

**Interim Report**  
**Ecofuture Bhd.**  
(Company No. 628026-M)  
(Incorporated in Malaysia)  
**and its subsidiaries**

**Condensed Consolidated Statements of Financial Position as at 30 June 2011**

	Note	As at 30 June 2011 (unaudited) RM	As at 31 December 2010 (audited) RM
<b>Non-current assets</b>			
Property, plant and equipment		64,277,987	66,218,241
Estate development expenditure		206,753	216,066
Intangible assets		420,967	535,697
Goodwill on consolidation		992,030	992,030
		<u>65,897,737</u>	<u>67,962,034</u>
<b>Current assets</b>			
Inventories		5,826,606	927,996
Trade receivables		253,354	207,311
Other receivables, deposits and prepayments		1,356,521	1,377,368
Tax refundable		26,121	45,299
Cash and bank balances		920,605	98,513
		<u>8,383,207</u>	<u>2,656,487</u>
<b>Total assets</b>		<u>74,280,944</u>	<u>70,618,521</u>
<b>Equity</b>			
Share capital		24,651,825	24,651,825
Reserves		-	-
- Share premium		7,820,326	7,820,326
- Accumulated losses		(28,702,202)	(26,495,696)
		<u>(20,881,876)</u>	<u>(18,675,370)</u>
Total equity attributable to the shareholders of the Company		<u>3,769,949</u>	<u>5,976,455</u>
<b>Non-current liabilities</b>			
Long term borrowings	<b>B9</b>	23,914,422	27,386,968
Deferred income		282,992	339,591
Deferred taxation		128,273	128,273
		<u>24,325,687</u>	<u>27,854,832</u>
<b>Current liabilities</b>			
Trade payables		9,740,847	4,540,334
Other payables and accruals		13,917,543	10,747,034
Advance from directors		10,945,682	11,287,470
Short term borrowings	<b>B9</b>	11,581,236	10,212,396
		<u>46,185,308</u>	<u>36,787,234</u>
<b>Total liabilities</b>		<u>70,510,995</u>	<u>64,642,066</u>
<b>Total equity and liabilities</b>		<u>74,280,944</u>	<u>70,618,521</u>
Net assets per share (sen) *		1.5	2.4

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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

**Interim Report****Ecofuture Bhd.**

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**and its subsidiaries****Condensed Consolidated Statements of Comprehensive Income for the period ended 30 June 2011  
(unaudited)**

	<-----Individual Quarter----->		<-----Cumulative year to-date----->	
	Current year 3 months ended 30 June 2011	Preceeding year corresponding 3 months ended 30 June 2010	Current Year 6 months cumulative 30 June 2011	Preceeding year corresponding 6 months cumulative 30 June 2010
<b>Note</b>				
<b>Revenue</b>	47,977,426	1,555,598	52,375,646	3,293,544
Cost of sales	(45,133,220)	(2,160,056)	(50,402,864)	(4,001,264)
Gross Profit / (loss)	2,844,206	(604,458)	1,972,782	(707,720)
Operating expenses	(1,714,866)	(925,924)	(2,991,741)	(1,627,945)
Other operating income	66,765	68,275	137,401	108,742
Operating Profit / (loss)	1,196,105	(1,462,107)	(881,558)	(2,226,923)
Finance costs	(677,475)	(830,788)	(1,323,208)	(1,604,343)
<b>Profit / (Loss) before taxation</b>	518,630	(2,292,895)	(2,204,766)	(3,831,266)
Tax expense	(870)	-	(1,740)	-
<b>Profit / (Loss) for the period</b>	517,760	(2,292,895)	(2,206,506)	(3,831,266)
Basic gain / (loss) per ordinary share (sen)	0.21	(0.93)	(0.90)	(1.55)

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2011**  
 (unaudited)

