



ASIA BIOENERGY TECHNOLOGIES BERHAD (774628-U)

-INVEST-



ASIA BIOENERGY TECHNOLOGIES BERHAD (774628-U)

ANNUAL REPORT 2015

**Asia Bioenergy Technologies Berhad (774628-U)**

10th Floor, Menara Hap Seng  
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[www.asiabio.com.my](http://www.asiabio.com.my)

ANNUAL REPORT 2015

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## COMPANY'S BACKGROUND

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*Founded in May 2007, Asia Bioenergy Group ("AsiaBio") was formed by a team of multi-disciplined professionals spanning the fields of engineering, investment banking and accounting and finance. Initially created as a think tank and holding company to develop and nurture technologies, concepts and ideas into viable businesses ventures, AsiaBio stood out as an incubator of biobased and renewable energy technologies.*

Listed on 12 December 2008 under the then MESDAQ listing rules for Technology Incubators, AsiaBio was primarily involved in technology incubation which focused on nurturing new business ideas relating to the bioenergy industry by providing networking, technology and financial support. Initial investments by AsiaBio encompassed investments in biofuel engineering technology providers, biofuel production companies and biofuel filtration compound technologies. Although the biofuel industry subsequently waned, AsiaBio was able to unlock value in its initial investment in Platinum Nanochem Sdn Bhd ("Platinum") via its indirect listing on the AIM Market on the London Stock Exchange.

Since its inception, AsiaBio has concentrated its investment activities in biobased "green" technologies and industries due to the sustainability of the sector, however, its investment strategies have since evolved. We still stand out as a technology incubator with the capability of taking or generating business ideas from conceptual stage, building it up to a fully operating business that is fully supported by the necessary business networks, technological know-how and finances. However, AsiaBio have expanded its investment horizons towards business incubation as well where opportunities for collaboration and joint technical development can be advanced.

Nonetheless, our investee or incubatee companies are given an extensive range of services covering research and development, finance and corporate services which are integrated with our proactive role in strategizing, cross selling of products and technologies and our active participation where permissible in the day-to-day corporate management of the companies.

Incubation focus will continue to be Renewable Energy and Biotechnology related whilst our investment diversification will also include business growth incubation.

# VALUE PROPOSITION

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## Technology Innovation

- Research & Development
- Technical Partnerships

## Networking & Distribution

- Business Development
- Strategy & Cross Border Development



## Corporate & Management Support

- Corporate Services
- Funding Support
- Finance
- Management Infrastructure

## Collaboration

- Partnerships
- Synergies

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

ABDUL HAKIM BIN ASMAUN  
*Non-Independent Non-Executive Director*  
(Appointed on 4 November 2014)

LEUNG KOK KEONG  
*Non-Independent Executive Director*  
(Appointed on 24 November 2014)

YM TENGKU AHMAD BADLI SHAH  
BIN RAJA HUSSIN  
*Non-Independent Non-Executive Director*  
(Appointed on 7 October 2014)

LIM FOO SENG  
*Senior Independent Non-Executive Director*

CHU CHEE PENG  
*Independent Non-Executive Director*  
(Appointed on 21 August 2015)

TAN SIK EEK  
*Non-Independent Executive Director*



## AUDIT COMMITTEE

Lim Foo Seng  
*Chairman*

YM Tengku Ahmad Badli Shah  
Bin Raja Hussin  
(Appointed on 17 November 2014)

Chu Chee Peng  
(Appointed on 21 August 2015)

## REMUNERATION COMMITTEE

Chu Chee Peng  
*Chairman*  
(Appointed on 21 August 2015)

Abdul Hakim Bin Asmaun  
(Appointed on 17 November 2014)

Lim Foo Seng

## NOMINATION COMMITTEE

Abdul Hakim Bin Asmaun  
*Chairman*  
(Appointed on 17 November 2014)

Lim Foo Seng

Chu Chee Peng  
(Appointed on 21 August 2015)

## PRINCIPAL PLACE OF BUSINESS

**Factory**  
68, Jalan Waja 2  
Taman Industri Waja  
09000 Kulim Kedah  
Tel No. : +604-402 6350  
Fax No. : +604-489 3833

**Corporate Office**  
Level 3A, No. 1-3, Street Wing, Sunsuria Avenue  
Persiaran Mahogani  
Kota Damansara, PJU 5  
47810 Petaling Jaya  
Selangor  
Tel No. : +603-6142 3088/4688  
Fax No. : +603-6142 4588

Email : mail@asiabio.com.my

## REGISTERED OFFICE

10th Floor, Menara Hap Seng  
No. 1 & 3 Jalan P. Ramlee  
50250 Kuala Lumpur  
Tel No. : +603-2382 4288  
Fax No. : +603-2382 4170

## COMPANY SECRETARIES

Leung Kok Keong (*MIA 8109*)  
Lim Lee Kuan (*MAICSA 7017753*)  
Ng Sally (*MAICSA 7060343*)

## AUDITORS

Siew Boon Yeong & Associates  
(*AF: 0660*)  
9-C Jalan Medan Tuanku  
Medan Tuanku  
50300 Kuala Lumpur  
Tel No. : +603-2693 8837  
Fax No. : +603-2693 8836

## REGISTRAR

Tricor Investor Services Sdn. Bhd.  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel No. : +603-2264 3883  
Fax No. : +603-2282 1886

## PRINCIPAL BANKER

Malayan Banking Berhad

## LISTING STATUS

ACE Market Of Bursa Malaysia  
Securities Berhad

## WEBSITE

<http://www.asiabio.com.my>

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# EXECUTIVE DIRECTOR'S LETTER TO STAKEHOLDERS

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*Dear Stakeholders,*

*On behalf of the Board of Directors and Management of Asia Bioenergy Technologies Berhad ("AsiaBio"), I present forthwith the Annual Report and Audited Financial Statements for the financial period ended 31 March 2015.*

Consistent with the Group's policy to continuously explore new investment opportunities, the Group has managed to deploy a majority of its incubation funds into several companies which we believe will yield positive returns to the Group in the medium to long term. This follows the successful recapitalization of the Group during the financial period via its rights and warrants issue exercise. I believe, with the revamped and revised investment strategy and the Group is now better positioned to firstly mitigate extreme downside risks from its investments and secondly to effectively identify investments where AsiaBio can play a proactive role in the growth of those investments.

## **OPERATIONS AND INVESTMENT REVIEW**

During the fourteen months financial period ended 31 March 2015, the Group continued to nurture its "green" technology investments with its effective microorganism ("EM") investment gaining stronger traction and visibility with paddy farming community in the states of Kedah and Pulau Pinang and its palm trunks to lumber investment successfully commissioned at its feedstock site in Kota Tinggi, Johor. As with all new "greenfield" investments, we expect additional time is required for these investments to fully mature and generate revenue for the Group.

For the financial period ended 31 March 2015, the Group recorded a loss of RM3.961 million as compared to the previous financial year of RM0.709 million. We wish to take this opportunity to highlight to the stakeholders that the loss for the financial period is principally due to the further impairment of our biofuel investments and additional write down of goodwill arising from the palm trunk lumber investment. The impairment and write down was done on the grounds of prudence and to reduce the risk premium associated with these "greenfield" investments.

Cognizant of the risk profile associated with such greenfield investments, where there is little to no liquidity in such investments till they mature, the Group, during the financial period embarked on a risk averse strategy when deploying its incubation funds. Monies raised from the rights and warrants issue during the financial period was deployed into investing in companies where AsiaBio could, with its existing products, create value for both the incumbent incubatee and its existing greenfield investments. This culminated in strategic investments being made in VSolar Group Berhad ("VSolar"), NetX Holdings Berhad ("NetX") and Focus Dynamics Technologies Berhad ("Focus"). Investment in these incubatees were done after an extensive review of its core products, its business operations and its potential synergistic contribution to AsiaBio. Notwithstanding the aforesaid, the Group employed an investment strategy to invest in VSolar, NetX and Focus, which are quoted securities on the ACE Market of Bursa Malaysia Securities Berhad, where such investments are liquid and marketable thus enabling AsiaBio to preserve value in its incubation fund.

With this investment strategy in mind, AsiaBio and VSolar, on 15 June 2015, endorsed a joint collaboration and alliance agreement to jointly develop a cash crop farm on VSolar's photovoltaic energy generation real estate whereby AsiaBio will be able to use its EM products to enhance product yield and growth. We believe that in the long term, collaborations like this will bring both direct revenue value to AsiaBio whilst further enhancing the investment value in VSolar. Currently, other potential projects are being examined with NetX and Focus where a similar collaborative strategy will be employed.



Apart from the Group's revamped investment strategy, during the financial period, the Group embarked on a short term portfolio management of its existing quoted investment in Graphene Nanochem PLC ("Graphene"). AsiaBio's investment in Graphene was a result of our divestment of Platinum Nanochem Sdn Bhd to Biofutures International PLC ("Biofutures") during the 2014 financial year, where the quoted securities of Biofutures were exchanged for AsiaBio's investment in Platinum Nanochem Sdn Bhd. Biofutures subsequently changed its name to Graphene Nanochem PLC when it was quoted on the AIM Market of the London Stock Exchange. During the financial period, the Group registered a revenue of RM53.233 million which arose from this portfolio management activity. The Group embarked on this portfolio management strategy solely to garner better returns for funds realized from the partial divestment of its Graphene shares.

With no signs of the current lack luster regional and global economic environment abating, the Group is confident that this investment strategy will preserve value in its incubation fund whilst creating a growth avenue through its collaborations when recovery in the economic environment gains momentum.

### INDUSTRY OVERVIEW AND MEDIUM TERM STRATEGY

With global economic growth continuing to remain slow, development growth in this region remained inconsistent with no clear sign of the weak world trade improving. Whilst efforts were made by many global economies to implement renewable and sustainable business initiatives, these were made principally to benefit their own onshore business community. Local demand and government support for palm based renewable fuel continue to remain low and is anticipated to not gain significant market traction in the foreseeable future.

The Group maintains a cautious view on the Biotechnology and Renewable/Green industries as projects of these nature although having a high yield potential it will also commensurate with a high risk profile. Existing "Green" projects like our microbial initiative and the palm lumber project will continue to be nurtured as we believe they serve a niche and has a low cost of production. Although not fully insulated by the current poor market conditions, we believe they will be able to compete in their respective market place due to its competitively priced products.

Although short term prospects continue to remain challenging, the Board is of the opinion that the market place for renewable energy projects and technologies will remain a mainstay for Malaysia and the region. As such a medium term positive outlook has been placed on photovoltaic energy generation technologies and management will continue to explore development projects with its investment, VSolar and etc.

In the medium to long term, the Board will continue to identify new biotechnology and renewable energy initiatives to further develop its investment portfolio, however, investments which can demonstrate sustainable and strong growth potential will also be considered. This will also entail expanding our geographical reach within this region via the network of our overseas stakeholders like China Private Equity.

### ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I wish to extend my sincere gratitude and appreciation to Y.Bhg Datuk Nur Jazlan bin Tan Sri Mohamed, Mr. Looi Kem Loong and Mr. Hew Tze Kok, whom have since resigned from the Board, for their steadfast service and wish them well in their future endeavors.

To our stakeholders, I convey my sincerest gratitude for your continued support, and to the management and staff of the group I extend my appreciation for their continued hard work and dedication to the Group.

Lastly, I wish to thank our technology partners, customers and business associates for their continued innovation, assistance and support to the Group.

Sincerely yours,

**Tan Sik Eek**



## PROFILE OF DIRECTORS

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### **ABDUL HAKIM BIN ASMAUN**

*Malaysian, 61 years old*

*Non-Independent Non-Executive Director*

Abdul Hakim Bin Asmaun (Abdul Hakim) is a Non-Independent Non-Executive Director of Asia Bioenergy Technologies Berhad (“ABT” or “Company”) appointed on 4 November 2014. Abdul Hakim is a graduate from Universiti Sains Malaysia.

Abdul Hakim has more than 35 years of experience in security risk, having served in both the government and the private sectors. He had training stints at Kolej Polis Di Raja Malaysia (PDRM) (The Royal Malaysia Police College) and was attached to the Special Branch. Having trained with the CIA and MI5, he specializes in surveillance, intelligence gathering and overt/covert operations, and is an expert in interrogation and negotiations. In addition, he was attached to the Special Branch, in charge of Counter Terrorism and was in the Risk and Disaster Management team at the Police Headquarter in Bukit Aman, Kuala Lumpur.

In 1991, he joined PETRONAS as its Head of Security Intelligence. Initially, he served at the President’s Office for 2 years, subsequently serving at PETRONAS Carigali Dubai, United Arab Emirates (UAE). In UAE, he was responsible for the security & safety of PETRONAS assets and staffs in the MENACA Region (Middle East North Africa and Central Asia). After leaving PETRONAS in 2009, he stayed on in Dubai and was the President of the Malaysian Business Council in United Arab Emirates. The business council assists the Malaysian government to promote Malaysian products and encourages international investors to invest in Malaysia besides promoting Malaysia as a tourism destination, especially for tourists from the Middle East.

Having served with the best in the civil and the private sector, Abdul Hakim is well versed with security requirements for the maritime and oil & gas, its safety procedures including the International Shipping Ports Security (ISPS) Code. In short, he fully understands and is very passionate about the security concerns of clients in protecting their assets and investments in the maritime and oil & gas.

He does not hold any shares in ABT but he represents Pelaburan MARA Berhad that holds 84,000,000 direct shares in ABT. He is the Chairman of the Nomination Committee and a member of the Remuneration Committee. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 10 years other than traffic offences and has no conflict of interest with ABT.

### **LEUNG KOK KEONG**

*Malaysian, 48 years old*

*Non-Independent Executive Director*

Leung Kok Keong (Edward) is an Executive Director of ABT appointed on 24 November 2014. Edward obtained his Bachelor’s Degree in Accounting from Curtin University of Technology, Australia in December 1989 and is a Certified Practising Accountant and Chartered Accountant, CPA Australia and also a member of the Malaysian Institute of Accountants.

Trained as an investment banker, he has significant experience in corporate finance and business development as well as management. He was the founding member and former Executive Director of Newfields Advisors Sdn. Bhd., a boutique financial and corporate advisory firm from August 2001 to August 2006. He was the Chief Executive Officer, Platinum Energy Group from September 2006 to February 2008. Between September 2013 to February 2015, he briefly served as the Chief Financial Officer of Iskandar Waterfront Holdings Sdn. Bhd.

His wide and vast experience spanned from his earlier years as an Investment & Corporate Planning Manager, Hong Leong Credit Berhad from 1994 to 2001 and was with Coopers & Lybrand Kuala Lumpur since 1990 to 1994.

He has negligible (50) ordinary shares in ABT. He is also a Director of Kulim (Malaysia) Berhad and is also a member of its Audit Committee. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 10 years other than traffic offences and has no conflict of interest with ABT.



## PROFILE OF DIRECTORS *cont'd*

### **YM TENGGU AHMAD BADLI SHAH BIN RAJA HUSSIN**

*Malaysian, 46 years old*

*Non-Independent Non-Executive Director*

YM Tengku Ahmad Badli Shah Bin Raja Hussin (YM Tengku Badli) is a Non-Independent Non-Executive Director of ABT appointed on 7 October 2014. He was graduated in Bachelor of Law degree (LLB Hons) from University of East Anglia, United Kingdom.

YM Tengku Badli has extensive years' of exposure in the financial industry sector. He started his career as a Management Trainee in Hongkong and Shanghai Banking Corporation, Hong Kong ("HSBC") in 1994 and continued his stint with HSBC Group in various senior positions covering both corporate and commercial as well as retail & consumer banking division. He later pursued his career with Kuwait Finance House (Malaysia) Berhad in February 2008 as Head of Branch Management prior to joining Pelaburan MARA Berhad in September 2013. YM Tengku Badli is currently the Chief Executive Officer of PMB Tijari Berhad, a subsidiary of Pelaburan MARA Berhad Group.

He is also actively involved in serving the society. He was commissioned by SPB Yang Di Pertuan Agong as Major (Honorary) of Regimen 506AW, Angkatan Tentera Malaysia on 8 June 2011 and appointed as Justice of The Peace by The Sultan of Kelantan on 11 November 2012.

He does not hold any shares in ABT but he represents Pelaburan MARA Berhad that holds 84,000,000 direct shares in ABT. He is also a Director of NetX Holdings Berhad. YM Tengku Badli is a member of the Audit Committee. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 10 years other than traffic offences and has no conflict of interest with ABT.

### **LIM FOO SENG**

*Malaysian, 45 years old*

*Senior Independent Non-Executive Director*

Lim Foo Seng, Gary, is an Independent Non-Executive Director of ABT appointed on 7 March 2012. Subsequently, Gary was identified as the Senior Independent Director of ABT on 28 May 2015. He is a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants. He has more than 25 years of experience in the finance and corporate sectors. From 1989 to 1995, he served in an international accounting firm, Deloitte Kassim Chan, where he acquired considerable knowledge, experience and exposure in management consultancy, taxation & accounting and auditing standards.

From 1995 till 2003, he has worked with Arab-Malaysian Corporation Berhad Group ("Amcorp Group") where he played a key role in the business & strategic planning, venture capital activities, corporate investments, corporate audit, corporate restructuring, general management and monitoring of portfolio companies involved in various diversified businesses such as retail, mall management, radio broadcasting, point of sales advertisement, bonded warehouse, magazine publication, IT and manufacturing, in his capacity as Associate Director.

He also served as a board member of various portfolio companies of Amcorp Group. He left Amcorp Group in 2003 where his last position with Amcorp Group was Chief Financial Officer of MCM Technologies Berhad, an IT incubator and a subsidiary of Amcorp that was listed on the ACE Market of Bursa Malaysia Securities Berhad in which he played an instrumental role in its initial public offering.

From 2003 to 2013, he held various senior management positions and served as a board member of various established private limited and public listed companies in Malaysia. Currently, he is the Finance Director cum Chief Strategy Officer of Winn Worldwide Sdn. Bhd. ("Winn Worldwide Group"). Winn Worldwide Group is principally involved in the business segment of the fashion industry and operates more than 20 retail stores nationwide under the concept store brand names of House-of-Leather, Country Hide and Kaufmann.

