

Asia Bioenergy Technologies Berhad

[Asia Bioenergy Technologies Berhad is sponsored by Kenanga Investment Bank Berhad]

(Company No. 774628-U)

(Incorporated in Malaysia)

QUARTERLY REPORT
for the 1st Quarter Ended 30 April 2011

Asia Bioenergy Technologies Berhad

(Company No. 774628-U)

(Incorporated in Malaysia)

Quarterly report on results for the 1st Quarter ended 30 April 2011 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Unaudited As at 30 April 2011 RM'000	Audited As at 31 January 2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	9,903	10,316
Investment in associated companies	-	1,874
Available-for-sale investments	18,685	18,685
Intangible assets	15,337	10,077
	<u>43,925</u>	<u>40,952</u>
Current assets		
Inventories	1,185	98
Amount due from contract customers	1,925	1,981
Other receivables, deposit and prepayments	2,242	1,701
Tax recoverable	225	177
Cash and cash equivalents	1,527	1,037
	<u>7,104</u>	<u>4,994</u>
TOTAL ASSETS	<u><u>51,029</u></u>	<u><u>45,946</u></u>
EQUITY AND LIABILITIES		
Share capital	35,700	32,700
Retained earnings	6,299	6,430
Other Reserves	(89)	(58)
Total equity attributable to owners of the Company	<u>41,910</u>	<u>39,072</u>
Non-controlling interests	4,750	2,812
Total equity	<u>46,660</u>	<u>41,884</u>
Non-Current liabilities		
Term loan	2,412	2,449
Hire purchase liabilities	92	97
Lease payables	76	98
Deferred tax liability	9	9
Total non-current liabilities	<u>2,589</u>	<u>2,653</u>
Current liabilities		
Trade and other payables	1,532	1,162
Term loan	93	85
Hire purchase liabilities	22	21
Lease payables	85	84
Tax liability	48	57
Total current liabilities	<u>1,780</u>	<u>1,409</u>
Total liabilities	<u>4,369</u>	<u>4,062</u>
TOTAL EQUITY AND LIABILITIES	<u><u>51,029</u></u>	<u><u>45,946</u></u>
Net assets per share attributable to equity holders of the Company (sen)	<u>11.74</u>	<u>11.95</u>

Notes:

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The condensed consolidated statement of financial position is prepared based on the consolidated results of the Group for the quarter ended 30 April 2011 and is to be read in conjunction with the audited consolidated financial statements of ABT for the financial year ended 31 January 2011.

Net assets per share as at 30 April 2011 is arrived at based on the total Group's net assets over the 357,000,000 ordinary shares of RM0.10 each in issue.

The accompanying notes are an integral part of this quarterly report.

Asia Bioenergy Technologies Berhad

(Company No. 774628-U)
(Incorporated in Malaysia)

Quarterly report on results for the 1st Quarter ended 30 April 2011 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter for the period 30 April 2011 RM'000	Preceding year corresponding quarter 30 April 2010 RM'000	Current year-to-date for the period 30 April 2011 RM'000	Preceding year corresponding period 30 April 2010 RM'000
Revenue	1,394	4,614	1,394	4,614
Cost of sales	(124)	(190)	(124)	(190)
Gross profit	1,270	4,424	1,270	4,424
Other operating income	7	85	7	85
Operating expenses	(728)	(3,454)	(728)	(3,454)
Finance costs	(22)	-	(22)	-
Share of profit of associated companies	(12)	(29)	(12)	(29)
Profit before taxation	515	1,026	515	1,026
Tax expense	-	-	-	-
Profit for the period	515	1,026	515	1,026
Other comprehensive income: Exchange differences on translation of foreign operations	(80)	(73)	(80)	(73)
Total comprehensive income for the period	435	953	435	953
(Loss)/Profit attributable to:				
Owners of the Company	(131)	892	(131)	892
Non-controlling interests	646	134	646	134
	515	1,026	515	1,026
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(161)	863	(161)	863
Non-controlling interests	596	90	596	90
	435	953	435	953
Basic (Loss)/Earnings Per Share attributable to equity owners of the Company (sen)	(0.04)	0.36	(0.04)	0.36

Notes:

The condensed consolidated statements of comprehensive income are prepared based on the consolidated results of the Group for the quarter ended 30 April 2011 and is to be read in conjunction with the audited consolidated financial statements of ABT for the financial year ended 31 January 2011.