Note	← Attributable to shareholders of the Company →			Total RM
	Share capital RM	Non-distributable Share premium RM	Distributable Accumulated Losses RM	
<b>At 1 January 2011</b>	24,651,825	7,820,326	(26,495,696)	5,976,455
Net loss for the period	-	-	(2,206,506)	(2,206,506)
<b>At 30 June 2011</b>	<u>24,651,825</u>	<u>7,820,326</u>	<u>(28,702,202)</u>	<u>3,769,949</u>
<b>At 1 January 2010</b>	24,651,825	7,820,326	(17,737,987)	14,734,164
Net loss for the period	-	-	(3,831,266)	(3,831,266)
<b>At 30 June 2010</b>	<u>24,651,825</u>	<u>7,820,326</u>	<u>(21,569,253)</u>	<u>10,902,898</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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**and its subsidiaries****Condensed Consolidated Cash Flow Statement for the period ended 30 June 2011**

(unaudited)

	For the 6-month period ended 30 June 2011 RM	For the 6-month period ended 30 June 2010 RM
<b>Cash flows from operating activities</b>		
<b>Loss before taxation</b>	(2,204,766)	(3,831,266)
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	1,945,309	1,749,187
Amortisation of deferred income	(56,599)	(56,599)
Amortisation of estate development expenditure	9,313	9,322
Amortisation of intangible assets	114,729	116,853
Interest expense	1,323,208	1,604,343
<b>Operating profit/(loss) before changes in working capital</b>	<u>1,131,194</u>	<u>(408,160)</u>
<b>Changes in working capital:</b>		
Inventories	(4,898,610)	(24,495)
Trade and other receivables	(163,398)	(663,041)
Trade and other payables	5,513,777	4,140,768
<b>Cash generated from operations</b>	<u>1,582,963</u>	<u>3,045,072</u>
Interest paid	(1,323,208)	(1,604,343)
Income tax refund from Inland Revenue Board	17,438	12,893
<b>Net cash flow generated from operating activities</b>	<u>277,193</u>	<u>1,453,622</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,260)	-
<b>Net cash flow used in investing activities</b>	<u>(3,260)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Repayment of hire purchase	(298,408)	(352,316)
Increase / (Decrease) in short term borrowings	-	-
Repayment of borrowings, net of drawdown	(186,472)	(1,271,337)
Advances from directors	1,500,135	150,316
<b>Net cash flow generated from/(used in) financing activities</b>	<u>1,015,255</u>	<u>(1,473,337)</u>
Net increase/(decrease) in cash and cash equivalents	1,289,188	(19,715)
<b>Cash and cash equivalents at 1 January</b>	<u>(4,087,735)</u>	<u>(4,063,090)</u>
<b>Cash and cash equivalents at 30 June</b>	<u>(2,798,547)</u>	<u>(4,082,805)</u>
	@	
<b>@ Cash and cash equivalents comprise the following balance sheet amounts:</b>		
Cash and bank balances	920,605	259,586
Bank overdrafts	(3,719,152)	(4,342,391)
	<u>(2,798,547)</u>	<u>(4,082,805)</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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**A Notes to the Interim Financial Report**

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**A1 Basis of preparation**

The interim financial reports are not audited. They have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad, including compliance with Financial Reporting Standard (FRS) 134, Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (MASB).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

**A2 Accounting policies**

The accounting policies, methods of computation and basis of consolidation adopted by the Group in the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2010.

**A3 Auditors' report of preceding annual financial statements**

The auditors' report of the preceding annual financial statements for the Group was not subject to any qualification.

**A4 Seasonal or cyclical factors**

The Group's operations are not materially affected by seasonal or cyclical changes during the quarter under review.

**A5 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting the assets, liabilities, equity, net income and cash flows of the Group since the last annual audited financial statements.

**A6 Material changes in estimates of amounts reported in prior periods in current financial year or prior financial years which have material effect in the current interim period**

There were no materials changes in estimates of amounts reported in prior periods and/or prior financial years, which have a material effect in the current financial year and/or current interim period.

**A7 Debts and equity securities**

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares for the current quarter.

**A8 Dividend paid**

No dividend has been paid in the current financial quarter.