He has negligible (50) ordinary shares in ABT. He also sits on the Board of Iskandar Waterfront City Berhad (formerly known as Tebrau Teguh Berhad) and Knusford Berhad. He is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee respectively. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 10 years other than traffic offences and has no conflict of interest with ABT.

## PROFILE OF DIRECTORS *cont'd*

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### **CHU CHEE PENG**

*Malaysian, 44 years old*

*Independent Non-Executive Director*

Chu Chee Peng (Mr Chu) is an Independent Non-Executive Director of ABT appointed on 21 August 2015. Mr Chu is a graduate from the Coventry University in Business Administration and Post Graduate Diploma from Chartered Institute of Marketing, The United Kingdom.

Mr. Chu was the Vice President for Agensi Inovasi Malaysia (AIM), a statutory body set up by the Malaysian government, since 2012. Prior to joining AIM, he headed up the properties division for the public listed company in Malaysia.

He has extensive experience covering activities such as, to identify the new business opportunities, to develop and execute the investment that will significantly contribute to the company and Nation's income and to development of new funding structure/ecosystem and creation of high value jobs.

He is also an entrepreneur with an inclination towards innovation and high technology commercial industries.

Mr Chu does not hold any shares in ABT. He is also a Director of NetX Holdings Berhad. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee respectively. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 10 years other than traffic offences and has no conflict of interest with ABT.

### **TAN SIK EEK**

*Malaysian, 39 years old*

*Non-Independent Executive Director*

Tan Sik Eek (Steve) is an Executive Director of ABT appointed on 20 June 2013. Steve is the appointed representative of Adamas Finance Asia Limited (formerly known as China Private Equity Investment Holdings Limited) in ABT. Steve majored in Economics and Political Science from University of Sydney, Australia.

Steve brings with him more than a decade of experience ranging from corporate finance advisory to private equity investments. He was previously a Partner at House of Qin Ltd, a Beijing based private equity firm focused on investing in companies seeking growth funding and pre-IPO capital. Prior to that, Steve was the South East Asia Partner of Value Creation Strategies Sdn. Bhd., a Kuala Lumpur based advisory firm specializing in securing funding from a series of established North America global hedge funds, for companies listed on the regional capital markets.

Steve previously held positions in companies like Devonshire capital LLC, a boutique investment bank headquartered in Hong Kong as well as in the corporate finance division of RHB Investment Bank.

He does not hold any shares in ABT but he represents CPE Growth Capital Limited, a subsidiary of Adamas Finance Asia Limited (formerly known as China Private Equity Investment Holdings Limited) that holds 93,500,000 direct shares in ABT. He is also a Director of NetX Holdings Berhad and China Automobile Parts Holdings Limited. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 10 years other than traffic offences and has no conflict of interest with ABT.

# STATEMENT ON CORPORATE GOVERNANCE

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The Board of Asia Bioenergy Technologies Berhad (the “Company”) recognizes the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders’ interests as well as enhancing shareholders’ value. The Directors consider corporate governance to be synonymous with four key concepts, namely transparency, accountability, integrity as well as corporate performance.

This corporate governance statement (“Statement”) sets out how the Company has applied the 8 Principles of the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) and observed the 26 Recommendations supporting the Principles during the financial year. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observation, including the reasons thereof and, where appropriate, the alternative practice, if any, is mentioned in this Statement.

## **Principle 1 – Establish clear roles and responsibilities**

### **1.1 Establish clear functions reserved for Board and Management**

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include, inter-alia, the approval of annual budgets, quarterly and annual financial statements for announcement, investment and divestiture, as well as monitoring of the Group’s financial and operating performance. Such delineation of roles is clearly set out in the Board Charter (“Charter”), which serves as a reference point for Board activities.

The Charter, which is publicly available on the Company’s website at [www.asiabio.com.my](http://www.asiabio.com.my), is also reviewed annually by the Board to ensure its relevance with prevailing requirements, provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees and Management; the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company; as well as boardroom activities.

To assist the Board in fulfilling its duties and responsibilities, the Board has established the Audit Committee, Nomination Committee and Remuneration Committee. Each committee is tasked with specific functions to operate within its terms of reference, which are included in the Charter. The Chairman of the relevant Board Committees report to the Board on key issues deliberated by the Board Committees at their respective committee meetings. The ultimate responsibility for decision making, however, lies with the Board.

### **1.2 Establish clear roles and responsibilities in discharging its fiduciary and leadership functions**

#### Reviewing and adopting a strategic plan for the Company

The Board reviewed the strategic plan of the Company tabled by Management at its meeting. The strategic plan would cover the performance targets and long term plans of the Company. It is expected that on an annual basis, Management would table an annual budget for the new financial year. In addition, for any new business incubations, a proper and well researched board paper would be required for tabling at the Board meeting so that the matter could be deliberated and decided without delay.

The Chairman would lead the discussion on the strategic plans for the Company. The Board is satisfied with the strategic plan of the Company as presented by the Chairman. The Board would continue to review the strategic plan to ensure its implementation.

#### Overseeing the conduct of the Company’s business

The Board of Directors’ meetings are chaired by the Chairman who is an Independent Non-Executive Director. This is to ensure a balance of power and authority. Day to day management is controlled by the Executive Directors and a management team in managing the Company’s business. The Board’s role is to oversee the performance of management to determine whether the business is properly managed. The Board gets updates from Management at the quarterly Board meeting when reviewing the unaudited quarterly results and annual audited financial statements. During such meetings, the Board participated actively in the discussion of the performance of the Company.

The performance of the Executive Directors is reviewed annually by the Remuneration Committee in accordance with its terms of reference. The assessment process is based on the remuneration framework for the Executive Directors.

# STATEMENT ON CORPORATE GOVERNANCE *cont'd*

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## Principle 1 – Establish clear roles and responsibilities *cont'd*

### 1.2 Establish clear roles and responsibilities in discharging its fiduciary and leadership functions *cont'd*

#### Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

The internal audit function was outsourced to an external service provider and they are currently assisting the Board in establishing an Enterprise Risk Management framework for the Group, formalizing, amongst others, the processes to identify, evaluate, control, report and monitor significant business risks faced by the Group. The Board has approved the Enterprise Risk Management Framework for adoption across the Group. The Board, via its Audit Committee reviews the outcome of risk assessment, including the implementation of appropriate internal controls and mitigation measures to address the risks identified.

Further details of the Enterprise Risk Management Framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

#### Succession planning

The Board views succession planning as important for business continuity. It is acknowledged that with succession planning, the key job vacancies created due to retirement and resignation would be filled quickly and without any business interruption. To ensure its success, the Board has adopted a succession plan to ensure that there are programmes in place to provide for the orderly succession of senior management.

#### Overseeing the development and implementation of a shareholder communications policy for the Company

The Company's website at [www.asiabio.com.my](http://www.asiabio.com.my) contains an Investor Relations section where the shareholders could communicate with the Board through the designated Investor Relations officer. The Board has also identified a Senior Independent Director to whom the shareholders can communicate with on matters regarding the Company.

#### Reviewing the adequacy and the integrity of the management information and internal controls system of the Company

The Board acknowledges the importance of the adequacy and integrity of the information and internal controls system of the Company. Details of the Group's internal control system are set out in the Statement on Risk Management and Internal Control of this Annual Report.

### 1.3 Formalise ethical standards through code of conduct and ensure its compliance

The Company has put in place a Code of Conduct for the Directors and employees. The Code of Conduct has been uploaded onto the Company's website.

Meanwhile, the Company has in place a Whistle Blowing Policies and Procedures for the employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, malpractices and unethical business conduct within the Group, and the Board has endorsed the Whistle Blowing Policies and Procedures in the current financial year.

### 1.4 Ensure the Company's strategy promote sustainability

The Board recognises the need for the Company's strategy to include sustainability on the operations. The Board regularly reviews the strategic direction of the Company and the progress of the Company's operation, taking into consideration of the changes in the business and political environment and risk factors such as level of competition.

A sustainability process would help the Company to set goals, measure its performance and manage changes in its business. The effort would continue to be monitored by the Board in helping to shape the Company's strategy and policy and ultimately to improve the overall performance.

The details of the sustainability efforts are set out in the Sustainability and Corporate Social Responsibility section under Other Compliance Information in this Annual Report.

# STATEMENT ON CORPORATE GOVERNANCE *cont'd*

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## **Principle 1 – Establish clear roles and responsibilities *cont'd***

### **1.5 Procedures to allow Directors access to information and advice**

The Company's Charter provides a procedure to access to information and independent advice by the Board and Committees. Management is required to supply the Board and Committees with information in a form, timeframe and quality that enables them to effectively discharge their duties. The Directors are provided with copies of the Board papers prior to each meeting to give the Directors sufficient time to evaluate the proposals and if necessary, to request additional information necessary in discharging their duties effectively. The Board has a formal schedule of matters specifically reserved to it for decision, and has clearly defined delegation of responsibilities to committees of the Board and to management including appropriate limits of authority. The Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. A Director may seek independent legal, financial or other advice as they consider necessary at the expense of the Company as a full Board or in their individual capacity, in the furtherance of their duties.

### **1.6 Ensure Board is supported by suitably qualified and competent Company Secretaries**

The Company Secretaries of the Company are suitably qualified and competent to support the Board. The Board is regularly updated by the Company Secretaries on the latest regulatory updates. The Board has access to the advice and services of the Company Secretaries who are responsible for ensuring that the established procedures and relevant statutes and regulations are complied with.

### **1.7 Formalise periodically review and make public the Charter**

A copy of the Charter has been published in the Company's website. The Charter sets out the composition of the Board, duties and responsibilities on matters relating to strategy and planning, human resource, remuneration, capital management and financial reporting, performance monitoring, risk management, audit and compliance and board processes and policies, Committees, Chairman of the Board, independence of Directors, access to information and independent advice, dealings in securities, orientation and continuing education and Board assessment.

The Board reviews the Charter on an annual basis to be consistent with the relevant regulatory requirements.

## **Principle 2 – Strengthen composition**

### **2.1 Establish a Nomination Committee comprising exclusively non-executive directors, with majority independent**

The composition of the Nomination Committee comprises exclusively Non-Executive Directors with a majority of Independent Directors. The Nomination Committee met twice during the financial period under review, to deliberate matters within its terms of reference.

The terms of reference of the Nomination Committee provided that the Nomination Committee shall be appointed by the Board and shall consist of not less than two (2) members of which comprising exclusively non-executive directors, the majority of whom shall be independent directors. Mr. Hew Tze Kok, the Senior Independent Director has resigned as Company Director effective on 17 November 2014. Accordingly, he has ceased all his positions with the Company. Nevertheless, the Board has identified Mr. Lim Foo Seng, who is also the Chairman of the Audit Committee, as the Senior Independent Director with effect from 28 May 2015.

The terms of reference of the Nomination Committee also outlined the responsibilities and duties in relation to selection and assessment of new and existing directors.

During the financial period under review, the Nomination Committee had met twice to perform the annual assessment of the Board, Committees and individual directors, and to assess the Directors who are subject to retirement at the Annual General Meeting ("AGM"), before recommending the same for the approval of the Board and prior to tabling the said motion to the shareholders at the AGM. In addition, the Nomination Committee has also assessed the proposed candidates for the appointment as Directors of the Company.



## STATEMENT ON CORPORATE GOVERNANCE *cont'd*

### Principle 2 – Strengthen composition *cont'd*

#### 2.2 Develop, maintain and review criteria for recruitment process and annual assessment of directors

The Nomination Committee is responsible for reviewing the proposed candidate based on the selection criteria expected of a director and makes recommendation to the Board if the proposed candidate is found to be suitable. The decision on new appointment of directors rests with the Board after considering the recommendation of the Nomination Committee.

The Board has also entrusted the Nomination Committee with the responsibility for carrying out evaluation of board effectiveness in the areas of composition, roles and responsibilities, and whether the respective Board Committees effectively discharge their functions and duties in accordance with their terms of reference. The assessment of Board members takes into account the ability of each member to give material input at meetings and demonstrate high level of professionalism and integrity in decision making process. The Nomination Committee annually reviews the composition of the Board to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making.

The Board through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the background, experience, knowledge and skills critical to the Group's business and that each Director with his special contributions brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made. As part of the learning process for new Directors, the Nomination Committee arranges induction sessions for these Directors to meet with the respective Heads of Departments to understand the business of the Group.

The Nomination Committee conducted an annual assessment of the Board as whole and individually of the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and the effectiveness of the Board of Directors as a whole, the Board Committees and contribution of each individual Director, including Independent Non-Executive Directors. It also conducted an assessment of the Directors who are subject to retirement at the forthcoming AGM in accordance with the Articles of Association of the Company.

The Nomination Committee takes part in the recruitment of new Directors upon receiving a nomination for new Directors. The review process would entail the assessment of the candidates' background, experience, knowledge and skills critical to the Group's business. Upon the evaluation of the candidates, the Nomination Committee shall report to the Board of its findings and recommendations. The Board would base on the recommendations of the Nomination Committee to proceed to approve or decline the appointment of the candidates as the new Directors of the Company.

For any requisition of nomination by the shareholders, the Nomination Committee would also perform the same review process. However, if the requisition is by way of sections 144 or 145 of the Companies Act, 1965, the Nomination Committee would still carry out its duties if permitted by the requisitionists.

The Board currently consists of six (6) members, of whom two (2) are Executive Directors, two (2) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Director, of which none is a female Director. The Board is satisfied with the contribution of each member of the Board through the annual assessment by the Nomination Committee. In the event of a vacancy in the Board, the Nomination Committee has been tasked to include the recruitment of female Directors. The Board would endeavour to recruit a female Director and has set itself to meet the Prime Minister's call of having 30% women's representation at boardroom level by year 2016.

The attendance of the Board Committee members for the financial year ended 31 March 2015:-

Directors	Audit Committee ("AC")	Nomination Committee ("NC")	Remuneration Committee ("RC")
Lim Foo Seng	5/5	2/2	2/2
Datuk Nur Jazlan bin Tan Sri Mohamed (a)	5/5	2/2	2/2
Hew Tze Kok (b)	3/3	1/1	1/1
Tengku Ahmad Badli Shah Bin Raja Hussin (c)	2/2	N/A	N/A
Abdul Hakim Bin Asmaun (d)	N/A	1/1	1/1

## STATEMENT ON CORPORATE GOVERNANCE *cont'd*

### Principle 2 – Strengthen composition *cont'd*

#### 2.2 Develop, maintain and review criteria for recruitment process and annual assessment of directors *cont'd*

Notes:-

(a) Datuk Nur Jazlan bin Tan Sri Mohamed resigned from AC, NC and RC on 29 July 2015.

(b) Hew Tze Kok resigned from AC, NC, RC on 17 November 2014.

(c) Tengku Ahmad Badli Shah Bin Raja Hussin was appointed to AC on 17 November 2014.

(d) Abdul Hakim Bin Asmaun was appointed to NC and RC on 17 November 2014.

#### 2.3 Establish formal and transparent remuneration policies and procedures to attract and retain directors

The composition of the Remuneration Committee comprises a majority of Independent Directors. The Remuneration Committee met twice in the financial period ended 31 March 2015 to deliberate matters within its terms of reference.

The Remuneration Committee is responsible for reviewing the remuneration of Directors and senior management to ensure that they are at sufficiently competitive levels and recommending to the Board the remuneration of the directors and senior management. The Company has adopted the objectives as recommended by the MCCG 2012 to determine the remuneration of the Directors so as to ensure that the Company attracts and retains Directors of the quality needed to manage the business of the Group respectively.

The Remuneration Committee had performed its duty to assess annually the remuneration package of its Executive Directors and Senior Management.

The Board recommends the Directors' fees payable to the Directors on a yearly basis to the shareholders for approval at the AGM in line with the provision of its Articles of Association.

The aggregate remuneration of the directors for the financial period ended 31 March 2015 is as follows:

	Executive Directors	Non-Executive Directors	Total
	RM	RM	RM
Fees	11	144,000	144,011
Salaries & other emoluments	213,198	16,499	229,697
Benefits in kind	-	-	-
	213,209	160,499	373,708

The number of Directors whose remuneration falls within the respective bands is as follows:

	Executive Directors	Non-Executive Directors
Below RM50,000	1	5
RM50,001 to RM150,000	2	-

The MCCG 2012 recommends detailed disclosure to be made for each director's remuneration. The Board has chosen to disclose the remuneration in bands pursuant to the ACE Market Listing Requirements ("Listing Requirements"), as separate and detailed disclosure of individual directors' remuneration will not add significantly to the understanding and evaluation of the Company's governance.

## STATEMENT ON CORPORATE GOVERNANCE *cont'd*

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### Principle 3 – Reinforce independence

#### 3.1 Undertake an assessment of its independent directors annually

On an annual basis, the Board through the Nomination Committee assesses the Independent Directors. The Nomination Committee has in place an evaluation process and would report to the Board on its findings. The Board is satisfied with the assessment carried out of the Independent Directors.

#### 3.2 Tenure of independent director should not exceed cumulative term of 9 years. Upon completion of tenure, independent director can continue serving but as non-executive director

The Board does not have any Independent Directors who have served the Board exceeding the tenure of 9 years.

The Board notes the recommendations of MCCG 2012 and shall address the matter when the time arises.

#### 3.3 Must justify and seek shareholders' approval in retaining independent directors (serving more than 9 years)

This section is not applicable to the Company in view of section 3.2 above.

#### 3.4 Positions of Chairman and Chief Executive Officer to be held by different individuals

As at the financial period ended 31 March 2015, the Group has not appointed a Group Chief Executive. Nonetheless, the roles of the former Chairman, Datuk Nur Jazlan bin Tan Sri Mohamed (resigned on 29 July 2015), Independent Non-Executive Director, is different from the Executive Directors.

