

**CONDENSED CONSOLIDATED INCOME STATEMENT  
 FOR THE PERIOD ENDED 31 JULY 2006**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/07/2006	31/07/2005	31/07/2006	31/07/2005
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	28,981	21,264	57,748	59,095
Operating Loss	(10,163)	(31,117)	(14,961)	(27,517)
Finance Cost	(3,078)	(3,189)	(13,189)	(16,240)
Interest Income	52	16	125	41
Share of Profit of Associate	141	(93)	905	1,680
Exceptional Items	(4,771)	(135,918)	(7,678)	(137,686)
<b>Loss Before Tax</b>	(17,819)	(170,301)	(34,798)	(179,722)
Tax Expense	6,461	(489)	5,757	(1,541)
<b>Loss After Tax</b>	(11,358)	(170,790)	(29,041)	(181,263)
Less: Minority Interests	794	(129)	246	(927)
<b>Net Loss for the Period</b>	<u>(10,564)</u>	<u>(170,919)</u>	<u>(28,795)</u>	<u>(182,190)</u>
Basic Loss per Ordinary Share (sen)	(1.62)	(26.29)	(4.43)	(28.86)
Diluted Loss per Ordinary Share (sen)	-	-	-	-

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 31 July 2005.

**CONDENSED CONSOLIDATED BALANCE SHEET  
 AS AT 31 JULY 2006**

	(Unaudited) 31/07/2006 RM'000	(Audited) 31/07/2005 RM'000
<b>Non-current Assets</b>		
Property, Plant and Equipment	75,957	66,976
Investment Property	308,456	308,456
Investment in Associate	22,909	28,112
Other Investments	10,805	17,820
Goodwill	842	1,040
Deferred Tax Asset	859	282
	419,828	422,686
<b>Current Assets</b>		
Property Development Costs	105,409	105,392
Inventories	2,884	3,466
Trade and Other Receivables	62,131	65,586
Tax Recoverable	172	4,762
Cash and Cash Equivalents	8,961	4,472
	179,557	183,678
<b>Current Liabilities</b>		
Trade and Other Payables	93,056	74,034
Borrowings	60,081	56,340
Taxation	21,634	21,819
	174,771	152,193
<b>Net Current Assets</b>	4,786	31,485
	424,614	454,171
<b>Financed by:</b>		
<b>Capital and Reserves</b>		
Share Capital	325,074	325,074
Reserves	(17,781)	11,609
	307,293	336,683
Minority Interest	27,979	26,137
	335,272	362,820
<b>Long Term and Deferred Liabilities</b>		
Borrowings	88,114	91,147
Deferred Taxation	1,228	204
	89,342	91,351
	424,614	454,171

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the financial year ended 31 July 2005.



(FORMERLY KNOWN AS KUMPULAN EMAS BERHAD)  
(Company No.: 15379-V)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 JULY 2006

	Share Capital RM'000	Non - Distributable			Share Premium RM'000	Revaluation Reserve RM'000	Exchange Equalisation RM'000	Accumulated Losses RM'000	Total RM'000
<b>Balance as at 1 August 2005</b>	325,074	295,727	5,439	352	(289,909)	336,683		(3,257)	-
Exchange Differences on Translation of the Financial Statements of Foreign Subsidiaries	-	-	-	(3,257)	-	-		-	-
Realisation of Reserve on Disposal of Equity in Subsidiary Revaluation of Property	-	-	2,187	-	475	-		-	475
Net Loss for the Period	-	-	-	-	(28,795)	-		-	(28,795)
<b>Balance as at 31 July 2006</b>	<b>325,074</b>	<b>295,727</b>	<b>7,626</b>	<b>(2,905)</b>	<b>(318,229)</b>	<b>307,293</b>			
<b>Balance as at 1 August 2004</b>	296,902	267,555	4,093	(9,538)	(105,849)	453,163			
Exchange Differences on Translation of the Financial Statements of Foreign Subsidiaries	-	-	4	(942)	-	(938)			
Conversion of ICULS to new ordinary shares	28,172	28,172	-	-	-	56,344			
Realisation of Reserve on Disposal of Equity in - Associate - Subsidiary	-	-	1,877	-	(1,877)	-			-
Impairment Loss of Revalued Property	-	-	(17)	10,832	-	10,815			10,815
Net Loss for the Period	-	-	(518)	7	-	(511)			(511)
<b>Balance as at 31 July 2005</b>	<b>325,074</b>	<b>295,727</b>	<b>5,439</b>	<b>352</b>	<b>(289,909)</b>	<b>336,683</b>			

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial Year ended 31 July 2005.

