4,342,391) (4,252,830)	Net cash flow generated from/ (used in) financing activities	(1,473,337)	87,441
Cash and cash equivalents at 30 June (4,082,805) (4,246,757) @ Cash and cash equivalents comprise the following balance sheet amounts: Cash and bank balances 259,586 6,073 Bank overdrafts (4,342,391) (4,252,830)	Net decrease in cash and cash equivalents	(19,715)	(329,624)
Cash and cash equivalents comprise the following balance sheet amounts: Cash and bank balances Bank overdrafts 259,586 6,073 (4,342,391) (4,252,830)	Cash and cash equivalents at 1 January	(4,063,090)	(3,917,133)
Cash and bank balances 259,586 6,073 Bank overdrafts (4,342,391) (4,252,830)	Cash and cash equivalents at 30 June	(4,082,805)	(4,246,757)
Bank overdrafts (4,342,391) (4,252,830)	@ Cash and cash equivalents comprise the following balance sheet	amounts:	
Bank overdrafts (4,342,391) (4,252,830)	Cash and bank balances	259.586	6.073
		•	•
		(4,082,805)	(4,246,757)

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.