The Chairman has separate and distinct responsibilities from the Executive Directors. The Chairman plays a pivotal role in ensuring that the Directors are effectively apprised on the business and operations of the Group through regular meetings and to ensure that decisions are arrived after taking into consideration the interests of all stakeholders. The Executive Directors are responsible for the day-to-day management of the Group's businesses, which includes implementing the policies and decisions of the Board. The Executive Directors reports to the Chairman with respect to matters concerning the Board members and is obliged to report and discuss at board meetings all material matters affecting the Group.

The separation of powers, combined with the presence of the Independent Directors, ensures a balance of power and authority and provides a safeguard against the exercise of unfettered power in decision-making.

#### 3.5 Board must comprise a majority of independent directors if Chairman is not an independent director

This section is not applicable to the Company in view of 3.4 above.

### Principle 4 – Foster commitment

#### 4.1 Set expectations on time commitment for its members and protocols for accepting new directorships

The Board on an annual basis would agree on the meeting dates for the whole year so that each member of the Board is able to plan his schedule accordingly. This helps to ensure that the Board is committed to meet when the time arises.

The Board has also set a guideline on the acceptance of new directorships by the members of the Board. Any Director intending to take any new directorships should notify the Chairman of the Company first prior to accepting the new directorships and also to confirm his commitment that the new directorships would not impair his time commitment with the Company.

## STATEMENT ON CORPORATE GOVERNANCE *cont'd*

### Principle 4 – Foster commitment *cont'd*

#### 4.1 Set expectations on time commitment for its members and protocols for accepting new directorships *cont'd*

There were six (6) meetings held during the financial period under review. The attendance record of the Board for the financial period ended 31 March 2015 is set out below:-

Directors	Designations	Attendance	%
Datuk Nur Jazlan bin Tan Sri Mohamed <i>(resigned on 29 July 2015)</i>	Independent Non-Executive chairman	6/6	100%
Tan Sik Eek	Non-Independent Executive Director	6/6	100%
#Looi Kem Loong <i>(resigned on 12 May 2015)</i>	Non-Independent Non- Executive Director	6/6	100%
Lim Foo Seng	Independent Non-Executive Director	6/6	100%
Hew Tze Kok <i>(resigned on 17 November 2014)</i>	Independent Non-Executive Director	3/3	100%
Tengku Ahmad Badli Shah Bin Raja Hussin <i>(appointed on 7 October 2014)</i>	Non-Independent Non-Executive Director	3/3	100%
Abdul Hakim Bin Asmaun <i>(appointed on 4 November 2014)</i>	Non-Independent Non-Executive Director	3/3	100%
Leung Kok Keong <i>(appointed on 24 November 2014)</i>	Non-Independent Executive Director	2/3	67%
*Chu Chee Peng <i>(appointed on 21 August 2015)</i>	Independent Non-Executive Director	-	-

# Looi Kem Loong was re-designated from Executive Director to Non-Independent Non- Executive Director on 24 November 2014.

\* Chu Chee Peng was appointed as Director on 21 August 2015 and hence has not attended any Board meeting during the financial year.

Based on the above, all the Directors of the Company have attended more than 50% of the attendance required by the Listing Requirements.

#### 4.2 Ensure members have access to appropriate continuing education programme

The Board determines the training needs of the Directors on a continuous basis and ensures that its members have access to appropriate continuing education programmes. During the financial period under review, the Directors of the Company have attended relevant conferences, trade fairs, seminars and briefings in areas of corporate governance, finance or industry technologies, some of which were conducted in-house, by the Regulatory Authorities or members of professional bodies, in order to broaden their perspectives and to keep abreast with developments in the market place to better enable them to fulfill their responsibilities. Courses and fairs attended by the Directors include Mandatory Accreditation Programme, Share Valuation Techniques for Directors, Common Breaches of the Listing Requirements with Case Studies, Detecting, Preventing and Reporting Fraud and Financial Irregularities, Malaysia Open Source Conference 2014, BDO Goods and Services Tax Workshop & Tutorial, Understanding LTE, Certified IP Professional (CIPP) Practical Networking with IPv6, as well as briefings on technology advances/industry changes conducted by technology experts of our incubatees/advisory panel.

# STATEMENT ON CORPORATE GOVERNANCE *cont'd*

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## **Principle 5 – Uphold integrity in financial reporting**

### **5.1 Ensure financial statements comply with applicable financial reporting standards**

The Board through the Audit Committee endeavors to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects to shareholders, primarily through the annual reports, quarterly announcements of the Group's results and other price-sensitive public reports. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and the accuracy, consistency and appropriateness of the use and application of accounting policies and standards, as well as the reasonableness and prudence in making estimates, statements and explanations.

The Company maintains a formal and transparent and professional relationship with the auditors. On a yearly basis, the Audit Committee would meet with the External Auditors to go through the Audit Planning Memorandum prior to the commencement of the audit. In addition, the Audit Committee would also meet with the External Auditors to discuss with the External Auditors on their report to the Audit Committee following the completion of their audit. The External Auditors would share with the Audit Committee on any significant issues on the financial statements and regulatory updates. The Audit Committee would obtain the confirmation of the External Auditors with regard to the Company's compliance with the applicable financial reporting standards.

### **5.2 Policies and procedures to assess suitability and independence of external auditors**

The Audit Committee has in place an assessment of the External Auditors and would assess them on an annual basis and report to the Board its recommendation for the reappointment of the External Auditors at the annual general meeting. The External Auditors assures the Audit Committee that they were independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Non-audit fees paid or payable to External Auditors for the financial period ended 31 March 2015 amounted to RM56,830 (2014: RM5,300).

## **Principle 6 – Recognise and manage risks**

### **6.1 Establish a sound framework to manage risks**

The Board had established a sound framework to identify and management significant risks faced by the Group. Such a framework also includes pertinent risk management policies and guidelines to provide structured guidance to personnel across the Group in addressing risk management. The risk appetite of the Group is articulated via the use of risk parameters in the framework, covering financial and non-financial metrics, to assess the likelihood of risks occurring and the impact thereof should the risks crystallise. Internal controls deployed by Management are linked to, and mitigate, the business risks identified.

The Audit Committee works with the Internal Auditors to ensure that the Internal Audit Plan encompasses the audit of the essential services and the follow up on the audits. The Internal Auditors are also required to perform periodic testing of the internal control systems to ensure that the system is robust.

Further details of the risk management framework and the system of internal control of the Group are set out in the Statement on Risk Management and Internal Control of this Annual Report.

### **6.2 Establish an internal audit function which reports directly to Audit Committee**

The Group's internal audit function is outsourced to a professional services firm to provide the Audit Committee with an independent assessment on the adequacy and effectiveness of the Group's system of internal control. The outsourced internal audit function reports directly to the Audit Committee and its responsibilities include providing independent and objective reports on the state of internal controls of the significant operating units in the Group to the Audit Committee, with recommendations for improvement to the control procedures, so that remedial actions can be taken in relation to weaknesses noted in the systems.



# STATEMENT ON CORPORATE GOVERNANCE *cont'd*

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## **Principle 6 – Recognise and manage risks** *cont'd*

### **6.2 Establish an internal audit function which reports directly to Audit Committee** *cont'd*

During the financial period ended 31 March 2015, based on the audit plan approved by the Audit Committee, the outsourced internal auditors carried out review of selected key processes of the Group, covering internal control framework, investment procedures, and risk management. The total costs incurred by the Company for the internal audit function of the Group for the financial period ended 31 March 2015 amounted to approximately RM12,720.00.

Details of the internal control system are set out in the Statement on Risk Management and Internal Control of this Annual Report.

## **Principle 7 – Ensure timely and high quality disclosure**

### **7.1 Ensure Company has appropriate disclosure policies and procedures**

The Board has in place a Corporate Disclosure Policy in line with the Listing Requirements. The Executive Directors are the spokespersons of the Company on all matters relating to the Company to ensure compliance with the disclosure obligations as well as overseeing and co-ordinating disclosure of information. The Board delegated the authority to the Executive Directors of the Company to ensure that Corporate Disclosure Policy is being adhered to by senior management and Company Secretaries in respect to disclosure obligations. The Executive Directors are also given the authority to approve all announcements.

### **7.2 Encourage Company to leverage on information technology for effective dissemination of information**

The Company's website has a section dedicated to shareholders under Investor Relations where shareholders can check on the latest announcements of the Company, press release, media news and also to contact the designated person on investor relations matters.

## **Principle 8 – Strengthen relationship between Company and shareholders**

### **8.1 Take reasonable steps to encourage shareholder participation at general meetings**

The Board encourages the attendance of the shareholders at the Company's AGM. The notice period of the annual general meeting is given to the shareholders in compliance with the minimum of 21 clear days. The shareholders are thus provided with ample time to review the annual report, to appoint proxies and to collate questions to be asked at the AGM.

### **8.2 Encourage poll voting**

At the commencement of the AGM after the calling of the meeting to order, the Chairman would remind the shareholders, proxies and corporate representatives on their rights to demand for a poll in accordance with the provisions of the Articles of Association of the Company for any resolutions. The Chairman is also aware that he could demand for a poll for substantive resolution to be tabled at the shareholders' meetings.

The Company's share registrar is well equipped to facilitate the conduct a poll should the need arises.

### **8.3 Promote effective communication and proactive engagements with shareholders**

Shareholders' meetings are important events for the Board to meet the shareholders. The Chairman would allot sufficient time to encourage the shareholders, proxies and the corporate representatives to ask questions pertaining to the matters tabled at the general meetings. The senior management and External Auditors are present at the shareholders' meetings to answer any query that the shareholders, proxies and corporate representatives may ask.

In addition, the Company has identified a Senior Independent Director to whom concerns may be conveyed to him and respond to shareholders' enquiries.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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## INTRODUCTION

Pursuant to Bursa Malaysia Securities Berhad ACE Market Listing Requirements ('Listing Requirements') and Recommendation of Malaysian Code on Corporate Governance 2012, the Board is pleased to provide the following Statement on Risk Management and Internal Control.

### A. Board Responsibility

The Board acknowledges its responsibility for maintaining a sound system of internal controls and in seeking regular assurance on the adequacy, effectiveness and integrity of the risk management and internal control system to meet the Group's objectives/strategies to safeguard shareholders' investments in the Group's assets.

Board meetings are conducted on a periodic basis to review the Group's risk management and internal control activities. The Board through its Audit Committee supported by the Group Internal Audit ("GIA") that is independent of the activities it audits, conducted periodic assessments as to whether risks that may hinder the Group from achieving its objectives are being adequately evaluated, managed and controlled. Issues as well as actions agreed by the Management to address them were tabled and deliberated during the Audit Committee meetings, the minutes of which are then presented to the Board. The Board recognizes the need to embed risk management in all aspects of the Company's activities and setting levels of acceptable risk to aid decision-making and governance processes.

The Board of Directors acknowledges the need for a more formal risk management framework and process that is capable in providing a reasonable assurance that risk is managed within tolerable ranges. The Board have received assurance from the Executive Directors that the Group will continuously improve and maintain a sound and effective system of risk management and internal control. In pursuing objectives, the role of Management is to implement the Board's policies, decisions and guidelines on risks and controls that include the identification, evaluation and treatment of risks with appropriate counter measures.

The Board also acknowledges that due to the limitations that are inherent in any system of internal controls as the internal control system can only reduce but not totally eliminate risk that impede the achievement of the Group's business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

### B. Key Elements of Internal Control System

The GIA carried out periodic audit reviews on all business units and support functions in order to evaluate and report on the adequacy, integrity and effectiveness of the overall system of internal control implemented throughout the Group. The GIA aims to advise management on areas for improvement, highlight on significant findings in respect of any non-compliance and subsequently performs follow-up reviews to determine the extent to which the recommendations have been implemented.

GIA reports independently to the Audit Committee and in the course of performing its duties, the GIA has unrestricted access to all functions, records, documents, personnel, or any other resource or information, at all levels throughout the Group. The GIA function is independent of the activities that it audits or reviews, and its personnel are not allowed to perform any operational duties with the Group during their service in the GIA.

The Audit Committee reviews and deliberates internal control issues identified by the internal and external auditors on a regular basis, and evaluate on the adequacy and effectiveness of the risk management and internal control systems.

The Audit Reports, including Management's responses are also circulated to the Management for safe keeping and follow-up purposes to ensure that recommendations are being carried out.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *cont'd*

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## **B. Key Elements of Internal Control System *Cont'd***

The other key elements of the Group's internal control system include:-

- Formal organization structure with clearly defined roles and lines of responsibility, authority and accountability within the Group;
- Recruitment of adequately experienced, skilled and professional staff with the necessary caliber to fulfill the respective responsibilities and ensuring that effective controls are in place;
- Establishment of an effective segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- Reviewing the adequacy and effectiveness of the system of internal control on an on-going basis;
- Regular comprehensive information is provided to key management, covering financial performance and key business indicators. This enables effective monitoring of significant variances and deviation from budget and business objectives; and
- Engage and appoint solicitors, financial advisors and other competent professionals as may be required in respect of any corporate exercise undertaken by the Group.

The Board remains committed towards operating a sound internal control system. The internal control system will continue to be reviewed and updated, taking into consideration the changing business environment. The Board will seek regular assurance on the continuity and effectiveness of the internal control system through independent appraisal by the internal auditors.

The Board is of the view that the system of internal control in place for the financial period under review is sufficient to cater for the requirements of the Group at the existing level of operation and safeguard the Group's interest.

## **C. Risk Management Framework**

The Group has in place an on-going process for identifying, evaluating, monitoring and managing/mitigating the significant risks faced by the Group. This process is regularly reviewed by the Board in compliance to relevant guidelines, to achieve a proper balance between risks incurred and potential returns to shareholders.

The Board through the internal audit function has identified all key functional components within the Group and conducted a basic risk assessment exercise with the purpose of prioritizing key areas for internal audit review. In this regard, risks were assessed using qualitative measures based on the significance of their impact to the Group and the likelihood of occurrence. An assessment of impact and its likelihood of occurring was evaluated, indicating the level of attention required. Areas with higher risk levels are selected as internal audit priority and incorporated into the internal audit plan. Reviews are then carried out based on resources allocated, focusing on areas that required immediate mitigation, remedy and rectification. Agreed management action plans are tabled to the Board via the Audit Committee.

## **D. Communication & Weaknesses in Internal Controls**

Information is necessary for the Board to carry out internal control responsibilities in support of achievement of the Group's objectives. The Board ensures that relevant and quality information is generated and communicated to support the proper functioning of all the internal control components. Communication procedures are developed to enable all personnel to understand internal control responsibilities and their importance to the achievement of objectives. The Board affirms its commitment to ensure that all stakeholders are identified and critical stakeholders are included in its communication plan on matters affecting the functioning of internal control.

During the financial period, there were no weaknesses in the system of internal control that has resulted in any material losses, contingencies or uncertainties, which would require disclosure in the Company's Annual Report. Identified minor control shortfalls have been addressed.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *cont'd*

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### **E. Review of External Auditors**

In accordance with paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this statement on Risk Management and Internal Control and reported that nothing has come to their attention that may cause them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes carried out in the Group.

### **F. Conclusion**

The Board has obtained assurance from the executive management team and opines that the system of internal control and risk management is operating adequately and effectively in all material aspects for the financial period under review up to the date of approval of this statement. The Board has appraised and confirms the effectiveness, adequacy and integrity of the system of internal control in operation during the financial year. The Board remains committed toward building a sound system of internal controls within an effective risk management framework. The Board acknowledges that internal controls must continuously improve to support the Group in achieving its key objectives.

## OTHER COMPLIANCE INFORMATION

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### A. SHARE BUY BACKS

The Company did not carry out any share buybacks for the financial period under review.

### B. OPTIONS, WARRANTS OR CONVERTIBLES SECURITIES

No options were issued or exercised by the Company during the financial period ended 31 March 2015, saved for those disclosed below under item (N).

The Company had obtained its shareholders' approval on 28 February 2014 for the Renounceable Rights Issue Shares of up to 420,200,000 new ordinary shares of RM0.10 each ("Rights Shares") together with 420,200,000 Free Detachable Warrants ("Warrants") on the basis of one (1) Rights Share for every one (1) existing ordinary share of RM0.10 each in the Company together with one (1) warrant for every one (1) Rights Share subscribed ("Rights Issue with Warrants").

On 22 April 2014, the Company issued 420,200,000 Renounceable Right Issue Shares of RM0.10 each together with 420,200,000 Warrants and the Rights Shares together with the Warrants were listed and admitted on the official list of the ACE Market of Bursa Malaysia Securities Berhad effective 28 April 2014.

During the financial period ended 31 March 2015, 26,311,600 Warrants were exercised and converted into 26,311,600 ordinary shares of RM0.10 each and 393,888,400 Warrants were remained outstanding.

### C. DEPOSITORY RECEIPT ("DR") PROGRAMME

During the financial period ended 31 March 2015, the Company did not sponsor any DR Programme.

### D. IMPOSITION OF SANCTIONS AND/OR PENALTIES

There was no sanction and/or penalty imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial period ended 31 March 2015.

### E. SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Sustainability refers to not only corporate social responsibility practices but the adoption and application of environmentally responsible practices, sound social policies and good governance structures in order to minimize risks and volatility, whilst enhancing development impact of corporate activities.

At AsiaBio, the Group takes into account the social, economic and environmental aspects and ensures a good balance of these aspects thus ensuring committed responsibility to our stakeholders. The Group integrates Sustainability practices into our policies and practices. As a technology incubator with focus on green energy and biotechnology, we are duly committed to our Sustainability Practices through the following principles and practices:-

- a) Ensure operational policies, be it manufacturing or R&D activities, reduce waste and prevent pollution.
- b) Compliance to relevant environmental and related legislation.
- c) Ensure a safe and healthy working environment.
- d) Promote environmental awareness to our suppliers, sub-contractors, employees.
- e) Periodic review of our policy and actual performance to ensure achievability of objectives.