**CONDENSED CONSOLIDATED CASHFLOW STATEMENT  
 FOR THE PERIOD ENDED 31 JULY 2006**

	<b>31/07/2006</b>	<b>31/07/2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Loss Before Tax	(34,798)	(179,722)
Adjustment for:		
Non-Cash Items	3,960	4,409
Non-Operating Items	18,146	152,305
Operating (Loss)/ Profit Before Working Capital Changes	(12,692)	(23,008)
Changes in Working Capital	23,087	31,106
Cash Generated from Operating Activities	10,395	8,098
Net Tax Refunded	11,244	4,308
Interest Expenses	(13,189)	(16,240)
Net Cash Generated from Operating Activities	<u>8,450</u>	<u>(3,834)</u>
<b>Cash Flows from Investing Activities</b>		
Equity Investments	7,260	45,610
Other Investments	(10,398)	(5,710)
Net Cash Used in Investing Activities	<u>(3,138)</u>	<u>39,900</u>
<b>Cash Flows from Financing Activities</b>		
Bank Borrowings	(445)	(28,793)
Others	(37)	(48)
Net Cash Used in Financing Activities	<u>(482)</u>	<u>(28,841)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	4,830	7,225
Effects of Exchange Rate Changes	(1,327)	(1,318)
<b>Cash and Cash Equivalents at Beginning of Period</b>	(15,374)	(21,293)
Effect of Exchange Rate Changes	(204)	12
<b>Cash and Cash Equivalents at End of Period</b>	<u>(12,075)</u>	<u>(15,374)</u>

The Cash and Cash Equivalents comprise the following balance sheet amounts:

	<b>RM'000</b>	<b>RM'000</b>
Cash and Bank Balances	1,611	3,157
Deposits	7,350	1,315
Bank Overdrafts	(19,704)	(18,551)
	(10,743)	(14,079)
Fixed Deposits Pledged to Banks	(1,332)	(1,295)
	<u>(12,075)</u>	<u>(15,374)</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 July 2005.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 JULY 2006****A. DISCLOSURE REQUIREMENTS AS PER MASB 26****1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in compliance with MASB 26, Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the annual financial statements of the Group for the financial year ended 31 July 2005.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 July 2005

**2. Preceding Annual Financial Statements**

The audit report of the annual financial statement of the Group for the financial year ended 31 July 2005 was not subject to any qualification.

**3. Seasonal or Cyclical Factors**

There are no seasonal factors affecting the Group performance other than the Plantation/ Palm Oil Mills Division which records higher contribution in the first and fourth quarters during the peak crop season.

**4. Exceptional and Extraordinary Items**

Exceptional items of an unusual nature affecting assets, liabilities, equity, net income or cashflows of the Group for the financial year todate are as follows:

	RM'000
Impairment Loss on Investment in Associate	(4,617)
Profit Guarantee Shortfall	(3,364)
Impairment Loss on Property, Plant and Equipment	(541)
Loss on Disposal of Investments	(374)
Accretion in Value of Other Investments	351
Gain on Disposal of Equity in Subsidiary	867
	<u>(7,678)</u>

**5. Material Changes In Estimates**

There were no material changes in the nature and amount of estimates used in prior financial years.

## 6. Debt and Equity Securities

There were no cancellation, repurchases, resale and repayments of debts and equity securities during the interim period to date.

## 7. Dividends Paid

There were no dividends paid in the current quarter.

## 8. Segmental Reporting

	Gross Operating Revenue RM'000	Profit/ (Loss) Before Taxation RM'000
Plantations/ Palm Oil Mills	19,672	3,621
Property/ Construction	26,185	(10,653)
Manufacturing	505	(1,643)
Investment & Others	12,541	(5,829)
	<u>58,903</u>	<u>(14,504)</u>
Elimination	(1,155)	(457)
Net Financing Costs	-	(13,064)
Share of Profit of Associate	-	905
Exceptional Items	-	(7,678)
	<u><u>57,748</u></u>	<u><u>(34,798)</u></u>

## 9. Valuations of Property, Plant & Equipment

The valuation of property, plant and equipment have been brought forward, without amendment from the previous annual financial statement for financial year ended 31 July 2005 with the exception of the following:

Land and buildings were revalued during the current quarter by independent firms of valuers on an open market value basis. As a result of the update, net revaluation surplus of RM2.187 million have been transferred to the land and buildings revaluation reserve.

## 10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the interim period.

## 11. Effect of Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter except that the Group's equity interest in EcoFirst Fibaloy Sdn Bhd (formerly known as Ecomas Fibres Sdn Bhd) was decreased from 100% to 51% arising from the disposal of its 49% shareholding to Fibre Plastic Technologies (Asia) Sdn Bhd.