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The Group's operations comprise the following business segments:

## (i) Oil palm biomass optimization operations

Sourcing of oil palm biomass, i.e. Empty Fruit Bunches ("EFBs") from the Group's milling operations and followed by processing and manufacturing the EFBs into biodegradable products such as fibre mat, fruit and food packaging materials and pulp.

## (ii) Milling operations

Processing of Fresh Fruit Bunches ("FFBs") sourced from internal and external oil palm plantations into Crude Palm Oil ("CPO"), Palm Kernel ("PK") and EFBs.

The milling operations were ceased from May 2009 to February 2011 as the Group leased the palm oil mill to a third party mill operator. The Group had subsequently re-possessed the palm oil mill by court order (refer to **Section B11 (ii)(B)**) and commenced the milling operations in March 2011 and thereon.

Segmental analysis of the Group for the 6-month period ended 30 June 2011 is as follows:

<b>Business segments</b>	<b>Biomass</b>	<b>Milling</b>	<b>Elimination</b>	<b>Consolidated</b>
<b>Revenue</b>	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>
External revenue	1,642,449	50,733,197	-	52,375,646
Inter-segment revenue	251,050	1,598	(252,648)	-
Total revenue	1,893,499	50,734,795	(252,648)	52,375,646
<b>Results</b>				
Segment results	(1,670,895)	1,762,748	-	91,853
Unallocated cost	-	-	-	(973,411)
Finance costs	(821,343)	(501,865)	-	(1,323,208)
Loss before taxation				(2,204,766)
Taxation				(1,740)
Loss after taxation				(2,206,506)
<b>Other information</b>				
Segment assets	45,388,082	27,836,493	-	73,224,575
Unallocated assets	-	-	-	1,056,369
Total assets				74,280,944
Segment liabilities	26,177,278	26,359,677	-	52,536,955
Unallocated liabilities	-	-	-	17,974,040
Total liabilities				70,510,995
Capital expenditure	-	3,260	-	3,260
Depreciation and amortization	1,000,815	939,229	-	1,940,044
Unallocated depreciation and amortization	-	-	-	5,265
Non-cash items other than depreciation and impairment losses	114,729	(47,286)	-	67,443

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No segmental reporting has been prepared for geographical segments as the Group's activities are predominantly carried out in Malaysia.

**A10 Statement on the effect on interim results concerning valuation of property, plant and equipment brought forward without amendment from the previous annual financial statements**

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have an effect on the results of the current financial quarter under review.

**A11 Material events subsequent to the end of the quarter**

- i. Bank Pembangunan Malaysia Berhad ("BPMB"), the principal financial institution of the Company's subsidiary – Metro Knight (M) Sdn Bhd ("MKSB"), has vide its solicitor's letter of demand dated 5 July 2011 ordering MKSB to settle the outstanding amount in arrears amounting to RM2,288,744-72 within seven (7) days from the date of the aforesaid letter.

The Board, after meeting with officer in charge from BPMB, has vide a letter dated 25 July 2011 proposed a temporary repayment plan to BPMB. However, BPMB rejected the said proposal on 10 August 2011.

The Board is currently in the midst of arranging further negotiation with BPMB.

- ii. One of the Company's subsidiary – Ecologico Packaging Sdn Bhd ("EPSB") has on 22 July 2011 received a Court Summon from its customers – Green Tree Packaging Sdn Bhd ("GTPSB") claiming a sum RM191,991-44 being the trade advances collected by EPSB.

The Board has appointed a solicitor and has successfully reached a consent judgment with GTPSB to settle the claims by way of installment on 5 August 2011.

- iii. The Company and its subsidiaries have a series of litigation cases against Soon Seng Group and its related and associated companies (together referred as "Soon Seng Group") – refer to **section B11(i)** for details.

The Board has on 16 August 2011 executed a Broad Global Settlement Term of Agreement with Soon Seng Group, where both parties agreed to withdraw all relevant litigation suits with a payment of RM580,000-00 from the Company to Soon Seng Group. The entire settlement was completed on 24 August 2011.