## OTHER COMPLIANCE INFORMATION *cont'd*

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### F. NON-AUDIT FEES

Non-audit fees paid or payable to external auditors for the financial period ended 31 March 2015 amounted to RM56,830.00.

### G. VARIATION IN RESULTS BETWEEN AUDITED AND UNAUDITED RESULTS

There were no variation of results between the audited and unaudited results for the financial period ended 31 March 2015.

### H. PROFIT GUARANTEE

There was no profit guarantee issued or received by the Company during the financial period ended 31 March 2015.

### I. MATERIAL CONTRACTS

During financial period ended 31 March 2015, there were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders' interests which were still subsisting at the end of the financial year or since the end of the previous financial year.

### J. RECURRENT RELATED PARTY TRANSACTIONS

During the financial period ended 31 March 2015, the Company did not enter into any recurrent related party transactions of revenue or trading nature.

### K. REVALUATION POLICY

The Company has not adopted any policy of regular revaluations for its landed properties.

### L. PROPERTIES

As at 31 March 2015, the Group does not own any properties.

### M. UTILISATION OF PROCEEDS

Status of utilisation of proceeds derived from the following corporate proposals by the Company as at 31 March 2015 were as follows:-

(a) Private Placement of 38,200,000 Shares

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised proceeds RM'000	Deviation RM'000	Timeframe for the utilisation of proceeds
Technology incubation fund	3,280	(3,280)	-	-	Within 3 years
Working capital	500	(500)	-	-	Within 1 year
Estimated expenses	40	(40)	-	-	Within 1 month
	3,820	(3,820)	0	0	

## OTHER COMPLIANCE INFORMATION *cont'd*

### M. UTILISATION OF PROCEEDS *cont'd*

(b) Rights Issue with Warrants of 420,200,000 Shares

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised proceeds RM'000	Deviation RM'000	Timeframe for the utilisation of proceeds
Technology incubation fund	41,020	(41,020)	-	-	Within 3 years
Working capital	500	(513)	(13)	13	Within 3 years
Estimated expenses	500	(487)	13	(13)	Within 1 month
	42,020	(42,020)	0	0	

### N. SHARE ISSUANCE SCHEME ("SIS")\*

The SIS of the Company was approved by the shareholders at the Extraordinary General Meeting held on 5 June 2015 and is governed by the Bylaws.

The SIS was implemented on 29 July 2015 and shall be in force for a period of five (5) years and may be extended for such further period, at the sole and absolute discretion of the Board upon the recommendation by the Option Committee, provided always that the Initial Scheme Period ("Initial Scheme Period") above and such extension of the scheme made pursuant to the Bylaws shall not in aggregate exceed a duration of ten (10) years or such other period as may be prescribed by Bursa Malaysia Securities Berhad or any other relevant authorities from the effective date of the SIS.

As at the date of printing of this Annual Report, a total of 171,000,000 options were offered to eligible employees under the SIS.

\* *The SIS is only in existence after the financial period ended 31 March 2015.*

# AUDIT COMMITTEE REPORT

The Board of Directors of Asia Bioenergy Technologies Berhad is pleased to present the report of the Audit Committee for the financial period ended 31 March 2015.

## A. COMPOSITION AND MEETINGS

The composition of the Committee and the attendance by each member at the Committee meetings held during the year are as follows:

Member	Attendance of meetings	Percentage attendance
Lim Foo Seng ( <i>Chairman</i> ) <i>Senior Independent Non-Executive Director</i>	5/5	100%
Datuk Nur Jazlan bin Tan Sri Mohamed <i>Independent Non-Executive Chairman</i> ( <i>Resigned on 29 July 2015</i> )	5/5	100%
Hew Tze Kok <i>Independent Non-Executive Director</i> ( <i>Resigned on 17 November 2014</i> )	3/3	100%
Tengku Ahmad Badli Shah Bin Raja Hussin <i>Non-Independent Non-Executive Director</i> ( <i>Appointed on 17 November 2014</i> )	2/2	100%
*Chu Chee Peng <i>Independent Non-Executive Director</i> ( <i>Appointed on 21 August 2015</i> )	-	-

\* *Chu Chee Peng was appointed to the Audit Committee on 21 August 2015 and hence has not attended any audit committee meeting during the financial year.*

## B. TERMS OF REFERENCE OF AUDIT COMMITTEE

Terms of Reference of the Committee are as follows:

### Composition of the Audit Committee

The Audit Committee shall be appointed by the Board from amongst their numbers, which fulfils the following requirements:-

- a. The Audit Committee must be composed of no fewer than 3 members.
- b. All the Audit Committee members must be non-executive directors, with a majority of them being independent directors
- c. At least one (1) member of the Audit Committee:-
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
    - (a) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - (b) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - (iii) fulfils such other requirements as prescribed or approved by the Exchange.

## AUDIT COMMITTEE REPORT *cont'd*

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### B. TERMS OF REFERENCE OF AUDIT COMMITTEE *cont'd*

#### Composition of the Audit Committee *cont'd*

- d. No alternate director shall be appointed as a member of the Audit Committee.
- e. The member of the Audit Committee shall elect a Chairman from among themselves who shall be an Independent Director. The Chairman of the Audit Committee should engage on a continuous basis with senior management (including executive directors), the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

If the Chairman is not present at a meeting within five (5) minutes after the time appointed for holding the meeting, the members of the Committee may elect one (1) of their numbers to be the chairman of the meeting.

In the event of any vacancy in the Audit committee resulting in the non-compliance of the clauses (a), (b) and (c) above, the Company must fill the vacancy within three (3) months.

All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. The board must review the term of office and performance of the Audit Committee and each of its members at least once in every three (3) years to determine whether the Audit committee and members have carried out their duties in accordance with their terms of reference.

The role of the Audit Committee Chairman is planning and conducting meetings, overseeing reporting to the board, encouraging open discussion during meetings, and developing and maintaining active on-going dialogue with management and both internal and external auditors.

### C. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial period ended 31 March 2015, the Audit Committee has carried out its duties as set out in terms of reference. These include:

- a. Reviewed the quarterly financials results, audited financial statements and annual report of the Group and the Company and ensure, amongst others, that it complies with applicable financial reporting standards prior to submission to the Board of Directors for consideration and approval;
- b. Reviewed the minutes of meetings of the Audit Committee;
- c. Reviewed the acquisition of major investment or fixed assets;
- d. Reviewed the corporate proposals to be undertaken by the Company;
- e. Reviewed the external auditors' audit plans and scope of work for the year for the Group;
- f. Reviewed the fees of the external auditors;
- g. Reviewed the internal audit reports by the Internal Auditors; and
- h. Conducted private meetings with the External Auditors without the presence of Executive Directors or employees of the Group.

### D. INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional services firm to provide the Audit Committee with an independent assessment on the adequacy and effectiveness of the Group's system of internal control. Cost incurred for the internal audit function in respect of the financial period ended 31 March 2015 amounted to RM12,720.00.

The internal audit division conducts scheduled internal audits based on the audit plan presented to and approved by the Audit Committee. The audit focuses on areas with high risk and ascertains that the risks are effectively mitigated by controls. Periodic reports are then tabled to the Audit Committee on improvements, recommendations and follow-ups.

## AUDIT COMMITTEE REPORT *cont'd*

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### **E. RIGHTS**

In carrying out its duties and responsibilities, the Audit Committee will:

- a. have the authority to investigate any matter within its terms of reference;
- b. have the resources which are required to perform its duties;
- c. have full and unrestricted access to any information pertaining to the Company;
- d. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- e. be able to obtain independent professional or other advice and to invite outside experts or advisors such as valuers, engineers or tax consultants with relevant experience and expertise to attend the with relevant the Audit Committee meetings (if required) and to brief the Audit Committee; and
- f. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

### **F. DUTIES AND RESPONSIBILITIES**

The following are the main duties and responsibilities of the Audit Committee:

- a. Review the appointment, resignation, conduct, audit plans, functions and findings of the External and Internal auditors;
- b. Review the assistance given by Group employees to the External and Internal Auditors;
- c. Review the quarterly results and year end financial statements and ensure, amongst others, that the financial statements comply with applicable financial reporting standards, prior to approval of the Board;
- d. Review related party transactions or conflict of interest situations or any procedure, transaction or conduct that may raise questions on management integrity;
- e. Review and report the state of the system of internal controls of the Group;
- f. Consider the major findings of internal investigations and management's response as well as other matters as defined by the Board; and
- g. Assess the suitability and independence of external auditors.

### **G. STATEMENT OF ALLOCATION OF SHARE ISSUANCE SCHEME**

On 5 June 2015, the Company obtained approval from its shareholders on the establishment of a share issuance scheme of up to thirty percent (30%) of the Company's total issued and paid-up share capital (excluding treasury shares, if any) at any one time during the duration of the share issuance scheme for the eligible persons of the Company and its subsidiaries (excluding dormant subsidiaries) ("SIS"). The SIS was implemented on 29 July 2015.

The Audit Committee shall verify the allocation of options for the eligible persons of the Company and its subsidiaries (excluding dormant subsidiaries) pursuant to the Bylaws of the SIS to ensure compliance with the criteria for the allocation of options under the scheme, at each financial year end (if any).

## DIRECTORS' RESPONSIBILITY STATEMENT ON FINANCIAL STATEMENTS

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The primary aim of the Directors are to present a balanced and understandable assessment of the Group's position and prospects through its annual financial statements and quarterly financial results to its shareholders. In presenting the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates. The quarterly financial results were reviewed by the Audit Committee and approved by the board of Directors before its release to Bursa Malaysia Securities Berhad.

The Directors of the Company are required to ensure that the financial statements for each financial year are properly drawn up in accordance with the provision of the companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cash flows of the Group and the company for that period.

The Directors are satisfied that in preparing the financial statements of the Group for the financial period ended 31 March 2015, the Group had used appropriate accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards are adhered to in the preparation of the financial statements.

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period from 1 February 2014 to 31 March 2015.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are engaged in technology incubation and investment holding. The principal activities of the subsidiary companies are as set out in Note 7 to the financial statements. There were no significant changes in the nature of these activities during the financial period.

## CHANGE OF FINANCIAL YEAR

The Company changed its financial year end from 31 January to 31 March during the financial period.

## FINANCIAL RESULTS

	Group RM	Company RM
Loss for the period	(3,961,142)	(4,192,127)
Attributable to:		
Owners of the Company	(3,774,674)	(4,192,127)
Non-controlling interests	(186,468)	-
	(3,961,142)	(4,192,127)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDEND

No dividend has been paid, declared or proposed since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial period.

## MOVEMENTS ON RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company increased its issued and paid-up ordinary share capital from RM42,020,000 to RM86,671,160 by way of:

- (a) issuance of 420,200,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 for cash pursuant to the completion of the Rights Issue with Warrants Exercise with the listing and quotation of 420,200,000 new ordinary shares of RM0.10 each ("Rights Shares") together with up to 420,200,000 free detachable Warrants on 28 April 2014 on the basis of one (1) Rights Share together with one (1) free Warrant for every one (1) existing ordinary share of RM0.10 each; and
- (b) issuance of 26,311,600 ordinary shares of RM0.10 each at par value arising from the exercised of Warrants 2014/2024.

## DIRECTORS' REPORT *cont'd*

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### ISSUE OF SHARES AND DEBENTURES *cont'd*

The shares were issued for the purpose of working capital. The newly issued shares rank *pari passu* in all respects with the previously issued shares.

There was no issue of debentures by the Company during the financial period.

### OPTIONS

No option has been granted during the financial period to take up unissued shares of the Company.

### Warrants 2014/2024

On 28 April 2014, the Company listed and quoted 420,200,000 free detachable warrants ("Warrants") pursuant to the Rights Issue with Warrants Exercise on the basis of one (1) Warrant for every one (1) Rights Share subscribed.

The Warrants are constituted by the Deed Poll dated 17 March 2014 ("Deed Poll").

Salient features of the Warrants are as follows:

- (a) Each Warrant entitles the registered holder thereof ("Warrant holder(s)") to subscribe for one (1) new ordinary share of RM0.10 in the Company at an exercise price of RM0.10 during the 10-year period expiring on 19 April 2024 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll;
- (b) At the expiry of the Exercise Period, any Warrants which have not been exercised shall automatically lapse and cease to be valid for any purposes; and
- (c) Warrant holders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allotted and issued upon such exercise shall rank *pari passu* in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

During the financial period, the total outstanding Warrants as at 31 March 2015 is 393,888,400.

### DIRECTORS

The directors in office since the date of the last report are:

Datuk Nur Jazlan Bin Tan Sri Mohamed

Tan Sik Eek

Lim Foo Seng

Tengku Ahmad Badli Shah Bin Raja Hussin

Abdul Hakim Bin Asmaun

Leung Kok Keong

Hew Tze Kok

Looi Kem Loong

(appointed on 07.10.2014)

(appointed on 04.11.2014)

(appointed on 24.11.2014)

(resigned on 17.11.2014)

(resigned on 12.05.2015)

## DIRECTORS' REPORT *cont'd*

### DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of directors who held office at the end of the financial period in the shares in the Company and its related companies during the financial period are as follows:

	← No. of Ordinary Shares of RM0.10 each →			
	Balance 01.02.2014	Bought	Sold	Balance 31.03.2015
<b>Direct</b>				
Leung Kok Keong	50	-	-	50
Looi Kem Loong	733	-	-	733
Lim Foo Seng	50	-	-	50
<b>Indirect</b>				
Looi Kem Loong*	30,704,333	30,704,333	20,700,000	40,708,666

\* *Deemed interest by virtue of his substantial shareholdings pursuant to Section 6A of the Companies Act, 1965 in Platimas Sdn. Bhd. and Acritaz Holdings Sdn. Bhd.*

The other directors holding office at the end of the financial period had no interest in shares in the Company during the financial period.

	← No. of Warrants 2014/2024 →			
	Balance 01.02.2014	Bought	Sold	Balance 31.03.2015
<b>Indirect</b>				
Looi Kem Loong*	-	30,704,333	30,704,200	133

\* *Deemed interest by virtue of his substantial shareholdings pursuant to Section 6A of the Companies Act, 1965 in Platimas Sdn. Bhd. and Acritaz Holdings Sdn. Bhd.*

The other directors holding office at the end of the financial period had no interest in Warrants 2014/2024 in the Company during the financial period.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial period was the Company a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

### SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events during the financial period are disclosed in Note 29 to the financial statements.

## DIRECTORS' REPORT *cont'd*

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### SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period is disclosed in Note 30 to the financial statements.

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts or the values attributed to current assets misleading; and
- (b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

In the interval between the end of the financial period and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and of the Company for the current financial period other than as disclosed in Note 30 to the financial statements; and
- (b) no charge has arisen on the assets of the Group and of the Company which secures the liabilities of any other person nor has any contingent liability arisen in the Group and the Company.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet its obligations when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

### AUDITORS

The auditors, Messrs Siew Boon Yeong & Associates, Chartered Accountants, have expressed their willingness to continue in office.

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

**LEUNG KOK KEONG**  
Director

**TAN SIK EEK**  
Director

Kuala Lumpur,  
Date: 28 July 2015

## STATEMENT BY DIRECTORS

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In the opinion of the directors, the financial statements set out on pages 37 to 78 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to exhibit a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and of the results and cash flows of the Group and of the Company for the period ended on that date.

The information set out in Note 31 on page 78 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed in Kuala Lumpur on 28 July 2015

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

**LEUNG KOK KEONG**

**TAN SIK EEK**

## STATUTORY DECLARATION

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I, Leung Kok Keong, being the director primarily responsible for the financial management of Asia Bioenergy Technologies Berhad, do solemnly and sincerely declare that the financial statements set out on pages 37 to 78 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly  
declared in Kuala Lumpur on 28 July 2015

**LEUNG KOK KEONG**

Before me

**No: W465**  
**KAPT. (B) JASNI BIN YUSOFF**

Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

## to the Members of Asia Bioenergy Technologies Berhad

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Asia Bioenergy Technologies Berhad, which comprise the statements of financial position as at 31 March 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 78.

### Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015 and of their financial performance and cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

# INDEPENDENT AUDITORS' REPORT *cont'd*

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to the Members of Asia Bioenergy Technologies Berhad

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS *cont'd*

The supplementary information set out in Note 31 on page 78 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### SIEW BOON YEONG & ASSOCIATES

[AF: 0660]

Chartered Accountants

### DATO' SIEW BOON YEONG

[1321 / 7 / 16 (J)]

Kuala Lumpur,

Date: 28 July 2015



# STATEMENTS OF FINANCIAL POSITION

as at 31 March 2015

	Note	Group		Company	
		31.03.2015 RM	31.01.2014 RM	31.03.2015 RM	31.01.2014 RM
<b>ASSETS</b>					
NON-CURRENT ASSETS					
Property, plant and equipment	5	11,345,806	4,399,657	4,533,900	1,446,887
Intangible assets	6	1,587,789	2,352,570	-	-
Investment in subsidiary companies	7	-	-	2,388,394	3,202,059
Other investments	8	4,963,223	11,365,974	3,065,504	8,377,555
		17,896,818	18,118,201	9,987,798	13,026,501
CURRENT ASSETS					
Inventories	9	220,210	-	-	-
Trade receivables	10	97,633	612,428	-	-
Other receivables, deposits and prepayments	11	2,759,257	98,982	17,501	88,982
Amount owing by subsidiary companies	12	-	-	52,900,643	10,945,768
Marketable securities	13	41,447,983	4,091,252	-	-
Tax recoverable		-	58	-	-
Deposits with a licensed financial institution	14	1,000,000	1,900,000	1,000,000	1,900,000
Cash and bank balances		1,104,365	1,224,068	711,745	94,764
		46,629,448	7,926,788	54,629,889	13,029,514
<b>TOTAL ASSETS</b>		<b>64,526,266</b>	<b>26,044,989</b>	<b>64,617,687</b>	<b>26,056,015</b>

## STATEMENTS OF FINANCIAL POSITION *cont'd*

as at 31 March 2015

	Note	Group		Company	
		31.03.2015 RM	31.01.2014 RM	31.03.2015 RM	31.01.2014 RM
<b>EQUITY AND LIABILITIES</b>					
EQUITY					
Share capital	15	86,671,160	42,020,000	86,671,160	42,020,000
Reserves	16	(22,323,379)	(18,548,705)	(22,152,790)	(17,960,663)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS		64,347,781	23,471,295	64,518,370	24,059,337
Non-controlling interests		(140,982)	45,486	-	-
TOTAL EQUITY		64,206,799	23,516,781	64,518,370	24,059,337
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	17	121,932	442,500	-	-
Other payables and accruals	18	197,535	2,085,708	99,317	1,996,678
		319,467	2,528,208	99,317	1,996,678
TOTAL LIABILITIES		319,467	2,528,208	99,317	1,996,678
TOTAL EQUITY AND LIABILITIES		64,526,266	26,044,989	64,617,687	26,056,015

*The accompanying notes form an integral part of the financial statements.*

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period from 1 February 2014 to 31 March 2015

	Note	Group		Company	
		From 01.02.2014 to 31.03.2015 RM	From 01.02.2013 to 31.01.2014 RM	From 01.02.2014 to 31.03.2015 RM	From 01.02.2013 to 31.01.2014 RM
REVENUE	19	53,232,689	3,700,349	608,337	46,228
COST OF SALES		(54,010,800)	(3,631,655)	-	-
GROSS (LOSS)/PROFIT		(778,111)	68,694	608,337	46,228
OTHER OPERATING INCOME		4,743,882	4,509,038	1,933,628	4,769,214
ADMINISTRATIVE EXPENSES		(2,910,016)	(1,583,405)	(2,746,302)	(1,196,345)
OTHER OPERATING EXPENSES		(5,010,980)	(3,703,135)	(3,987,790)	(3,745,997)
LOSS FROM OPERATIONS		(3,955,225)	(708,808)	(4,192,127)	(126,900)
FINANCE COSTS	20	(5,917)	-	-	-
LOSS BEFORE TAXATION	21	(3,961,142)	(708,808)	(4,192,127)	(126,900)
INCOME TAX EXPENSE	22	-	(686)	-	(569)
LOSS FOR THE PERIOD/YEAR		(3,961,142)	(709,494)	(4,192,127)	(127,469)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR		(3,961,142)	(709,494)	(4,192,127)	(127,469)
LOSS ATTRIBUTABLE TO:					
Owners of the Company		(3,774,674)	(644,957)	(4,192,127)	(127,469)
Non-controlling interests		(186,468)	(64,537)	-	-
LOSS FOR THE PERIOD/YEAR		(3,961,142)	(709,494)	(4,192,127)	(127,469)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Owners of the Company		(3,774,674)	(644,957)	(4,192,127)	(127,469)
Non-controlling interests		(186,468)	(64,537)	-	-
		(3,961,142)	(709,494)	(4,192,127)	(127,469)
BASIC LOSS PER SHARE					
- Basic (sen)	24	(0.50)	(0.16)		

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

## STATEMENTS OF CHANGES IN EQUITY

for the period from 1 February 2014 to 31 March 2015

Group	← Attributable to owners of the Company →				Total	← Non-distributable →		Total
	Share capital	Share premium	Warrants reserve	Accumulated losses		Non-controlling interests	Total	
	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1 February 2013	38,200,000	-	-	(17,903,746)	20,296,254	110,023	20,406,277	
Transactions with owners:								
Issuance of share capital	3,820,000	-	-	-	3,820,000	-	3,820,000	
Acquisition of additional shares in a subsidiary company	-	-	-	(2)	(2)	-	(2)	
Total comprehensive loss for the year	-	-	-	(644,957)	(644,957)	(64,537)	(709,494)	
Balance at 31 January 2014	42,020,000	-	-	(18,548,705)	23,471,295	45,486	23,516,781	
Transactions with owners:								
Issuance of share capital	42,020,000	-	-	-	42,020,000	-	42,020,000	
Exercised of warrants	2,631,160	22,254	333,452	(355,706)	2,631,160	-	2,631,160	
Total comprehensive loss for the period	-	-	-	(3,774,674)	(3,774,674)	(186,468)	(3,961,142)	
Balance at 31 March 2015	86,671,160	22,254	333,452	(22,679,085)	64,347,781	(140,982)	64,206,799	

Company	← Attributable to owners of the Company →				Total
	Share capital	Share premium	Warrants reserve	Accumulated losses	
	RM	RM	RM	RM	RM
Balance at 1 February 2013	38,200,000	-	-	(17,833,194)	20,366,806
Transaction with owners:					
Issuance of share capital	3,820,000	-	-	-	3,820,000
Total comprehensive loss for the year	-	-	-	(127,469)	(127,469)
Balance at 31 January 2014	42,020,000	-	-	(17,960,663)	24,059,337
Transaction with owners:					
Issuance of share capital	42,020,000	-	-	-	42,020,000
Exercised of warrants	2,631,160	22,254	333,452	(355,706)	2,631,160
Total comprehensive loss for the period	-	-	-	(4,192,127)	(4,192,127)
Balance at 31 March 2015	86,671,160	22,254	333,452	(22,508,496)	64,518,370

*The accompanying notes form an integral part of the financial statements.*

## STATEMENTS OF CASH FLOWS

for the period from 1 February 2014 to 31 March 2015

	Note	Group		Company	
		From 01.02.2014 to 31.03.2015	From 01.02.2013 to 31.01.2014	From 01.02.2014 to 31.03.2015	From 01.02.2013 to 31.01.2014
		RM	RM	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Loss before taxation		(3,961,142)	(708,808)	(4,192,127)	(126,900)
<i>Adjustments for:</i>					
Depreciation	5	1,082,660	325,179	598,760	307,460
Deposit forfeited		-	43,800	-	-
Fair value (gain)/loss on marketable securities		(2,455,283)	561,590	-	-
Gain on disposal of other investments		(1,933,875)	(4,455,039)	(1,933,628)	(4,769,214)
Gain on foreign exchange - unrealised		(338,221)	-	-	-
Impairment loss on:					
- goodwill on consolidation	6	767,781	-	-	-
- investment in subsidiary company		-	-	816,667	3,247,943
- other investments		4,203,090	2,018,014	3,138,144	256,234
Interest expense		5,917	-	-	-
Loss on disposal of marketable securities		1,097,552	16,398	-	-
Property, plant and equipment written off	5	40,110	798,352	32,980	241,819
Waiver of debts		-	(54,000)	-	-
<i>Operating loss before working capital changes</i>		(1,491,411)	(1,454,514)	(1,539,204)	(842,658)
Proceeds from disposal of marketable securities		52,538,384	1,527,641	-	-
Purchase of marketable securities		(86,255,270)	(6,196,881)	-	-
Increase in inventories		(220,210)	-	-	-
Increase in receivables		(2,155,746)	(517,172)	(41,883,394)	(10,956,111)
Withdrawals/(deposits) with a licensed financial institution		900,000	(1,900,000)	900,000	(1,900,000)
(Decrease)/increase in payables		(275,112)	(1,984,730)	36,267	(428,858)
<i>Cash used in operations</i>		(36,959,365)	(10,525,656)	(42,486,331)	(14,127,627)
Tax refunded/(paid)		58	(21,334)	-	(569)
<i>Net cash used in operating activities</i>		(36,959,307)	(10,546,990)	(42,486,331)	(14,128,196)

## STATEMENTS OF CASH FLOWS *cont'd*

for the period from 1 February 2014 to 31 March 2015

	Note	Group		Company	
		From 01.02.2014 to 31.03.2015	From 01.02.2013 to 31.01.2014	From 01.02.2014 to 31.03.2015	From 01.02.2013 to 31.01.2014
		RM	RM	RM	RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Net cash outflow on acquisition of a subsidiary company	25 (b)	(3,000)	-	(3,002)	(2)
Purchase of other investments		(659,720)	(919,000)	(659,720)	(919,000)
Purchase of property, plant and equipment		(8,068,919)	(4,237,248)	(4,618,784)	(1,290,997)
Proceeds from disposal of other investments		926,000	11,202,842	2,833,627	10,458,870
Proceeds from disposal of property, plant and equipment		-	-	900,031	547,999
<i>Net cash (used in)/generated from investing activities</i>		(7,805,639)	6,046,594	(1,547,848)	8,796,870
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issuance of share capital		42,020,000	3,820,000	42,020,000	3,820,000
Proceeds from exercise of warrants		2,631,160	-	2,631,160	-
Interest paid		(5,917)	-	-	-
<i>Net cash generated from financing activities</i>		44,645,243	3,820,000	44,651,160	3,820,000
<i>Net (decrease)/increase in cash and cash equivalents</i>		(119,703)	(680,396)	616,981	(1,511,326)
<i>Cash and cash equivalents at beginning of period/year</i>		1,224,068	1,904,464	94,764	1,606,090
<i>Cash and cash equivalents at end of period/year</i>		1,104,365	1,224,068	711,745	94,764
<b>Cash and Cash Equivalents Comprise:</b>					
Cash and bank balances		1,104,365	1,224,068	711,745	94,764

*The accompanying notes form an integral part of the financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

## 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company are engaged in technology incubation and investment holding. The principal activities of the subsidiary companies are as set out in Note 7 to the financial statements. There were no significant changes in the nature of these activities during the financial period.

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

The address of the registered office of the Company is 10th Floor Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.

The address of the principal place of business of the Company is No. 68, Jalan Waja 2, Taman Industri Waja, 09000 Kulim, Kedah.

The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's and its subsidiary companies functional currency.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of Companies Act, 1965 in Malaysia. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

During the current financial period, the Group and the Company have adopted all MFRSs, amendments to MFRSs and IC Interpretation that are effective at the beginning of the financial period.

The Group and the Company have not adopted the following standards, amendments and interpretations that have been issued but not yet effective:

### MFRSs that have been issued but are not yet effective

MFRSs/Interpretations	Effective for annual periods beginning on or after
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016



# NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *cont'd*

### **MFRSs that have been issued but are not yet effective** *cont'd*

The adoption of these standards, amendments and interpretations that have been issued but not yet effective are not expected to have a material impact to the financial statements of the Group and of the Company except as discussed below:

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. There will be no financial impact on the financial statements of the Group and of the Company upon its initial application.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis Of Consolidation

The financial statements of the Group include the audited financial statements of the Company and its subsidiary companies made up to the end of the financial period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

#### (i) *Acquisition method of accounting for non-common control business combinations*

Acquisition of subsidiaries is accounted for by applying the acquisition method. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

#### (ii) *Non-controlling interest*

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated of financial position, separately from equity attributable to owners of the Company.

# NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (a) Basis Of Consolidation *cont'd*

#### (ii) Non-controlling interest *cont'd*

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

### (b) Property, Plant And Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, where applicable.

Freehold land is not depreciated.

Property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives at the following annual rates:

	%
Factory	2
Buildings	2
Computers	20 - 33.33
Furniture and fittings	10
Lab equipment	10 - 20
Motor vehicles	10 - 20
Office equipment	20
Plant and machinery	10 - 20
Renovation	10
Signboard	10 - 20

Capital work-in-progress represents plant under installation and is stated at cost. It is not depreciated until such time when the asset is available for use.

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at each statements of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group and the Company are obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

# NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (c) Intangible Assets

#### (i) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiary companies at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiary companies exceeds the cost of the business combinations, the excess is recognised as income immediately in profit and loss.

#### (ii) Other Intangible Assets

Intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree if the fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process research and development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development are not met.

Intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors; there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed each period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment for indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (d) Investment In Subsidiary Companies

Subsidiary companies are entities, including structured entities, controlled by the Group. The Group controls the entities when it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

Investment in subsidiary companies are stated at cost and are written down when there is a permanent impairment in the value of the investments. The impairment loss is recognised in the profit or loss.

On disposal of an investment, the difference between net disposal proceeds and their carrying amounts is charged or credited to profit or loss.

### (e) Inventories

Inventories are stated at lower of cost and net realisable value and are determined on the weighted average basis. The cost of inventories comprises actual costs of purchase, incidental costs in bringing the inventories into store and appropriate proportions of manufacturing overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated costs necessary to make the sale.

### (f) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group and the Company have become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group and the Company have a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

#### (i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's and the Company's rights to receive payment is established.

# NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (f) Financial Instruments *cont'd*

#### (i) Financial Assets *cont'd*

- *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's and the Company's rights to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

#### (ii) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

#### (iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

A financial asset is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (f) Financial Instruments *cont'd*

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### (g) Impairment

#### (i) *Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

#### (ii) *Impairment of Non-financial Assets*

The carrying amounts of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at each end of the reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (h) Provisions For Liabilities

Provisions for liabilities are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate of the amount can be made. Provisions are reviewed at each statements of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### (i) Related Parties

A party is related to an entity if:

- (i) directly, or indirectly through one or more intermediaries, the party:
  - a. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - b. has an interest in the entity that gives it significant influence over the entity, or
  - c. has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venture;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

### (j) Foreign Currency Translation

#### *Transactions And Balances*

Foreign currency monetary assets and liabilities have been translated into Ringgit Malaysia ("RM") at the rates of exchange ruling at the statements of financial position date. Transactions in foreign currencies have been converted at rates ruling at the transaction dates. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the profit or loss. Non-monetary assets and liabilities are translated using exchange rates that existed when the values determined.

### (k) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable.



# NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (k) Revenue Recognition *cont'd*

Income from business activities of the Group and of the Company is recognised using the following bases:

#### (i) Sale Of Marketable Securities

Proceeds from sale of marketable securities is recognised upon disposal of investments.

#### (ii) Interest Income

Interest income on securities is recognised on an effective yield basis.

#### (iii) Dividend Income

Dividend income from investments is recognised when the rights to receive payment is established.

#### (iv) Sale Of Goods And Services

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's and the Company's activities. Revenue from sale of goods and services is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts, and services are performed.

### (l) Income Tax Expense

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

# NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (m) Employee Benefits

#### (i) Short Term Employee Benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company.

#### (ii) Defined Contribution Plan

The Group's and the Company's contributions to defined contribution plans regulated and managed by the government, are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further financial obligations.

### (n) Cash And Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (o) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision makers to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

### (p) Contingent Assets

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group and of the Company.

### (q) Warrant Reserve

Amount allocated in relation to the issuance of warrants is credited to warrant reserve which is non-distributable. Warrant reserve is transferred to share premium or retained profits upon the exercise or expiry of the warrants respectively.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgments that affect the application of the Group's and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

### (a) Depreciation Of Property, Plant And Equipment

The estimates for residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group and the Company anticipate that the residual values of their property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *cont'd*

#### (a) Depreciation Of Property, Plant And Equipment *cont'd*

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company and its subsidiary companies recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### (c) Impairment Of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

#### (d) Impairment Of Loans And Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

#### (e) Write-Down Of Inventories

Reviews are made periodically by management on damaged, obsolete and slowing-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

#### (f) Impairment Of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

# NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

## 5. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

Group	Capital work-in-progress	Freehold land	Factory	Buildings	Computers	Furniture and fittings	Lab equipment	Motor vehicles	Office equipment	Plant and machinery	Renovation	Signboard	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<i>Cost</i>													
At 1 February 2013	-	-	-	-	33,064	104,830	758,327	-	61,444	-	482,311	4,375	1,444,351
Additions	2,905,763	-	-	280,000	10,997	-	-	9,288	-	851,200	180,000	-	4,237,248
Reclassification	-	-	-	-	-	(6,989)	-	-	-	-	(32,153)	-	(39,142)
Written off	-	-	-	-	-	(97,841)	(272,070)	-	(33,214)	-	(450,158)	(4,375)	(857,658)
At 31 January 2014	2,905,763	-	-	280,000	44,061	-	486,257	9,288	28,230	851,200	180,000	-	4,784,799
Additions	-	1,000,000	500,000	12,000	12,399	56,500	367,298	124,400	47,700	4,058,382	1,889,040	1,200	8,068,919
Reclassification	(2,905,763)	-	-	-	-	-	-	-	-	2,905,763	-	-	-
Written off	-	-	-	-	-	-	(76,257)	-	(2,397)	-	-	-	(78,654)
At 31 March 2015	-	1,000,000	500,000	292,000	56,460	56,500	777,298	133,688	73,533	7,815,345	2,069,040	1,200	12,775,064

# NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

## 5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

The details of property, plant and equipment are as follows: *cont'd*

Group	Capital work-in-progress	Freehold land	Factory	Buildings	Computers	Furniture and fittings	Lab equipment	Motor vehicles	Office equipment	Plant and machinery	Renovation	Signboard	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<i>Accumulated depreciation</i>													
At 1 February 2013	-	-	-	-	12,696	6,988	88,472	-	17,810	-	32,153	292	158,411
Charge for the year	-	-	-	23,334	8,132	1,621	109,631	310	6,753	156,073	19,252	73	325,179
Reclassification	-	-	-	-	-	(6,989)	-	-	-	-	(32,153)	-	(39,142)
Written off	-	-	-	-	-	(1,620)	(41,914)	-	(7,905)	-	(7,502)	(365)	(59,306)
At 31 January 2014	-	-	-	23,334	20,828	-	156,189	310	16,658	156,073	11,750	-	385,142
Charge for the period	-	-	6,667	33,867	9,862	3,767	159,507	20,960	14,370	691,396	142,184	80	1,082,660
Written off	-	-	-	-	-	-	(36,627)	-	(1,917)	-	-	-	(38,544)
At 31 March 2015	-	-	6,667	57,201	30,690	3,767	279,069	21,270	29,111	847,469	153,934	80	1,429,258
<i>Net book value</i>													
At 31 March 2015	-	1,000,000	493,333	234,799	25,770	52,733	498,229	112,418	44,422	6,967,876	1,915,106	1,120	11,345,806
At 31 January 2014	2,905,763	-	-	256,666	23,233	-	330,068	8,978	11,572	695,127	168,250	-	4,399,657

# NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

## 5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

The details of property, plant and equipment are as follows: *Cont'd*

Company	Freehold land	Factory	Buildings	Computers	Furniture and fittings	Lab equipment	Motor vehicle	Office equipment	Plant and machinery	Renovation	Signboard	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<i>Cost</i>												
At 1 February 2013	-	-	-	33,064	104,830	725,000	-	61,444	-	482,312	4,375	1,411,025
Additions	-	-	280,000	10,997	-	-	-	-	850,000	150,000	-	1,290,997
Disposals	-	-	-	-	(104,830)	-	-	-	-	(482,312)	-	(587,142)
Written off	-	-	-	-	-	(250,000)	-	(33,214)	-	-	(4,375)	(287,589)
At 31 January 2014	-	-	280,000	44,061	-	475,000	-	28,230	850,000	150,000	-	1,827,291
Additions	1,000,000	500,000	12,000	4,899	56,500	349,835	35,000	10,000	956,250	1,693,100	1,200	4,618,784
Disposals	-	-	-	-	-	-	-	-	(956,250)	-	-	(956,250)
Written off	-	-	-	-	-	(65,000)	-	(2,397)	-	-	-	(67,397)
At 31 March 2015	1,000,000	500,000	292,000	48,960	56,500	759,835	35,000	35,833	850,000	1,843,100	1,200	5,422,428
<i>Accumulated depreciation</i>												
At 1 February 2013	-	-	-	12,696	6,989	87,917	-	17,809	-	32,154	292	157,857
Charge for the year	-	-	23,334	8,134	-	103,333	-	6,753	155,833	10,000	73	307,460
Disposals	-	-	-	-	(6,989)	-	-	-	-	(32,154)	-	(39,143)
Written off	-	-	-	-	-	(37,500)	-	(7,905)	-	-	(365)	(45,770)
At 31 January 2014	-	-	23,334	20,830	-	153,750	-	16,657	155,833	10,000	-	380,404
Charge for the period	-	6,667	33,867	9,487	3,767	154,575	2,333	7,800	254,552	125,632	80	598,760
Disposals	-	-	-	-	-	-	-	-	(56,219)	-	-	(56,219)
Written off	-	-	-	-	-	(32,500)	-	(1,917)	-	-	-	(34,417)
At 31 March 2015	-	6,667	57,201	30,317	3,767	275,825	2,333	22,540	354,166	135,632	80	888,528
<i>Net book value</i>												
At 31 March 2015	1,000,000	493,333	234,799	18,643	52,733	484,010	32,667	13,293	495,834	1,707,468	1,120	4,533,900
At 31 January 2014	-	-	256,666	23,231	-	321,250	-	11,573	694,167	140,000	-	1,446,887

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 6. INTANGIBLE ASSETS

Group	Goodwill RM
<i>Cost</i>	
At 1 February 2013/31 January 2014/1 February 2014	2,352,570
Acquisition of subsidiary company (Note 25 (b))	3,000
At 31 March 2015	2,355,570
<i>Accumulated impairment</i>	
At 1 February 2013/31 January 2014/1 February 2014	-
Additions	(767,781)
At 31 March 2015	(767,781)
<i>Carrying amount</i>	
At 31 March 2015	1,587,789
At 31 January 2014	2,352,570
<u>Goodwill</u>	

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the Operating Unit ("OU") based on value-in-use. Value-in-use is determined by either discounting of future cash flows to be generated from the continuing use of the potential profitability of the OU going forward. The following are the principal assumptions:-

- (i) Cash flows (if applicable) are projected based on the management's three (3) to five (5) years business plan for the OU;
- (ii) Profitability are projected based on management's three (3) to five (5) years business plan, taking into account industry trends, historical margins achieved or pre-determined profit margins; and
- (iii) Discount rate of 15% used is based on management's estimate of return on capital employed required of the OU, taking into account, amongst others, status of operations and growth trends.

The management is not aware of any reasonable possible change in the above key assumptions that would cause the carrying amounts of the OUs to materially exceed its recoverable amount.

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 7. INVESTMENT IN SUBSIDIARY COMPANIES

	<b>Company</b>	
	<b>31.03.2015</b>	<b>31.01.2014</b>
	<b>RM</b>	<b>RM</b>
<i>Unquoted shares, at cost</i>		
At 1 February	9,050,002	9,050,000
Addition	3,002	2
At 31 March/January	9,053,004	9,050,002
<i>Accumulated impairment losses:</i>		
At 1 February	5,847,943	2,600,000
Addition	816,667	3,247,943
At 31 March/January	6,664,610	5,847,943
<i>Net carrying value</i>	2,388,394	3,202,059

Details of the subsidiary companies, all of which were incorporated in Malaysia are as follows:

<b>Name of subsidiary companies</b>	<b>Group's Effective Interest</b>		<b>Equity Interest Held By Company</b>		<b>Principal activities</b>
	<b>31.03.2015</b>	<b>31.01.2014</b>	<b>31.03.2015</b>	<b>31.01.2014</b>	
	%	%	%	%	
Eco-Sponge Sdn. Bhd.	100	100	100	100	Engaged in the manufacturing and trading of absorbent chemical compound and other related services and trading of fertilizer related products.
Asiabio Capital Sdn. Bhd.	100	100	100	100	Investing and trading in quoted securities and related activities.
Hexa Bonanza Sdn. Bhd.	50	50	50	50	Contractor and technology provider for biomass pelletizing and related equipment.
Asiabio Petroleum Sdn. Bhd. (formerly known as Virgin Hill Sdn. Bhd.)	100	-	100	-	Dormant company.



## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 8. OTHER INVESTMENTS

	Group		Company	
	31.03.2015	31.01.2014	31.03.2015	31.01.2014
	RM	RM	RM	RM
<i>Unquoted shares, at cost</i>				
At 1 February	15,305,157	25,946,473	8,681,669	15,418,437
Additions	659,720	7,505,469	659,720	7,505,469
Disposals	(4,023,283)	(18,146,785)	(3,099,048)	(14,242,237)
At 31 March/January	11,941,594	15,305,157	6,242,341	8,681,669
<i>Accumulated impairment losses:</i>				
At 1 February	(3,939,183)	(8,667,308)	(304,114)	(2,013,992)
Additions	(4,203,090)	(2,018,014)	(3,138,144)	(256,234)
Disposals	1,163,902	6,746,139	265,421	1,966,112
At 31 March/January	(6,978,371)	(3,939,183)	(3,176,837)	(304,114)
<i>Net carrying value</i>				
At 31 March/January	4,963,223	11,365,974	3,065,504	8,377,555

Investment in unquoted shares of the Group and of the Company, designated as available-for-sale financial assets, are stated at cost as their fair values cannot be reliably measured using valuation techniques due to lack of marketability of the shares.

### 9. INVENTORIES

	Group	
	31.03.2015	31.01.2014
	RM	RM
At net realisable value,		
Raw materials	9,180	-
Finished goods	211,030	-
	220,210	-

### 10. TRADE RECEIVABLES

#### Group

The normal trade credit term granted by the Group is 30 days (2014: 30 days). Other credit terms are assessed and approved on a case-by-case basis.

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	31.03.2015	31.01.2014	31.03.2015	31.01.2014
	RM	RM	RM	RM
Other receivables	-	48,493	-	48,493
Deposits	109,305	30,500	1,930	26,000
Prepayments	2,649,952	19,989	15,571	14,489
	<u>2,759,257</u>	<u>98,982</u>	<u>17,501</u>	<u>88,982</u>

### 12. AMOUNT OWING BY SUBSIDIARY COMPANIES

	Company	
	31.03.2015	31.01.2014
	RM	RM
<u>Current assets</u>		
Non-trade balances	<u>52,900,643</u>	<u>10,945,768</u>

The non-trade balances are unsecured, interest free and are repayable on demand and are to be settled in cash.

### 13. MARKETABLE SECURITIES

	Group	
	31.03.2015	31.01.2014
	RM	RM
<i>Quoted shares, at fair value through profit or loss</i>		
At 1 February	4,091,252	-
Additions	37,356,731	4,091,252
At 31 March/January	<u>41,447,983</u>	<u>4,091,252</u>
Market value	<u>41,447,983</u>	<u>4,091,252</u>

### 14. DEPOSITS WITH A LICENSED FINANCIAL INSTITUTION

#### Group and Company

The average effective interest rate for the deposits with a licensed bank is 3.7% (2014: 3.0% to 3.5%) per annum and the maturity of deposits as at the end of the financial period is 60 days (2014: 30 to 90 days).

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 15. SHARE CAPITAL

	Group and Company			
	31.03.2015	31.01.2014	31.03.2015	31.01.2014
	← Number of shares →		RM	RM
Ordinary shares of RM0.10 each:				
Authorised:				
At 1 February	1,500,000,000	1,500,000,000	150,000,000	150,000,000
At 31 March/January	1,500,000,000	1,500,000,000	150,000,000	150,000,000
Issued and fully paid:				
At 1 February	420,200,000	382,000,000	42,020,000	38,200,000
Issued during the period/year, at par	420,200,000	38,200,000	42,020,000	3,820,000
Exercised of warrants	26,311,600	-	2,631,160	-
	446,511,600	38,200,000	44,651,160	3,820,000
At 31 March/January	866,711,600	420,200,000	86,671,160	42,020,000

During the financial period, the Company increased its issued and paid-up ordinary share capital from RM42,020,000 to RM86,671,160 by way of:

- i. issuance of 420,200,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 for cash pursuant to the completion of the Rights Issue with Warrants Exercise with the listing and quotation of 420,200,000 new ordinary shares of RM0.10 each ("Rights Shares") together with up to 420,200,000 free detachable Warrants on 28 April 2014 on the basis of one (1) Rights Share together with one (1) free Warrant for every one (1) existing ordinary share of RM0.10 each; and
- ii. issuance of 26,311,600 ordinary shares of RM0.10 each at par value arising from the exercised of Warrants 2014/2024.

The shares were issued for the purpose of working capital. The newly issued shares rank pari passu in all respects with the previously issued shares.

#### Warrants

The number of Warrants remained unexercised at the end of the financial period/year are as follows:-

	Group and Company	
	31.03.2015	31.01.2014
	Unit	Unit
Unexercised warrants	393,888,400	-

The 393,888,400 (31.01.2014: Nil) Warrants were listed on Bursa Malaysia Securities Berhad on 28 April 2014. Each Warrant entitles its holder the right to subscribe for one ordinary share of RM0.10 each in the Company at any time up to the expiry date of 19 April 2024 at an exercise price of RM0.10 payable in cash.

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 16. RESERVES

	Group		Company	
	31.03.2015	31.01.2014	31.03.2015	31.01.2014
	RM	RM	RM	RM
Share premium	22,254	-	22,254	-
Warrants reserve	333,452	-	333,452	-
Accumulated losses	(22,679,085)	(18,548,705)	(22,508,496)	(17,960,663)
	<u>(22,323,379)</u>	<u>(18,548,705)</u>	<u>(22,152,790)</u>	<u>(17,960,663)</u>

#### Share Premium

	Group and Company	
	31.03.2015	31.01.2014
	RM	RM
At 1 February	-	-
Exercised of warrants	22,254	-
At 31 March/January	<u>22,254</u>	<u>-</u>

Share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

#### Warrants Reserve

Warrants reserve arose from the issuance of 420,200,000 (31.01.2014: Nil) Warrants at a fair valuation of RM0.00085 per Warrant.

### 17. TRADE PAYABLES

#### **Group**

Credit terms of trade payables ranged from 60 days to 90 days (31.01.2014: 60 days to 90 days).

### 18. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	31.03.2015	31.01.2014	31.03.2015	31.01.2014
	RM	RM	RM	RM
Other payables	141,185	102,913	64,617	29,333
Amount owing to directors	3,500	6,517	3,500	6,517
Accruals	52,850	42,650	31,200	27,200
Deferred income	-	1,933,628	-	1,933,628
	<u>197,535</u>	<u>2,085,708</u>	<u>99,317</u>	<u>1,996,678</u>

The amount owing to directors of the Group and of the Company are unsecured, interest free and are repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 19. REVENUE

	Group		Company	
	From 01.02.2014 to 31.03.2015	From 01.02.2013 to 31.01.2014	From 01.02.2014 to 31.03.2015	From 01.02.2013 to 31.01.2014
	RM	RM	RM	RM
Dividend income	75,468	-	-	-
Sales of goods and services	10,500	2,126,480	-	-
Proceeds from sale of marketable securities	52,538,384	1,527,641	-	-
Interest income	608,337	46,228	608,337	46,228
	53,232,689	3,700,349	608,337	46,228

### 20. FINANCE COSTS

	Group	
	From 01.02.2014 to 31.03.2015	From 01.02.2013 to 31.01.2014
	RM	RM
Other interest	5,917	-

### 21. LOSS BEFORE TAXATION

	Group		Company	
	From 01.02.2014 to 31.03.2015	From 01.02.2013 to 31.01.2014	From 01.02.2014 to 31.03.2015	From 01.02.2013 to 31.01.2014
	RM	RM	RM	RM
Loss before taxation is stated <i>after charging</i> :				
Auditors' remuneration:				
- current year's provision	44,700	36,000	29,000	25,000
- under accrued in respect of prior year	2,800	1,000	-	-
Depreciation	1,082,660	325,179	598,760	307,460
Fair value loss on marketable securities	-	561,590	-	-
Impairment loss on				
- goodwill on consolidation	767,781	-	-	-
- investment in subsidiary company	-	-	816,667	3,247,943
- other investments	4,203,090	2,018,014	3,138,144	256,234
Loss on disposal of marketable securities	1,097,552	16,398	-	-
Property, plant and equipment written off	40,110	798,352	32,980	241,819
Rental of motor vehicles	4,032	8,064	-	-
Rental of premises	55,344	171,800	50,744	127,400
Staff costs (Note 23)	1,026,624	558,427	994,501	223,436

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 21. LOSS BEFORE TAXATION *cont'd*

	Group		Company	
	From 01.02.2014 to 31.03.2015 RM	From 01.02.2013 to 31.01.2014 RM	From 01.02.2014 to 31.03.2015 RM	From 01.02.2013 to 31.01.2014 RM
<i>and crediting:</i>				
Fair value gain on marketable securities	2,455,283	-	-	-
Gain on disposal of other investments	1,933,875	4,455,039	1,933,628	4,769,214
Gain on foreign exchange				
- realised	16,504	-	-	-
- unrealised	338,221	-	-	-
Waiver of debts	-	54,000	-	-

### 22. INCOME TAX EXPENSE

	Group		Company	
	From 01.02.2014 to 31.03.2015 RM	From 01.02.2013 to 31.01.2014 RM	From 01.02.2014 to 31.03.2015 RM	From 01.02.2013 to 31.01.2014 RM
Malaysian income tax:				
- current period's/year's provision	-	-	-	-
- under provision in respect of prior year	-	686	-	569
	-	686	-	569

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	From 01.02.2014 to 31.03.2015 RM	From 01.02.2013 to 31.01.2014 RM	From 01.02.2014 to 31.03.2015 RM	From 01.02.2013 to 31.01.2014 RM
Loss before taxation	(3,961,142)	(708,808)	(4,192,127)	(126,900)
Income tax expense at Malaysian statutory tax rate of 25% (31.01.2014: 25%)	(990,286)	(177,202)	(1,047,032)	(31,725)
• Adjustments for the following tax effects:				
- expenses not deductible for tax purposes	1,875,138	1,985,213	1,469,730	1,224,028
- income not subject to tax	(405,996)	(1,969,654)	(483,407)	(1,192,303)
- temporary difference not recognised during the period/year	(478,856)	161,643	60,709	-
	990,286	177,202	1,047,032	31,725
• Under provision in respect of prior year	-	686	-	569
	-	686	-	569

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 23. STAFF COSTS

The staff costs recognised in the statements of profit or loss and other comprehensive income are as follows:

	Group		Company	
	From 01.02.2014 to 31.03.2015 RM	From 01.02.2013 to 31.01.2014 RM	From 01.02.2014 to 31.03.2015 RM	From 01.02.2013 to 31.01.2014 RM
Salaries and wages	679,159	371,860	647,630	117,000
Defined contribution plan	76,931	47,206	76,406	10,800
Other employee benefits	270,534	139,361	270,465	95,636
	1,026,624	558,427	994,501	223,436
Included in staff costs are:				
Directors' remuneration:				
- fees	144,011	79,517	144,011	79,517
- salaries and other emoluments	229,697	112,303	229,697	112,303

### 24. BASIC LOSS PER SHARE

	Group	
	From 01.02.2014 to 31.03.2015 RM	From 01.02.2013 to 31.01.2014 RM
Loss attributable to the Owners of the Company	(3,774,674)	(644,957)
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 February	420,200,000	382,000,000
Effect of new ordinary shares pursuant to private placement	-	23,652,603
Effect of new ordinary shares issued pursuant to the Rights Issue with Warrants	334,970,755	-
Effect of new ordinary shares issued pursuant to the exercised of Warrants 2014/2024	3,111,108	-
Weighted average number of ordinary shares at 31 March/January	758,281,863	405,652,603
Basic loss per share (sen)	(0.50)	(0.16)

There was no dilution in the earnings per ordinary share as the exercise price of the Warrants has exceeded the average market price of ordinary shares during the financial period, the Warrants does not have any dilutive effect on the weighted average number of ordinary shares.