The accompanying notes are an integral part of this quarterly report.

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Quarterly report on results for the 1st Quarter ended 30 April 2011

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(The figures have not been audited)

	Quarter ended 30 April 2011 RM'000	Quarter ended 30 April 2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	515	1,026
Adjustments for :		
Amortisation of intangible assets	5	1
Depreciation of property, plant and equipment	143	103
Dividend income	-	(4,054)
Loss/(Gain) on disposal of property, plant and equipment	28	(66)
Goodwill on consolidation written off	-	2,549
Interest income from fixed deposits	-	(19)
Interest expense	22	
Property, plant and equipment written off	-	590
Share of loss of associated companies	12	29
Operating profit before working capital changes	725	159
Changes in working capital:		
Increase in trade and other receivables	(362)	(639)
Increase/(Decrease) in trade and other payables	301	(2)
Cash (used in)/generated from operations	664	(482)
Income tax recoverable	(50)	(32)
Net cash (used in)/generated from operating activities	614	(514)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(88)	40
Purchase of property, plant and equipment	(17)	(801)
Proceed from disposal of property, plant and equipment	308	300
Net cash outflow from deemed acquisition of subsidiary companies	(3,170)	-
Interest received	-	19
Net cash used in investing activities	(2,967)	(442)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(22)	-
Proceeds from issuance of ordinary shares	3,000	-
Repayment of term loan	(30)	-
Repayment of hire purchase payables	(5)	-
Repayment of lease payables	(20)	-
Net cash generated from financing activities	2,923	-
Effects of exchange rate changes on cash and cash equivalents	(80)	(73)
Net increase/(decrease) in cash and cash equivalents	490	(1,029)
Cash and cash equivalents at beginning of the period	1,037	5,354
Cash and cash equivalents at end of the period	1,527	4,325
<u>Cash and cash equivalents consist of:</u>		
Cash and bank balances	1,527	2,575
Fixed deposit placements with financial institutions	-	1,750
	1,527	4,325

Notes:

The condensed consolidated statements of cash flow for the quarter ended 30 April 2011 is to be read in conjunction with the audited consolidated financial statements of ABT for the financial year ended 31 January 2011.

The accompanying notes are an integral part of this quarterly report.

Asia Bioenergy Technologies Berhad

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Quarterly report on results for the 1st Quarter ended 30 April 2011 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	----- Attributable to Owners of the Company -----			Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Retained Earnings RM'000	Exchange Reserves RM'000			
<u>Audited</u>						
Balance as at 1 February 2010	25,000	6,162	(3)	31,159	1,047	32,206
Ordinary shares issued	7,700	-	0	7,700	-	7,700
Acquisition of deemed subsidiary	-	-	-	-	992	992
Total comprehensive income/(loss) for the period	-	268	(55)	213	773	986
Balance as at 31 January 2011	<u>32,700</u>	<u>6,430</u>	<u>(58)</u>	<u>39,072</u>	<u>2,812</u>	<u>41,884</u>
<u>Unaudited</u>						
Balance as at 1 February 2011	32,700	6,430	(58)	39,072	2,812	41,884
Ordinary shares issued	3,000	-	-	3,000	-	3,000
Acquisition of subsidiary	-	-	-	-	1,341	1,341
Total comprehensive income/(loss) for the period	-	(131)	(31)	(162)	597	435
Balance as at 30 April 2011	<u>35,700</u>	<u>6,299</u>	<u>(89)</u>	<u>41,910</u>	<u>4,750</u>	<u>46,660</u>

Notes:

The condensed consolidated statement of changes in equity is prepared based on the consolidated results of the Group for the quarter ended 30 April 2011 and is to be read in conjunction with the audited consolidated financial statements of ABT for the financial year ended 31 January 2011.