- iv. The Board has on 2 August 2011 via a Board of Director meeting resolved to temporary cease the manufacturing activities of the Company's subsidiaries – Metro Knight (M) Sdn Bhd and Ecologico Packaging Sdn Bhd for they have been continuously operating at loss margin.

The Board will take necessary steps to rectify the shortcoming of the plant design and to review the overall marketing and costing strategy.

In the opinion of the Directors, other than as disclosed above and **Section B11** below, there are no items, transactions or events of a material and unusual nature, which have

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arisen, which would substantially affect the results of the Group for the period between 30 June 2011 and the date of this announcement.

**A12 Changes in the composition of the Group**

There were no changes in the composition of the Group during the current quarter under review.

**A13 Contingent liabilities**

- I. Save as disclosed below, there were no significant changes in contingent liabilities since the last audited balance sheet as at 31 December 2010.
  - a. Corporate guarantees given by the Company to licensed banks and financial institutions for banking facilities granted to subsidiaries amounting to RM23.5 million as at 31 December 2010.
  - b. A subsidiary of the Company received a writ of summon from a party for a claim of RM162,799 in respect of a container detained overseas.
- II. The following are contingent liabilities as disclosed in the last audited balance sheet as at 31 December 2010, but subsequently resolved by the Company:
  - a. In respect of the Statement of Claim filed against the Group and two of the directors of the Group, purporting a claim on the ownership of certain products and processes ("Patents") of the Group including damages amounting to approximately RM8,539,801 (**Section B11(i)(B)**).
  - b. A subsidiary of the Company received a writ of summon filed by a supplier purporting a claim of approximately RM83,369 for late return of certain tankers rented by the subsidiary (**Section B11(i)(D)**).
  - c. A subsidiary of the Company received a statement of claim filed by a party purporting a claim on a share of an employee's remuneration of approximately RM294,034 (**Section B11(i)(E)**).
  - d. A subsidiary of the Company has received a writ of summon filed by several parties on the claim that the subsidiary provided and charged unauthorized services to third party which sum up to RM2,308,931 (**Section B11(i)(C)**).

As disclosed in **Section A11(iii)**, the Board has on 16 August 2011 executed a Broad Global Settlement Term of Agreement with Soon Seng Group, where both parties agreed to withdraw all relevant litigation suits (including suits related to contingent liabilities set out above) with a payment of RM580,000-00 from the Company to Soon Seng Group.

**A14 Capital commitment**

There were no major capital commitments of the Group as at 30 June 2011.



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**A15 Significant related party transaction**

	<b>For 6-months ended 30 June 2011 (RM)</b>	<b>For 3-months ended 31 March 2011 (RM)</b>
Interest expense	-	106,134

Interest expense as disclosed in the unaudited quarterly results for the 3-months ended 31 March 2011 was attributed to advances from directors and shareholders which are unsecured, with an interest rate ranging from 6.55%-7.30% during the period, and has no fixed terms of repayment.

However, further to the Board's decision terminate the imposition of interest, the said interest expense was subsequently reversed during the quarter under review.

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**B Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement**

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**B1. Review of performance**

External revenue from biomass segment has decreased by RM550,988 (25%), contributing RM1,642,449 compared to the preceding year corresponding period of RM2,193,437. The decrease was mainly due to under-capacity production as a result of lack of feedstock being supplied by the upstream production, plus the working capital constraints.

External revenue from milling segment has surged by RM49,633,090 (4512%), contributing RM50,733,197 compared to the preceding year corresponding period of RM1,100,107. The steep uptrend was contributed by the milling operation since the Group re-possessed its palm oil mill on 7 March 2011 and has commenced the milling activities from 10 March 2011 thereon.

Overall, the Group’s revenue has increased by RM49,082,102 (1490%) from RM3,293,544 for the preceding year corresponding period to RM52,375,646 for the quarter under review. The milling segment contributed 97% of the total external revenue of RM52,375,646 for the quarter under review, and biomass segment contributed the remaining 3%.