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 25. ACQUISITION OF SUBSIDIARY COMPANY

- (a) On 4 November 2014, the Company acquired a shelf private limited company incorporated in Malaysia known as Asiabio Petroleum Sdn. Bhd. (formerly known as Virgin Hill Sdn. Bhd.) at a total cash consideration of RM3,002 with an authorised and paid up share capital of RM400,000 and RM2 respectively. Consequently, Asiabio Petroleum Sdn. Bhd. became a 100% owned subsidiary of the Company.
- (b) The fair value of the identifiable assets and liabilities of the subsidiary company acquired as at the date of acquisition was:-

	<b>Acquiree's carrying amount and fair value recognised on acquisition</b>	
	<b>31.03.2015</b>	<b>31.01.2014</b>
	<b>RM</b>	<b>RM</b>
Cash and cash equivalents	2	-
Net identifiable assets and liabilities	2	-
Group's share of net assets	2	-
Add: Goodwill on consolidation (Note 6)	3,000	-
Total purchase consideration	3,002	-
Less: Cash and cash equivalents	(2)	-
Net cash outflow on acquisition of a subsidiary company	<u>3,000</u>	<u>-</u>

- (c) The acquired subsidiary company has contributed the following results to the Group:-

	<b>From 04.11.14, the date of acquisition to 31.03.2015 RM</b>
Revenue	-
Other operating expenses	(2,789)
Loss before taxation	(2,789)
Income tax expense	-
Loss for the period	<u>(2,789)</u>

- (d) If the acquisition has taken place at the beginning of the financial period, the management estimates that the consolidated revenue and consolidated loss after taxation for the period ended 31 March 2015 would have been RM53,232,689 and RM3,963,931 respectively.



# NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

## 26. SIGNIFICANT INTER-COMPANIES TRANSACTIONS

- (a) Identities of related parties
- i. The Company has a controlling related party relationship with its direct subsidiary companies as disclosed in Note 7 to the financial statements; and
  - ii. The Executive Directors who are the key management personnel.
- (b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the period/year:

Transactions between the Company and its subsidiary companies

	<b>Company</b>	
	<b>From 01.02.2014 to 31.03.2015 RM</b>	<b>From 01.02.2013 to 31.01.2014 RM</b>
Proceeds from disposal of investments to subsidiary company	1,933,627	5,842,498
Proceeds from disposal of property, plant and equipment to subsidiary company	900,031	547,999

- (c) Compensation of key management personnel

Key management personnel includes the Group's and the Company's Executive and Non-Executive Directors and are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or of the Company either directly or indirectly.

The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial period/year are as follows:-

	<b>Group and Company</b>	
	<b>From 01.02.2014 to 31.03.2015 RM</b>	<b>From 01.02.2013 to 31.01.2014 RM</b>
Executive Directors:-		
- salaries and other emoluments	213,198	105,103
- fees	11	17
	213,209	105,120
Non-executive Directors:-		
- salaries and other emoluments	16,499	7,200
- fees	144,000	79,500
	373,708	191,820

# NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

## 26. SIGNIFICANT INTER-COMPANIES TRANSACTIONS *cont'd*

### (c) Compensation of key management personnel *cont'd*

Details of directors' emoluments of the Group and of the Company received/receivable for the financial period/year are as follows:-

	Group and Company	
	From 01.02.2014 to 31.03.2015	From 01.02.2013 to 31.01.2014
	RM	RM
Executive Directors:-		
RM50,000 and below	1	1
RM50,000 - RM150,000	2	1
Non-executive Directors:-		
RM50,000 and below	5	5

## 27. FINANCIAL INSTRUMENTS

The Group's and the Company's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

### (a) Financial Risk Management Policies

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's and the Company's policies in respect of the major areas of treasury activity are as follows:-

#### (i) Market Risk

##### (a) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 27. FINANCIAL INSTRUMENTS *cont'd*

#### (a) Financial Risk Management Policies *cont'd*

##### (i) Market Risk *cont'd*

##### (a) Foreign Currency Risk *cont'd*

The net unhedged financial assets of the Group not denominated in RM were as follows:-

	Group	
	Australian Dollar	
	31.03.2015	31.01.2014
	RM	RM
Trade receivables		
Currency exposure	97,633	-
	United States Dollar	
	31.03.2015	31.01.2014
	RM	RM
Marketable securities		
Currency exposure	2,202,949	-

##### Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	31.03.2015	31.01.2014
	RM	RM
	Increase/ (Decrease)	Increase/ (Decrease)
Effects on loss before tax		
Strengthened by 10%		
- Australian Dollar	(9,763)	
- United States Dollar	(220,295)	-
Weakened by 10%		
- Australian Dollar	9,763	-
- United States Dollar	220,295	-

# NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

## 27. FINANCIAL INSTRUMENTS *cont'd*

### (a) Financial Risk Management Policies *cont'd*

#### (i) Market Risk *cont'd*

##### (b) Interest Rate Risk

As at period ended 31 March 2015, the Group and the Company do not have any interest bearing borrowings and hence the exposure to interest rate risk is not material.

##### (c) Equity Price Risk

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia. These instruments are classified as fair value through profit or loss financial assets. The Group does not have exposure to commodity price risk.

##### Equity Price Risk Sensitivity Analysis

A 10% (31.01.2014: 10%) increase in the market price of the investment as at the end of the reporting period would have increased equity by RM4,144,798 (31.01.2014: RM409,125). A 10% (31.01.2014: 10%) decrease in market price would have had equal but opposite effect on equity.

#### (ii) Credit Risk

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

##### Exposure to Credit Risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the reporting date.

The credit risk with respect to trade and other receivables are managed through the application of credit approvals, credit limits and monitoring procedures. Credit is extended to the customers based upon careful evaluation of the customer's financial condition and credit history.

The Group's normal credit term is 30 days. Any other credit terms are assessed and approved by a case-by-case basis. Notwithstanding the credit terms granted to customers, it is the industry norm to begin counting the credit period from the first day of the immediate following month after sales transaction occurred, i.e. invoicing date.

The Group's major concentration of credit risk relates to amount owing by one (31.01.2014: two) customer as at reporting period.

# NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

## 27. FINANCIAL INSTRUMENTS *cont'd*

### (a) Financial Risk Management Policies *cont'd*

#### (ii) Credit Risk *cont'd*

##### Ageing Analysis

The ageing analysis of the Group's trade receivables at the reporting date is as follows:-

	Group	
	Carrying amount	Carrying amount
	31.03.2015	31.01.2014
	RM	RM
Not past due	97,633	612,428

#### (iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the availability of funding.

The following tables set out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

Group	Weighted Average Effective Rate	Carrying Amount	Contractual Undiscounted Cash Flows	On demand or Within 1 year	1 - 5 years	Total
31.03.2015	%	RM	RM	RM	RM	RM
Non-derivative financial liabilities						
Trade payables	-	121,932	121,932	121,932	-	121,932
Other payables and accruals	-	197,535	197,535	197,535	-	197,535
		319,467	319,467	319,467	-	319,467

Group	Weighted Average Effective Rate	Carrying Amount	Contractual Undiscounted Cash Flows	On demand or Within 1 year	1 - 5 years	Total
31.01.2014	%	RM	RM	RM	RM	RM
Non-derivative financial liabilities						
Trade payables	-	442,500	442,500	442,500	-	442,500
Other payables and accruals	-	2,085,708	2,085,708	2,085,708	-	2,085,708
		2,528,208	2,528,208	2,528,208	-	2,528,208

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 27. FINANCIAL INSTRUMENTS *cont'd*

#### (a) Financial Risk Management Policies *cont'd*

##### (iii) Liquidity Risk *cont'd*

Company	Weighted Average Effective Rate	Carrying Amount	Contractual Undiscounted Cash Flows	On demand or Within 1 year	1 - 5 years	Total
31.03.2015	%	RM	RM	RM	RM	RM
Non-derivative financial liabilities						
Other payables and accruals	-	99,317	99,317	99,317	-	99,317
<b>31.01.2014</b>						
Non-derivative financial liabilities						
Other payables and accruals	-	1,996,678	1,996,678	1,996,678	-	1,996,678

#### (b) Capital Risk Management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as issuing new shares.

The Group and the Company manage its capital based on debt-to-equity ratio. The Group's and the Company's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group and of the Company as at the end of the financial period was as follows:

	Group		Company	
	31.03.2015	31.01.2014	31.03.2015	31.01.2014
	RM	RM	RM	RM
Total liabilities (excluded tax (and deferred tax liabilities))	319,467	2,528,208	99,317	1,996,678
Less: Cash and cash equivalents	(1,104,365)	(1,224,068)	(711,745)	(94,764)
Net debts	(784,898)	1,304,140	(612,428)	1,901,914
Total equity attributable to owners of the Company	64,347,781	23,471,295	64,518,370	24,059,337
Debt-to-equity ratio	(0.01)	0.06	(0.01)	0.08

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 27. FINANCIAL INSTRUMENTS *cont'd*

#### (c) Classification Of Financial Instruments

	Group		Company	
	31.03.2015	31.01.2014	31.03.2015	31.01.2014
	RM	RM	RM	RM
Financial assets				
<u>Available-for-sale financial assets</u>				
Other investments	4,963,223	11,365,974	3,065,504	8,377,555
<u>Loans and receivables</u>				
Trade receivables	97,633	612,428	-	-
Other receivables and deposits	109,305	78,993	1,930	74,493
Amount owing by subsidiary companies	-	-	52,900,643	10,945,768
Deposits with a licensed financial institution	1,000,000	1,900,000	1,000,000	1,900,000
Cash and bank balances	1,104,365	1,224,068	711,745	94,764
	2,311,303	3,815,489	54,614,318	13,015,025
<u>Fair value through profit or loss</u>				
Marketable securities	41,447,983	4,091,252	-	-
Financial liabilities				
<u>Other financial liabilities</u>				
Trade payables	121,932	442,500	-	-
Other payables and accruals	197,535	2,085,708	99,317	1,996,678
	319,467	2,528,208	99,317	1,996,678

#### (d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

#### (e) Fair Value Hierarchy

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 31 March 2015 are as follows:

- (i) Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 fair value is estimated using inputs other than unquoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.
- (iii) Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 27. FINANCIAL INSTRUMENTS *cont'd*

#### (e) Fair Value Hierarchy *cont'd*

	Group	
	31.03.2015	31.01.2014
	RM	RM
<u>Level 1</u>		
Marketable securities	41,447,983	4,091,252

The Group does not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 and Level 3 as at 31 March 2015.

### 28. OPERATING SEGMENTS

Operating segments are determined to be business segments as the Group's risks and returns are affected predominantly by differences in the products and services provided.

The amounts for investment holding activities and subsidiaries which have ceased operations are classified as other non-reportable segments. These amounts are included in the reconciliation of the total reportable segment amounts to the consolidated financial statements.

The Group is organised into main business segments as follows:

#### (a) Technology incubation

Technology incubator, provision of management and strategic advisory services, research related activities and sale of machineries with the objective of commercialising technologies in bio-energy and biotechnology sectors.

#### (b) Portfolio investment

Portfolio investment in quoted shares.

#### (c) Biotechnology products

Engineering, procurement and technology provision for biomass power plants as well as production and sale of microbial related products.



## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 28. OPERATING SEGMENTS *cont'd*

#### Business segment

Group	Technology incubation RM	Portfolio investment RM	Biotechnology products RM	Elimination RM	Total RM
<b>31.03.2015</b>					
<b>Revenue</b>					
Sales to external customers	608,337	52,613,852	10,500	-	53,232,689
<b>Results</b>					
Segment results	1,930,840	694,796	(509,909)	-	2,115,727
Net unallocated expenses	-	-	-	-	(6,076,869)
Loss before taxation	-	-	-	-	(3,961,142)
Income tax expense	-	-	-	-	-
Loss for the period	-	-	-	-	(3,961,142)
<b>Assets</b>					
Segment assets	10,331,273	46,888,578	7,306,415	-	64,526,266
Total assets	10,331,273	46,888,578	7,306,415	-	64,526,266
<b>Liabilities</b>					
Segment liabilities	103,105	131,597	84,765	-	319,467
Total liabilities	103,105	131,597	84,765	-	319,467
<b>Other segment information</b>					
Capital expenditure	3,718,753	26,300	4,323,866	-	8,068,919
Depreciation of property, plant and equipment	598,760	6,550	477,350	-	1,082,660
Property, plant and equipment written off	32,980	-	7,130	-	40,110
Fair value gain on marketable securities	-	(2,455,283)	-	-	(2,455,283)
Impairment loss on goodwill on consolidation	767,781	-	-	-	767,781
Impairment loss on other investments	3,138,144	1,064,946	-	-	4,203,090

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 28. OPERATING SEGMENTS *cont'd*

#### Business segment *cont'd*

Group	Technology incubation RM	Portfolio investment RM	Biotechnology products RM	Elimination RM	Total RM
<b>31.01.2014</b>					
<b>Revenue</b>					
Sales to external customers	46,228	1,527,641	2,126,480	-	3,700,349
<b>Results</b>					
Segment results	-	(3,380,361)	(135,315)	-	(3,515,676)
Net unallocated expenses	-	-	-	-	2,806,868
Loss before taxation	-	-	-	-	(708,808)
Income tax expense	-	-	-	-	(686)
Loss for the year	-	-	-	-	(709,494)
<b>Assets</b>					
Segment assets	17,258,156	4,421,674	4,365,101	-	26,044,931
Unallocated assets	-	-	-	-	58
	17,258,156	4,421,674	4,365,101	-	26,044,989
<b>Liabilities</b>					
Segment liabilities	1,996,678	4,915	526,615	-	2,528,208
Total liabilities	1,996,678	4,915	526,615	-	2,528,208
<b>Other segment information</b>					
Capital expenditure	1,290,997	9,288	2,936,963	-	4,237,248
Depreciation of property, plant and equipment	316,581	310	8,288	-	325,179
Property, plant and equipment written off	241,819	538,877	17,656	-	798,352
Fair value loss on marketable securities	-	561,590	-	-	561,590
Impairment loss on other investments	256,234	1,761,780	-	-	2,018,014

#### Major customers

Revenue from two (31.01.2014: two) major customers, with revenue equal to or more than 99% (31.01.2014: 10%) of the Group's revenue, amounts to RM52,538,384 (31.01.2014: RM3,577,641).

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 29. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

- a) On 20 February 2014, the Company subscribed for 25,000 new shares representing 20% equity interest in Nexfuel Limited for a cash consideration of USD200,000. On eventdate Nexfuel Limited signed a licensing agreement with Cool Planet Energy Systems Inc for the technology to convert biomass to high octane gasoline. The Company's share of equity interest in Nexfuel Limited subsequently become 19% when Nexfuel Limited increase paid up capital on 14 August 2014.
- b) On 28 April 2014, the Company completed renounceable rights issue of up to 420,200,000 new ordinary shares of RM0.10 each together with up to 420,200,000 new free detachable warrants at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing ordinary share of RM0.10 held.
- c) On 4 November 2014, the Company acquired the entire shares of a shelf private limited company incorporated in Malaysia known as Asiabio Petroluem Sdn. Bhd. (formerly known as Virgin Hill Sdn. Bhd.) at a total cash consideration of RM3,002.
- d) On 27 January 2015, the Company entered into a Heads of Agreement (HOA) with Hoe Leong Corporation Ltd. and Reachmont Logistics Sdn. Bhd. in relation to the negotiation for a series of transactions that is designed to ultimately facilitate the proposed acquisitions of Semua Shipping Sdn. Bhd. and Semado Maritime Sdn. Bhd. The HOA was subsequently terminated with the lapsing of its term on 30 June 2015 following the parties inability to reach to a mutual agreement on the terms and conditions for the proposed transactions.

### 30. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

- a) On 9 April 2015, the Company acquired the entire shares of Artisan Semesta Sdn. Bhd. ("ASSB") for a total cash consideration of RM2.
- b) On 5 June 2015, the Company was granted approval from shareholders at the Extraordinary General Meeting for following proposals:
  - i. Proposed establishment of a Share Issuance Scheme of up to thirty percent (30%) of the total issued and paid-up share capital of the Company (excluding treasury shares, if any) at any one time during the duration of the Share Issuance Scheme; and
  - ii. Proposed increase in the authorised share capital of the Company from RM150,000,000 comprising 1,500,000,000 ordinary shares of RM0.10 each in the Company to RM500,000,000 comprising of 5,000,000,000 Company's shares.
- c) On 15 June 2015, ASSB, a wholly-owned subsidiary of the Company entered into a Collaboration & Alliance Agreement ("C&A Agreement") with Solar Interactive Sdn. Bhd. ("SISB") to collaborate in the planting and intercropping of food crops utilising ASSB's effective micro-organisms products at SISB's photovoltaic energy generation sites located in Perak (hereinafter referred to as the "Project"). The Project's costs and detailed investment terms of each available site shall be determined on a case-to-case basis mutually agreed between the parties. The term of the C&A Agreement is for a period of three (3) years, commencing on the date of the C&A Agreement, unless otherwise mutually extended or terminated.
- d) On 8 July 2015, the Company announced the proposal to undertake the private placement of new ordinary shares of RM0.10 each in ABT, representing not more than ten percent (10%) of the issued and paid-up share capital of ABT (excluding treasury shares, if any) ("Proposed Private Placement") in response to the need of the Company to comply with the Bumiputera equity requirement, i.e the requirement for the Company to have at least twelve point five percent (12.5%) of their enlarged issued and paid-up share capital held by Bumiputera investors approved by the Ministry of International Trade and Industry within one (1) year after achieving the profit track record required for listing on the Main Market of Bursa Securities or five (5) years from its listing on the MESDAQ Market of Bursa Securities, whichever is earlier, by 31 March 2016 as extended by the Securities Commission. An application to Bursa Securities was made on 9 July 2015 for the Proposed Private Placement and is pending approval.