# EcoFirst

CONSOLIDATED BHD

(FORMERLY KNOWN AS KUMPULAN EMAS BERHAD)  
(Company No.: 15379-V)

## 12. Changes in Contingent Liabilities/Contingent Assets

The contingent liabilities as at financial year ended 31 July 2006 are as follows:

	RM'000
Guarantees and Contingencies Relating to:	
- Affiliated Companies	1,215
- Third Party	9,453
	<u>10,668</u>

## B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

### 1. Taxation

	Current Quarter Ended 31 July 2006 (RM'000)	Cumulative Year To date 31 July 2006 (RM'000)
Current year tax expense	(60)	(764)
Over provision in prior years	7,220	7,220
	<u>7,160</u>	<u>6,456</u>
Current year deferred tax	(699)	(699)
	<u>6,461</u>	<u>5,757</u>

### 2. Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and properties during the current quarter.

### 3. Purchase or Disposal of Quoted Investments

(a) There was no acquisition of quoted investments during the current quarter.

During the quarter, the Group disposed quoted shares in other investments for RM350,840 realising a net loss of RM46,502.

(a) Total investments in quoted securities as at the end of the current year to date are as follows:

	RM'000
(i) At cost	78,985
(ii) At book value	32,576
(iii) At market value	31,273



# EcoFirst

## CONSOLIDATED BHD

(FORMERLY KNOWN AS KUMPULAN EMAS BERHAD)  
(Company No.: 15379-V)

#### 4. Status of Corporate Proposals Announced

There are no corporate proposals announced but not completed as at 22 September 2006 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

#### 5. Group Borrowings and Debt Securities

Total Group borrowings as at 31 July 2006 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long Term Borrowings</u>			
Amount repayable after twelve months	86,968	-	86,968
Hire purchase liabilities	146	-	146
Non-Convertible Redeemable Preference Shares	-	1,000	1,000
	<u>89,989</u>	<u>1,000</u>	<u>88,114</u>
<u>Short Term Borrowings</u>			
Bank overdrafts	16,105	3,599	19,704
Revolving credits	12,236	5,000	18,222
Current portion of long term loans	22,811	-	22,811
Hire purchase liabilities	<u>330</u>	<u>-</u>	<u>330</u>
	<u>51,482</u>	<u>8,599</u>	<u>60,081</u>
Total Group Borrowings	<u>141,471</u>	<u>9,599</u>	<u>148,195</u>

Included in the above Group borrowings are the following loans denominated in Indian Rupees (RS) and Solomon Dollars (SBD):

##### *Secured Borrowings:*

	Foreign Currency	RM'000 (equivalent)
Long term bank borrowings	RS'000      20,299	2,424
Short term bank borrowings	RS'000      27,679	2,129
	SBD'000      612	288

#### 6. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 22 September 2006 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

#### 7. Changes in Material Litigation

Further to the disclosure in the previous quarter's report on material litigation, the changes in material litigation as at 22 September 2006 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are as follows:



- (i) *The Company v Individual (1st defendant) and Astounding Holdings Sdn Bhd (2nd defendant) for RM15 million*

The Court had on 17 August 2004 dismissed the plaintiff's summary judgement application against the first defendant but allowed summary judgement to be entered against the second defendant. Subsequently, on appeal by the second defendant, the latter decision has been reversed. The matter is now consolidated with another suit between Pica (M) Corporation Berhad Vs Individual (1<sup>st</sup> defendant).

- (ii) *Jiddi Joned Enterprises Sdn Bhd and 3 other subsidiary companies v Yeng Chong Realty Sdn Bhd (1st defendant)/ Louis KH Wong (2nd defendant)*

The 1st defendant's application to strike out the plaintiffs' suit had been dismissed with costs on 3 August 2004 but was allowed on appeal to the judge. The plaintiffs have since appealed to the Court of Appeal.

- (iii) *56 purchasers of South City Condominiums v Pujian Development Sdn Bhd ("Pujian"), a subsidiary company, and seven others*

The matter is fixed for case management on 3 September 2007. The application by the 2nd, 3rd, 4th, 5th, 6th and 7th Defendants to strike out the suit has been withdrawn and the Plaintiffs have also withdrawn the suit against the 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> defendants.

- (iv) *24 purchasers of South City Plaza v Pujian*

Plaintiff's application for summary judgement and Pujian's application to strike out plaintiff's claim have both been fixed for decision or clarification on 7 November 2006.

- (v) *Pujian v Arab-Malaysian Assurance Berhad*

The continued trial on 27 June 2006 has concluded and the matter is now fixed for clarification and decision on 3 October 2006.