For the 3-months ended 30 June 2011, the Group achieved a profit before taxation of RM518,630 as compared to the loss before taxation of RM2,292,895 for same period in the preceding year.

**B2. Material change in the profit / loss before tax of current quarter as compared to preceding quarter**

On a quarter to quarter basis, the Group reported a net profit before taxation of RM518,630 during the second quarter of 2011 as compared to the loss before taxation of RM2,724,271 recorded in the preceding quarter.

Losses before taxation from Biomass segment and holding company continues to increase during the quarter under review, where losses before taxation were escalated by RM1.7million, from RM1.8million reported in first quarter of 2011 to RM3.5million reported in second quarter of 2011. This was resulted from higher fixed costs were incurred on the biomass operation as a result of under-capacity production, In addition, the Group’s professional and legal expenses have surged as a result of professional and legal services rendered on various litigation cases and on the Company’s restructuring exercise during the quarter under review.

On the other hand, since re-possession of the Group’s palm oil mill in March 2011, Milling segment has turnaround from losses before taxation of RM0.9million reported in first quarter of 2011, and achieve a profits before taxation of RM1.2million in second quarter of 2011, net increase in profit before taxation of RM1.9million during the quarter under review.

**B3. Current financial year’s prospects**

In view with the challenging operating conditions due to working capital constraints, the Board is actively exploring and pursuing addition funding to alleviate its financial predicament.

In addition to the above, the Board is in the midst of formulating a regularisation plan for the company with the aim to uplift the Group from the Guidance Note 3 (“GN3”) status.

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**B Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement**

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Please also refer to **Section B8** for more details.

**B4. Variance of actual profit from profit forecast and profit guarantee**

The Group has not announced any profit forecast or issued any profit guarantee during the financial quarter.

**B5. Taxation**

The breakdown of taxation for the Group is as follows:

	<b>For 6-month ended 30 June 2011</b>
	<b>RM</b>
Income tax	<u>1,740</u>

**B6. Unquoted investments and properties**

There was no sale of unquoted investments and properties during the current financial quarter.

**B7. Quoted securities**

Not applicable to the Group.

**B8. The status of corporate proposals**

On 27 July 2010, the Board announced that the Company entered into a conditional Sale and Purchase Agreement (“SPA”) with Soon Lee Huat Palm Oil Mill Sdn Bhd (SLH) for the sale of its entire shareholding in Stable-Win Sdn Bhd, a company involved in palm oil milling, for a total cash consideration of Ringgit Malaysia Thirty Million Three Hundred and Sixty Thousand Only (RM30.36 million) (“Proposed Disposal”).

As of to-date, the conditional SPA has been terminated by the Company. However, on 20 December 2010, SLH had filed originating summon to claim against Efuture for a declaration that the SPA was still valid and binding, an order for specific performance of the conditions of sale by Efuture within 3 months and an injunction restricting Efuture from disposing of its said shares. Please refer to **Section B11(ii)(A)** above for the more details.

Other than above mentioned, there is no corporate proposal announced but not yet completed for the current quarter under review.

**B9. Group’s borrowings and debt securities**

The Group’s borrowings as at 30 June 2011 are as follows:

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	<b>(RM)</b>
Secured: Bank overdrafts	3,719,152
Secured: Banker acceptance	207,855
Secured: Revolving credit	472,522
Secured: Term loans	29,772,084
Hire purchase liabilities	1,324,045
<b>Total</b>	<b><u>35,495,658</u></b>
Repayable within one year	11,581,236
Repayable after one year	23,914,422
<b>Total</b>	<b><u>35,495,658</u></b>

All borrowings are denominated in Ringgit Malaysia.

**B10. Financial instruments with off balance sheet risks**

There were no financial instruments with off balance sheet risks as at the date of this announcement applicable to the Group.

**B11. Material litigation**

Saved as disclosed below, there is no other material litigation involving the Group.