The accompanying notes are an integral part of this quarterly report.

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Quarterly report on results for the 1st Quarter ended 30 April 2011

A NOTES TO THE INTERIM FINANCIAL REPORT

A1 Compliance with Financial Reporting Standard (FRS) 134, and Bursa Listing Requirements

Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard ("FRS") No. 134: Interim Financial Reporting, and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market ("AMLR").

The interim financial statements should be read in conjunction with the audited consolidated financial statements of ABT for the financial year ended 31 January 2011. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to and understanding the changes in the financial position and performance of the Group for the financial period ended 30 April 2011.

Changes in Accounting Policies

The accounting policies and methods of computation adopted by ABT and its subsidiaries in the preparation of this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 January 2011.

A2 Auditors' report on preceding annual financial statements

There were no audit qualifications in relation to the audited consolidated financial statements of ABT for the financial year ended 31 January 2011.

A3 Seasonal or cyclical factors

There are no seasonal or cyclical factors which materially affect the Group as the primary business of the Group is that of a technology incubator.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial year-to-date.

A5 Material changes in estimates

There were no changes in estimates that have a material effect in the current financial quarter and financial year-to-date results.

A6 Debt and equity securities

Save for the issuance of 30,000,000 ordinary shares of RM0.10 each of ABT ("Shares") pursuant to the private placement on 31 March 2011, 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 financial quarter ended 30 April 2011.

A7 Dividend paid

There were no dividends paid by the Company during the financial quarter ended 30 April 2011.

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Quarterly report on results for the 1st Quarter ended 30 April 2011

A NOTES TO THE INTERIM FINANCIAL REPORT

A8 Segmental information

Segment information based on the Group's activities is set out below. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Cumulative Quarter Ended 30 April 2011

	Technology incubation RM'000	Biofuel related products RM'000	Provision of information technology training and related services and equipment RM'000	Agro/ Biotechnology products RM'000	Group RM'000
Revenue	-	-	1,369	25	1,394
Results from operating activities	(225)	(5)	1,000	(44)	726
Finance costs					(22)
Share of profit of associates					(12)
Net unallocated expenses					(177)
Profit before taxation					515
Tax expense					-
Profit for the period					515
Segment assets	34,824	855	6,421	8,704	50,804
Unallocated assets					225
Total assets					51,029
Segment liabilities	312	22	3,459	528	4,321
Unallocated liabilities					48
Total liabilities					4,369

A9 Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter.

A10 Material events subsequent to the end of the quarter

Save as disclosed in Note B13, there were no material events occurring subsequent to the end of the quarter.

A11 Changes in the composition of the Group

Save as disclosed in Note B13, there were no changes in the composition of the Group during the period under review.

A12 Contingent liabilities

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at reporting date.

A13 Capital commitments

As at 30 April 2011, the Group has no material capital commitments.

A14 Significant related party transactions

During the financial quarter ended 30 April 2011, the Directors are of the opinion that the Group has no related party transactions which would have a significant impact on the financial position and business of the Group.

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Quarterly report on results for the 1st Quarter ended 30 April 2011

B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

B1 Review of performance

The ABT Group achieved a total comprehensive income for the year of approximately RM0.43 million on the back of a consolidated revenue of RM1.39 million due mainly to sales of its IT and agro/biotechnology division. Revenue and profit is lower compared to preceeding year corresponding period due to the receipt of dividend income of approximately RM4.05 million from Grand Inizio Sdn Bhd, ABT's 19.3% owned incubatee via its wholly owned subsidiary Asia Bioenergy Research Sdn Bhd during the financial quarter ended 30 April 2010. As the Group is involved in incubation activities especially on high technology areas, it hold investments particularly in start-ups. In view thereof, its performance is subjected to various volatilities.