## NOTES TO THE FINANCIAL STATEMENTS *cont'd*

31 March 2015

### 31. SUPPLEMENTARY INFORMATION – BREAKDOWN OF ACCUMULATED LOSSES INTO REALISED AND UNREALISED

The breakdown of the accumulated losses of the Group and the Company at end of reporting period into realised and unrealised losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total accumulated losses of the Group and of the Company				
- Realised	(27,520,224)	(20,262,253)	(22,152,790)	(17,960,663)
- Unrealised	(355,706)	-	(355,706)	-
Less: Consolidation adjustments	5,196,845	1,713,548	-	-
Accumulated losses of the Group and the Company	<u>(22,679,085)</u>	<u>(18,548,705)</u>	<u>(22,508,496)</u>	<u>(17,960,663)</u>

### 32. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 28 July 2015 by the Board of Directors.

# NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that the Eighth Annual General Meeting (“AGM”) of the Company will be held at Dewan Seroja, Kelab Golf Perkhidmatan Awam, Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 29 September 2015 at 11.00 a.m. for the purpose of considering the following businesses:-

## A G E N D A

### Ordinary Business

1. To receive the Audited Financial Statements for the financial period ended 31 March 2015 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To re-elect Mr Lim Foo Seng, a Director who is retiring in accordance with Article 69 of the Company’s Articles of Association. **Ordinary Resolution 1**
3. To re-elect Tengku Ahmad Badli Shah Bin Raja Hussin, a Director who is retiring in accordance with Article 74 of the Company’s Articles of Association. **Ordinary Resolution 2**
4. To re-elect Encik Abdul Hakim Bin Asmaun, a Director who is retiring in accordance with Article 74 of the Company’s Articles of Association. **Ordinary Resolution 3**
5. To re-elect Mr Leung Kok Keong, a Director who is retiring in accordance with Article 74 of the Company’s Articles of Association. **Ordinary Resolution 4**
6. To re-elect Mr Chu Chee Peng, a Director who is retiring in accordance with Article 74 of the Company’s Articles of Association. **Ordinary Resolution 5**
7. To approve the payment of Directors’ fees of RM144,011.00 for the financial period ended 31 March 2015. **Ordinary Resolution 6**
8. To re-appoint Messrs. Siew Boon Yeong & Associates as the Auditors of the Company and to authorise the Directors to determine their remuneration for the ensuing year. **Ordinary Resolution 7**

### As Special Business

9. To consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:-

#### Authority to Issue Shares

#### Ordinary Resolution 8

“**THAT** subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue not more than ten percent (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof.”

10. To transact any other business of which due notice shall have been given.

# NOTICE OF ANNUAL GENERAL MEETING *cont'd*

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## BY ORDER OF THE BOARD

**LEUNG KOK KEONG** (MIA 8109)  
**LIM LEE KUAN** (MAICSA 7017753)  
**NG SALLY** (MAICSA 7060343)  
*Company Secretaries*

28 August 2015

### Notes:

1. *For the purpose of determining a member who shall entitle to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 50(f) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 18 September 2015. Only depositor whose name appears on the Record of Depositors as at 18 September 2015 shall be entitled to attend this meeting or appoint proxies to attend and/or votes on his/her behalf.*
2. *Each member entitled to attend and vote in person may appoint up to two (2) proxies or attorneys or authorised representatives to attend and vote in its stead.*
3. *A proxy may but need to be a Member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of such Securities Account.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiples beneficial owners in one (1) Securities Account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
6. *The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
7. *The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting, i.e. before 11.00 a.m., Sunday, 27 September 2015, or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking of the poll and in default the instrument of proxy shall not be treated as valid.*

### EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS:

**(i) Item 1 of the Agenda**

*This agenda item is meant for discussion only, as the provision of Section 169(1) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.*

**(ii) Item 7 of the Agenda**

*The proposed Ordinary Resolution 6 is in accordance with Article 76 of the Company's Articles of Association and if passed, will authorise the payment of Directors' Fees to the Directors of the Company for their services as Directors for the financial period ended 31 March 2015.*

**(iii) Item 9 of the Agenda**

*The proposed Ordinary Resolution 8, if passed, will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.*

## NOTICE OF ANNUAL GENERAL MEETING *cont'd*

This is the renewal of mandate obtained from the shareholders at the Seventh AGM held on 23 July 2014 ("the Previous Mandate"). On behalf of the Board of Directors of the Company, TA Securities Holdings Berhad had on 8 July 2015 announced that the Company proposed to undertake a private placement of up to 10% of the issued share capital of the Company ("Proposed Private Placement"). Accordingly, the Previous Mandate shall be utilised for the Proposed Private Placement.

The Company has not issued any new shares under the Previous Mandate which was approved at the last AGM which will lapse at the conclusion of the Eighth AGM to be held on 29 September 2015. Accordingly, no proceeds were raised at this juncture. For further information, please refer to the Statement Accompanying Notice of AGM on page 81 in the 2015 Annual Report.

The purposes of this general mandate will allow the Company to issue shares to meet the Bumiputera Equity Requirement (if required) as well as possible fund raising exercises including but not limited to placement of shares for purpose of funding the Group's technology incubation fund, current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

### Statement Accompanying Notice of Annual General Meeting ("AGM")

#### Pursuant to Rule 8.29 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")

- General Mandate for issue of securities in accordance with Rule 6.04(3) of the ACE Market Listing Requirements of Bursa Securities**

On behalf of the Board of Directors of the Company, TA Securities Holdings Berhad had on 8 July 2015 announced that the Company proposed to undertake a private placement of up to 10% of the issued share capital of the Company ("Proposed Private Placement"). The listing application for the placement shares has been submitted to Bursa Securities on 9 July 2015. As at the date of the printing of this Annual Report, the Company has not issued any new shares under the general authority which was approved at the Seventh AGM held on 23 July 2014. Accordingly, no proceeds were raised at this juncture.

Based on the announcement made to Bursa Securities on 8 July 2015, the Proposed Private Placement is expected to raise gross proceeds amounting up to RM15,206,000.00. The proceeds raised are expected to be utilised in the following manner:-

	Note	Minimum scenario (RM'000)	Maximum scenario (RM'000)	Expected time frame for utilisation of proceeds (from the date of listing of the placement shares)
Technology incubation fund	(i)	6,417	12,821	Within 36 months
Working capital requirements	(ii)	2,000	2,000	Within 36 months
Estimated expenses in relation to the Proposed Private Placement	(iii)	250	385	Within 2 weeks
<b>Total estimated proceeds</b>		<b>8,667</b>	<b>15,206</b>	

Notes:

(i) Intended to be utilised for the Group's technology incubation fund. The fund provides for future investments which include investing in quoted and unquoted securities of companies which are involves in high growth and high technology industry, as well as activities relating to the nurturing and assisting incubatees and will include but not limited to providing financing, value added services, infrastructure and other support services.

(ii) The Group intends to utilise up to RM2.0 million of the proceeds for its working capital as follows:-

Description	Minimum scenario (RM'000)	Maximum scenario (RM'000)
(a) Wages and staff benefits	1,500	1,500
(b) Overheads, and other administration and operating expenses	500	500
<b>Total</b>	<b>2,000</b>	<b>2,000</b>

(a) Comprise payment of wages, Employees' Provident Fund and Social Security Organisation contributions to the staff of the Group.

(b) Comprise payment for office supplies, professional services and etc.

(iii) The estimated expenses consist of professional fees, fees payable to the relevant authorities and other miscellaneous expenses. Any variation in the actual amount of the expenses for the Proposed Private Placement will be adjusted proportionately to/from the proceeds earmarked for the working capital of the Group.

## ANALYSIS OF SHAREHOLDINGS

as at 28 July 2015

<b>Authorised Share Capital</b>	:	RM500,000,000.00 comprising of 5,000,000,000 ordinary shares of RM0.10 each
<b>Issued and Paid-Up Share Capital</b>	:	RM86,671,160.00 comprising of 866,711,600 ordinary shares of RM0.10 each
<b>Class of Shares</b>	:	Ordinary shares of RM0.10 each
<b>Voting Rights</b>	:	One (1) vote per ordinary share

### Analysis of Shareholdings

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholdings
1 – 99	62	1.02	3,151	0.00
100 – 1,000	760	12.55	227,553	0.03
1,001 – 10,000	832	13.74	6,094,791	0.70
10,001 – 100,000	3,092	51.07	159,319,557	18.38
100,001 – 43,335,579*	1,308	21.60	652,742,648	75.31
43,335,580 and above**	1	0.02	48,323,900	5.58
<b>TOTAL</b>	<b>6,055</b>	<b>100.00</b>	<b>866,711,600</b>	<b>100.00</b>

Note:

\* less than 5 % of issued shares

\*\* 5% and above of issued shares

### List of Directors' Shareholdings

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Nur Jazlan bin Tan Sri Mohamed (resigned on 29 July 2015)	-	-	-	-
Abdul Hakim Bin Asmaun	-	-	-	-
Leung Kok Keong	50	0.00 <sup>(i)</sup>	-	-
YM Tengku Ahmad Badli Shah Bin Raja Hussin	-	-	-	-
Lim Foo Seng	50	0.00 <sup>(i)</sup>	-	-
Tan Sik Eek	-	-	-	-

Note:

<sup>(i)</sup> Negligible

### List of Substantial Shareholders (based on Register of Substantial Shareholders)

Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
CPE Growth Capital Limited	93,500,000	10.79	-	-
Adamas Finance Asia Limited (formerly known as China Private Equity Investment Holdings Limited)	-	-	50,000,000 <sup>(ii)</sup>	5.77
Pelaburan MARA Berhad	84,000,000	9.69	-	-

Note:

<sup>(ii)</sup> Deemed interest by virtue of the shareholdings in CPE Growth Capital Limited



## ANALYSIS OF SHAREHOLDINGS *cont'd*

as at 28 July 2015

### LIST OF TOP 30 SHAREHOLDERS

Name	No. of Shares held	Percentage (%)
1 Pelaburan MARA Berhad	48,323,900	5.575
2 Acritaz Holdings Sdn. Bhd.	29,454,500	3.398
3 Pelaburan MARA Berhad	25,676,100	2.962
4 HLIB Nominees (Tempatan) Sdn. Bhd. <i>Hong Leong Bank Bhd. for Ho Ah Chai</i>	13,050,000	1.505
5 Cartaban Nominees (Asing) Sdn. Bhd. <i>Exempt An for KGI Asia Ltd</i>	11,504,900	1.327
6 Platimas Sdn. Bhd.	11,254,166	1.298
7 UOB Kay Hian Nominees (Asing) Sdn. Bhd. <i>Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)</i>	11,003,000	1.269
8 Pelaburan MARA Berhad	10,000,000	1.153
9 Tang Chee Hong	6,900,000	0.796
10 Teng Hea Chin @ Christine Teng	6,300,000	0.726
11 Oh Chwee Hoe	6,000,000	0.692
12 Ong Hoe Siong	5,350,000	0.617
13 Ayaz Ahmad Bin Mohamed Salleh Khan	5,044,100	0.581
14 Affin Hwang Nominees (Asing) Sdn. Bhd. <i>Exempt An for Sanston Financial Group Limited (Account Client)</i>	4,620,400	0.533
15 HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An for BNP Paribas Wealth Management Singapore Branch (A/C Clients-FGN)</i>	4,500,000	0.519
16 RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Phua Sin Mo</i>	4,500,000	0.519
17 TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Ann Gee</i>	4,500,000	0.519
18 AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Phua Sin Mo</i>	4,000,000	0.461
19 Cheok Cze Wei	3,500,000	0.403
20 Ng Yoke Hin	3,400,000	0.392
21 TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Sinny United Sdn. Bhd.</i>	3,180,000	0.366
22 Gan Khong Kiat	3,000,017	0.346
23 Chor Kiang Mong	3,000,000	0.346
24 Lim Boon Seng	3,000,000	0.346
25 Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Saw Chai Soon (E-KLC)</i>	3,000,000	0.346
26 Teong Teak Pair	3,000,000	0.346
27 Heng Lee Tsu	2,600,000	0.299
28 Song Chee Chiang	2,400,000	0.276
29 CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>CIMB Commerce Trustee Berhad for TA Small Cap Fund</i>	2,300,000	0.265
30 CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank for Teow Choo Hing (MY0360)</i>	2,200,000	0.253
<b>TOTAL</b>	<b>246,561,083</b>	<b>28.447</b>

## ANALYSIS OF WARRANTHOLDINGS

as at 28 JULY 2015

<b>Types of Securities</b>	: Warrants
<b>Total Number of Warrants Issued</b>	: 420,200,000
<b>Total Number of Outstanding Warrants</b>	: 393,888,400
<b>Exercise Price</b>	: RM0.10 per warrant

### Analysis of Warrantholdings

Size of Holdings	No. of Warrantheolders	% of Warrantheolders	No. of Warrant held	% of Warrantholdings
1 – 99	7	0.39	441	0.00
100 – 1,000	29	1.62	13,065	0.00
1,001 – 10,000	151	8.45	1,211,400	0.31
10,001 – 100,000	909	50.87	53,855,794	13.67
100,001 – 19,694,419*	691	38.67	338,807,700	86.02
19,694,420 and above**	0	0.00	0	0.00
<b>TOTAL</b>	<b>1,787</b>	<b>100.00</b>	<b>393,888,400</b>	<b>100.00</b>

Note:

\* less than 5% of issued warrants

\*\* 5% and above of issued warrants

### List of Directors' Warrantholdings

	Direct		Indirect	
	No. of Warrants	%	No. of Warrants	%
Datuk Nur Jazlan bin Tan Sri Mohamed (resigned on 29 July 2015)	-	-	-	-
Abdul Hakim Bin Asmaun	-	-	-	-
Leung Kok Keong	-	-	-	-
YM Tengku Ahmad Badli Shah Bin Raja Hussin	-	-	-	-
Lim Foo Seng	-	-	-	-
Tan Sik Eek	-	-	-	-

## ANALYSIS OF WARRANTHOLDINGS *cont'd*

as at 28 JULY 2015

### LIST OF TOP 30 WARRANTHOLDERS

No	Name	No. of Warrants held	Percentage (%)
1	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Leou Thiam Lai (M09)</i>	11,100,000	2.818
2	Paul Teo Choon Hwai	6,515,000	1.654
3	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Ann Gee</i>	4,081,900	1.036
4	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for R Kogilavani (029)</i>	4,000,000	1.015
5	Kong Oon Chee	3,872,200	0.983
6	Yong Gim Beng	3,600,000	0.913
7	Chew Jee Sheng	3,566,200	0.905
8	Tang Chee Hong	3,550,000	0.901
9	Cheng Lee King	3,160,000	0.802
10	HLIB Nominees (Tempatan) Sdn. Bhd. <i>Hong Leong Bank Bhd. for Ho Ah Chai</i>	3,000,000	0.761
11	Liew Lang King	3,000,000	0.761
12	Lim Seng Huat	3,000,000	0.761
13	Low Choon Nam	3,000,000	0.761
14	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Le Hock Hin (6000381)</i>	2,500,000	0.634
15	Lew Tin Yang @ Leu Ting Yeang	2,500,000	0.634
16	Jamaluddin Bin Ahmad	2,323,000	0.589
17	Amsec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chan Lam Sang @ Chan Lam</i>	2,303,500	0.584
18	Loh Kian Joo	2,300,000	0.583
19	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Chan Pak Loon</i>	2,200,000	0.558
20	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Hing Miew Kiang (E-SKC)</i>	2,200,000	0.558
21	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ho Ah Chai</i>	2,000,000	0.507
22	Khor Weng Hock	2,000,000	0.507
23	Lew Tin Yang @ Leu Ting Yeang	2,000,000	0.507
24	Ng Yoke Lan	2,000,000	0.507
25	Teoh Kien Huat	2,000,000	0.507
26	Public Invest Nominees (Tempatan) Sdn. Bhd. <i>Exempt An for Phillip Securities Pte Ltd (Clients)</i>	1,997,200	0.507
27	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Ng Cheong Kwan (6000186)</i>	1,991,500	0.505
28	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Loh Geik Heok</i>	1,800,000	0.456
29	Teo Chee Peng	1,800,000	0.456
30	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wong Kwai Cho</i>	1,792,000	0.454
<b>TOTAL</b>		<b>91,152,500</b>	<b>23.141</b>

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**ASIA BIOENERGY TECHNOLOGIES BERHAD**  
(Company No. 774628-U)  
(Incorporated in Malaysia under the Companies Act, 1965)

## PROXY FORM

<b>CDS Account No.</b>
<b>No. of shares held</b>

I/We ..... Tel. No.: .....  
[Full name in block and NRIC No./Company No.]

of .....  
[Address]

being a member/members of **Asia Bioenergy Technologies Berhad**, hereby appoint:-

Full Name (in Block)	NRIC/Passport/Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Full Name (in Block)	NRIC/Passport/Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the meeting as my/our proxy to attend and to vote for me/us on my/our behalf and, if necessary, to demand for a poll at the Eighth Annual General Meeting of the Company to be held at Dewan Seroja, Kelab Golf Perkhidmatan Awam, Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 29 September 2015 at 11.00 a.m. or any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	FOR	AGAINST
1.	Re-election of Mr Lim Foo Seng as Director	Ordinary Resolution 1		
2.	Re-election of Tengku Ahmad Badli Shah Bin Raja Hussin as Director	Ordinary Resolution 2		
3.	Re-election of Encik Abdul Hakim Bin Asmaun as Director	Ordinary Resolution 3		
4.	Re-election of Mr Leung Kok Keong as Director	Ordinary Resolution 4		
5.	Re-election of Mr Chu Chee Peng as Director	Ordinary Resolution 5		
6.	To approve the payment of Directors' fees	Ordinary Resolution 6		
7.	Re-appointment of Auditors	Ordinary Resolution 7		
8.	Authority to Issue Shares	Ordinary Resolution 8		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this .....

.....  
Signature of Shareholder(s)/Common Seal

**Notes:**

- For the purpose of determining a member who shall entitle to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 50(f) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 18 September 2015. Only depositor whose name appears on the Record of Depositors as at 18 September 2015 shall be entitled to attend this meeting or appoint proxies to attend and/or votes on his/her behalf.
- Each member entitled to attend and vote in person may appoint up to two (2) proxies or attorneys or authorised representatives to attend and vote in its stead.
- A proxy may but need to be a Member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of such Securities Account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiples beneficial owners in one (1) Securities Account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting, i.e. before 11.00 a.m., Sunday, 27 September 2015, or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking of the poll and in default the instrument of proxy shall not be treated as valid.

Fold This Flap For Sealing

Then Fold Here

AFFIX  
STAMP

**ASIA BIOENERGY TECHNOLOGIES BERHAD (774628-U)**  
*c/o TRICOR INVESTOR SERVICES SDN BHD*  
Level 17 The Gardens North Tower  
Mid Valley City Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia

1st Fold Here