**i. Material litigation involving the Group and Soon Seng Group, including its related and/or associated companies (together refer as “Soon Seng Group”):**

- A. Stable-Win Sdn Bhd (“SW”), a wholly owned subsidiary of Efuture, has taken separate legal action against certain of its trade debtors, namely Soon Seng Palm Oil Mill Sdn Bhd (“SSPOM”), Dominion Palm Oil Mill Sdn Bhd (“DPOM”), Gemas Oil Mill Sdn Bhd (“GOM”) and Soon Seng Palm Products Sdn Bhd (“SSPP”) on 7 April 2005 to recover total debts of RM2,747,229 for goods and services supplied and provided, i.e. crude palm oil and palm kernel.
- B. On 22 March 2006, the Group and two of the directors of the Group (“the Defendants”) received a writ and statement of claim filed by Soon Seng Palm Oil Mill Sdn Bhd, Soon Seng Palm Products Sdn Bhd, Gemas Oil Mill Sdn Bhd, Dominion Palm Oil Mill Sdn Bhd and Soon Seng Palm Oil Mill Sdn Bhd (“the Plaintiffs”), purporting a claim on the ownership of certain products and processes (“Patents”) of the Group including damages amounting to approximately RM4,819,000.
- C. Stable-Win Sdn Bhd (“SW”) has received a writ of summon filed by Agro-Bio Fibre Sdn Bhd (formerly known as Soon Seng Palm Products) and 3 other companies under Soon Seng Group on the claim that SW provided and charged unauthorized services to Agro-Bio which sums up to RM2,308,931.34.

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**B Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement**

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- D. Stable-Win Sdn Bhd (“SW”) has received a writ of summon filed by Propel Transport (M) Sdn Bhd purporting a claim of approximately RM83,369 for late return of certain tankers rented by SW.
- E. Stable-Win Sdn Bhd (“SW”) has received a writ of summon filed by Soon Seng Palm Oil Mill Sdn Bhd (“SSPOM”) purporting a claim of approximately RM294,034-00 for charges on services rendered by SSPOM on behalf of SW.

As disclosed in **Section A11(iii)** and **Section A13(ii)**, the Board has on 16 August 2011 executed a Broad Global Settlement Term of Agreement with Soon Seng Group, where both parties agreed to withdraw all relevant litigation suits (as set out above) with a payment of RM580,000-00 from the Company to Soon Seng Group.

Hence, the above litigations will be withdrawn in due course.

**ii. Material litigation involving the Group and Soon Lee Huat Palm Oil Mill Sdn Bhd (“SLHPOM”):**

- A. On 20 December 2010, SLHPOM had filed originating summon to claimed against Ecofuture Bhd (“Efuture”) for a declaration that the Sale and Purchase Agreement (“SPA”) of Shares in SW dated 27 July 2010 was still valid and binding, an order for specific performance of the conditions of sale by Efuture within three months and an injunction restricting Efuture from disposing of its said shares.

The Shah Alam High Court had on 25 January 2011 disallowed or refused all the prayers sought by SLHPOM. The Court also ordered that SLHPOM’s originating summons be converted to Writ of Summons and the matter shall go for a full trial. Until to-date, SLHPOM has not filed the writ of summon against Efuture.

- B. Stable-Win Sdn Bhd (“SW”) had on 21 December 2010 applied by way of originating summons in High Court of Malaya at Muar (“Court”) for a declaration that the said Lease Agreement entered between SW and SLHPOM on the Lease of SW’s palm oil mill located at off 10 miles, Labis Road, Segamat, Johor Darul Takzur to SLH be void/invalid and to be terminated and/or rescinded on the grounds of frustration, mistake and “illegal”.

The Court had on 7 February 2011 given judgment that the Lease Agreement dated 17 April 2009 is declared null and void, and ordered that SLHPOM is required to deliver vacant possession of SW palm oil mill located at Segamat, Johor to SW in good and proper conditions within 7 days from the date of the Order; and SW is to refund to SLHPOM all benefits received by SW pursuant to the said Lease Agreement subject to set-off or deduction by SW against SLH (the “Court Order”). The Board is in the opinion that SW did not receive any benefit pursuant to the said Lease Agreement and therefore, SW will not be making any refund to SLHPOM.