B2 Variation of results against immediate preceding quarter

	Current quarter 30 April 2011 RM'000	Preceeding quarter 31 January 2011 RM'000
Revenue	1,394	771
(Loss)/Profit before taxation	515	(15)

Revenue and profit before taxation for the period was mainly derived from contribution from our newly acquired incubatee, Ecompazz IT Sdn Bhd ("eCompazz") in the form of IT services fees and sales of our agro/biotechnology division with our new venture into paddy plantation in Cambodia using our microbial biotechnology planting methodology.

B3 Prospects for the current financial year ending 31 January 2012

Barring any unforeseen circumstances and effects of the converging risk of global economic uncertainties in Europe, US and Japan, the Directors believe that the Group's prospects are positive especially with our newly diversified portfolio of industry coverage.

B4 Profit forecast, profit guarantee and internal targets

The Group did not provide any profit forecast, profit guarantee or made public any internal targets for the period under review.

B5 Income tax expense

There is no income tax for the period under review due to tax exemption earned by the Group on dividend income as well as certain statutory income of its incubatee being exempted from income tax pursuant to the respective MSC status, pioneer status and foreign exempt income.

B6 Unquoted investments and properties

Save as disclosed in Note B13, the Group did not invest in any unquoted investments and properties during the period under review.

B7 Quoted securities

As at 30 April 2011, the Group does not hold any investments in quoted securities.

B8 Group's borrowings and debt securities

The Group's borrowings, which are all denominated in RM, are mainly arising from eCompazz, our new incubatee as detailed below.

	30 April 2011 RM'000	30 April 2010 RM'000
<u>Short term</u>		
Term Loan (Secured)	93	-
Hire Purchase Payables	22	-
Lease Payables	85	-
	<u>200</u>	<u>-</u>
<u>Long term</u>		
Term Loan (Secured)	2,412	-
Hire Purchase creditors	92	-
Lease Payables	76	-
	<u>2,580</u>	<u>-</u>
Total Borrowings	<u>2,780</u>	<u>-</u>

B9 Off balance sheet financial instruments

As at reporting date, the Group does not have any off balance sheet financial instruments.

B10 Material litigation

As at this reporting date, neither the Company nor its subsidiary companies are engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiary companies and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiary companies.

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Quarterly report on results for the 1st Quarter ended 30 April 2011

B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

B11 Dividends

There was no dividend declared for the financial quarter ended 30 April 2011

B12 Earnings per share

	Current year quarter		Current year to date	
	30 April 2011	30 April 2010	30 April 2011	30 April 2010
(Loss)/Profit attributable to owners of the Company (RM'000)	(131)	892	(131)	892
Weighted average number of shares in issue ('000)	327,000	250,000	327,000	250,000
Effect of issuance of ordinary shares pursuant to private placement ('000)	10,112	-	10,112	-
Adjusted weighted average number of shares in issue ('000)	<u>337,112</u>	<u>250,000</u>	<u>337,112</u>	<u>250,000</u>
Gross Interest Income (RM'000)	-	19	-	19
Gross Interest Expense (RM'000)	<u>22</u>	<u>-</u>	<u>22</u>	<u>-</u>
Basic earnings per share (sen)	(0.04)	0.36	(0.04)	0.36

Diluted earnings per share is not computed as the Company did not have any convertible financial instruments as at 30 April 2011.

B13 Status of corporate proposals

Below are the status of corporate proposals by the Company.