- (vi) *The Government of Malaysia (Inland Revenue Board) ("IRB") v 4 Subsidiary companies, Mudek Sdn Bhd ("Mudek"), Seri Jasin Sdn Bhd ("Seri Jasin"), Berembang Sdn Bhd ("Berembang") and Jiddi Joned Sdn Bhd ("Jiddi Joned") in individual cases*

IRB issued writ of summons against the above-mentioned 4 subsidiary companies for real property gains tax allegedly owed by the subsidiary companies. Subsequently IRB obtained judgements in default against Mudek and Seri Jasin. Applications to set aside the judgements have been filed. Mention of the said application for Mudek is fixed on 11 October 2006 by way of written submissions. Seri Jasin was successful in its application in setting aside the default judgement. However, IRB has now filed an application for summary judgment. Jiddi Joned's application to strike out IRB's action was dismissed with costs. An appeal has been filed against the said decision and is fixed for clarification on 5 December 2006 by way of written submissions. In respect of Berembang, a defence has been filed and is pending trial.

The said subsidiary companies have initiated another legal proceeding against Yeng Chong Realty Bhd similar to (ii) above, for part of the said real property gains tax withheld from the purchase consideration for the disposal of the properties concerned.

The defendant has again filed an application to strike out the action which was dismissed. The defendant had since filed an appeal.

- (vii) *Yeng Chong Realty Bhd ("Yeng Chong") v Tenaga Nasional Bhd ("TNB"), Mudek and Berembang*

Suit commenced by Yeng Chong Realty Bhd for the compensation paid by TNB to Mudek and Berembang in respect of use of the property allegedly sold to Yeng Chong.

Yeng Chong has also applied for an injunction against TNB to prevent TNB from entering into the property and making compensation to Mudek and Berembang, the injunction of which was refused on 27 September 2006.

- (viii) *IRB v Pujian*

The Government of Malaysia is claiming for tax assessment in year 1998, 1999, 2000 in one action and for year 2001 in another action. The first action is fixed for hearing on 21 November 2006 for Pujian's application to set aside the judgement in default of appearance and the second action is fixed for mention of Pujian's application to strike out the action on 6 November 2006.

- (ix) *IRB v Tashima Development Sdn Bhd ("Tashima")*

IRB commenced an action against Tashima for income tax outstanding for assessment years 2001 and 2002 including penalties. Tashima has filed its statement of defence on 27 June 2006.

## **8. Material Changes in the Quarterly Results compared to the results of the Preceding Quarter**

For the quarter under review, the Group achieved a net loss of RM10.56 million compared to a net loss of RM1.18 million in the preceding quarter. The variance is largely due to provisions made for doubtful debts and profit guarantee shortfall during the current quarter.

## **9. Review of Performance of the Company and its Principal Subsidiaries**

Revenue for the current year has dropped slightly as compared to previous year mainly from the absence of the Forestry Division which was disposed in the previous year.

Net loss for the year reduced substantially from RM182.2 million last year to RM28.8 in the current year. This is mainly due to substantial provisions made for value of investments and property as well as substantial losses incurred on disposal of subsidiaries and other investments recognised in the previous year.

## **10. Prospects for the Next Financial Year**

The Group will continue to explore new business opportunities that are in line with its growth objectives, and that can leverage on its core competencies and strategic resources.

**11. Variance of Profit Forecast / Profit Guarantee**

In respect of the Company's profit guarantee to SEG International Berhad for the period from 1 January 2005 to 31 December 2005, the Company was liable for a profit shortfall of RM3.36 million which has been provided for in the current quarter.

**12. Dividend**

No dividend has been declared for the current period to date.

**13. Loss Per Share**

The basic and diluted loss per share have been calculated based on the consolidated net loss attributable to ordinary shareholders for the period and the weighted average number of ordinary shares outstanding during the period.

***Basis loss per share***

	Current Quarter Ended 31/07/06 (RM'000)	Comparative Quarter Ended 31/07/05 (RM'000)	Cumulative Period To-Date	
			31/07/06 (RM'000)	31/07/05 (RM'000)
<b>Loss</b>				
Net Loss attributable to ordinary shareholders	(10,564)	(170,919)	(28,795)	(182,190)
	('000)	('000)	('000)	('000)
<b>Weighted average number of ordinary shares</b>				
Issued ordinary shares at beginning of period	650,148	593,804	650,148	593,804
Effect of shares issued during the period	-	56,344	-	37,582
<b>Weighted average number of ordinary shares</b>	<u>650,148</u>	<u>650,148</u>	<u>650,148</u>	<u>631,386</u>

The diluted loss per share for the current quarter and cumulative period are not shown as the effect is anti-dilutive.

29 September 2006