The Court has fixed on 28 September 2011 for next hearing on benefits to be paid or refunded by SW pursuant to the said Lease Agreement.

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**Ecofuture Bhd.**

(Company No. 628026-M)

(Incorporated in Malaysia)

**and its subsidiaries**

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**B Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement**

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- iii. Stable-Win Sdn. Bhd. (“SW”) has received a writ of summon filed by EPA Management Sdn. Bhd.(“EPA”) over the crude palm oil supplied amounting to approximately RM896,920.

Judgment was passed in favour of EPA and the Board has negotiated a fixed term of repayment plan with EPA and is currently servicing without default.

- iv. Stable-Win Sdn. Bhd. (“SW”) has received a writ of summon filed by Felda Plantation Sdn Bhd (“FP”) over the fresh fruit brunches supplied amounting to approximately RM1,529,935. Judgment was passed in the Kuala Lumpur High Court Civil Suit No. S22-143-2010 in favour of FP on 28 December 2010 (the “Judgment”).

The solicitors of FP has served a Notice pursuant to Section 218 of the Companies Act, 1965 (“Notice”) to the SW on 10 March 2011 for the outstanding sum of RM1,971,672.21 owing by SW to FP in respect of the Judgment. SW is required to pay the Debt within twenty one (21) days from the date of receipt of the Notice.

FP has accepted the restructured repayment schedule as proposed by SW, and SW is currently servicing the repayment schedule without default.

- v. Ecofuture Bhd (“EFuture”) has received a writ of summon filed by Kenneth Gerard Pereira and Larizz Bumi-Overseas Services Sdn Bhd (the “Plaintiffs”) over the claim of Director fees of RM11,000 and an advance of RM682,775.40. Judgment was passed in the High Court of Malaya at Shah Alam under Suit No. 22-1081-2010 in favour of the Plaintiffs on 2 March 2011 (the “Judgment”).

The solicitor of the Plaintiffs has served a notice of demand (the “Notice”) dated 14 April 2011 to the Company on 18 April 2011 for the outstanding sum of RM745,027.06 (the “Claim”) owing by Efuture to the Plaintiffs in respect of the Judgment. Efuture is required to pay the Claim within seven(7) days from the date of the Notice.

The Board has negotiated a fixed term of repayment plan with the Plaintiffs and is currently servicing without default.

- vi. Stable-Win Sdn Bhd (“SW”) has received a writ of summon filed by Standard Chartered Bank (M) Berhad on a non-payment of interest on overdraft facilities no. 620-100-181368.

On 29 September 2010, Summary Judgment obtained by Standard Chartered Bank of RM1,462,707.09 from the Court. This amount takes into account the outstanding interest as well as payments that have been made by Stable-Win Sdn Bhd.

SW has negotiated and agreed the settlement by the way of installment with Standard Chartered Bank Malaysia Berhad, is currently servicing without default.

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**B Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement**

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**B12. Dividend**

No dividend has been declared for the current quarter under review.

**B13. Loss per ordinary share (LPS)****( i ) Basic LPS**

	<b>For 6-months ended 30 June 2011 RM</b>
Loss for the period	(2,206,506)
Number of ordinary shares	246,518,250
Basic loss per share (sen)	(0.90)

**( ii ) Diluted EPS**

Not applicable to the Group as there are no dilutive shares.

**B14. Disclosure of realised and unrealised profits**

The breakdown of accumulated losses of the Group into realised and unrealised accumulated losses is as follows:-

	<b>As at 30 June 2011 RM (unaudited)</b>	<b>As at 31 December 2010 RM (audited)</b>
Total accumulated losses of EFuture and its subsidiaries :-		
- Realised	28,702,207	26,495,696
- Unrealised	-	-
Less : Consolidated adjustments	-	-
Total accumulated losses as per interim financial report	<u>28,702,207</u>	<u>26,495,696</u>

**B15. Authorisation for issue**

The interim financial report were authorised for issue by the Board of Directors.