- On 18 May 2010, Asia Bioenergy Research Sdn Bhd ("ABR"), a wholly owned subsidiary of the Company entered into a conditional Sale and Purchase Agreement with MLABS Systems Berhad ("MLABS"), for the disposal by ABR to MLABS of its 5,000,000 ordinary shares of RM1.00 each representing 19.3% equity interest held in Grand Inizio Sdn Bhd for a total consideration sum of RM15,366,795, to be satisfied via the issuance of 153,667,950 new ordinary shares of RM0.10 each in MLABS to ABR. This proposal is pending completion.
- On 2 September 2010, the Company announced a proposed private placement of up to 118,000,000 new ordinary shares of RM0.10 each representing approximately up to 30% of the enlarged issued and paid up capital of the Company. This proposal is being implemented in tranches and is partially completed with the issuance of 82,000,000 new shares as at the date of the announcement.
- On 1 April 2011, the Company entered into a Share Sale Agreement with Gallant Prism Sdn Bhd for the acquisition of additional 2,007,200 ordinary shares of RM1.00 each in Asiabio Zyme Solutions Sdn Bhd ("Zyme Solutions"), representing 42.88% of the entire equity interest in Zyme Solutions for a total cash consideration of RM3,200,000. The proposal was completed on 11 April 2011 and Zyme Solutions, previously a 36.8% associate company of ABT, became a 79.68% subsidiary company of ABT.

B14 Realised and Unrealised Profit/(Loss)

Breakdown of the Group's realised and unrealised profits are as follows

	As at	
	30 April 2011 RM'000	31 January 2011 RM'000
<u>Unappropriated profits of Company and subsidiaries</u>		
Realised	5,373	4,446
Unrealised	-	-
	<u>5,373</u>	<u>4,446</u>
<u>Share of retained profits of associates</u>		
Realised	-	152
Unrealised	-	-
	<u>5,373</u>	<u>4,598</u>
Less : Consolidated adjustments	<u>926</u>	<u>1,832</u>
Total Group Retained Profits	<u>6,299</u>	<u>6,430</u>

B15 Status of Utilisation of Proceeds

Status of utilisation of proceeds derived from the private placement of 30,000,000 Shares in ABT by the Company as at 30 April 2011.

	Proposed Utilisation of Proceeds RM'000	Utilisation of proceeds RM'000	Unutilised proceeds RM'000	Deviation RM'000	Timeframe for the utilisation of proceed
Technology incubation fund	3,000	3,000	-	0	Within 3 years
	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	

B16 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with the resolution of the Board of Directors' dated 23 June 2011.

On Behalf of the Board

Wong Wai Foong
Lim Lee Kuan
Loh Woan Fen
Company Secretaries

Date: 23 June 2011

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ADDITIONAL DISCLOSURE ON INVESTEE COMPANIES

C1 STATUS REPORT ON OPERATIONS OF INVESTEE COMPANIES

The status of the operations of the material investee companies (>20% equity) are set out as follows:

1 Eco-Sponge Sdn Bhd ("Eco-Sponge")

Eco-Sponge is involved in the production and marketing of a proprietary filtration compound used in the biodiesel processing. Sales are still slow due to new technology/competing products as well as the low demand from biodiesel plants in Malaysia. Whilst other marketing efforts are being explored and research undertaken for product improvement, an impairment has been recognised for prudence purposes.

2 Nexfuel Sdn Bhd ("Nexfuel")

Nexfuel is involved in the provision of biowaste conversion technologies and biomass to power technologies. Nexfuel did not have any material impact on the Group during the period under review.

3 Asiabio Zyme Solutions Sdn Bhd ("ZymeSolutions")

ZymeSolutions is involved in the provision of microbial propagation technology and marketing of various microbe based products for use in plantation industry. ZymeSolutions is currently working with several plantation groups for the application of its microbe based products. Further in the period, ZymeSolutions ventured into Cambodia via a small R&D plantation for its microbe products which has also matured into a profit centre itself.

Zyme Group did not have any material impact on the Group's earnings during the period under review.

4 Asiabio ZymeScience Sdn Bhd ("ZymeScience")

ZymeScience is involved in the manufacturing and production of microbe based products from its biotechnology production facility in Klang and has recommenced production.

ZymeScience did not have any material impact on the Group's earnings during the period under review.

5 Ecompazz IT Sdn Bhd ("eCompazz")

eCompazz is involved in customised software applications for trading and direct selling industries that involve complex computation matrix with clientele in Malaysia, Indonesia, Thailand and Philippines. eCompazz has set up eCompazz Labuan to manage its overseas clientele.

eCompazz was the major contributor to the Group in the current financial period.