www.asiabio.com.my

Asia Bioenergy Technologies Berhad (774628-u)

A-3A09, Oasis Ara Damansara,
No. 2, Jalan PJU 1A/7A,
47301 Petaling Jaya,
Selangor Darul Ehsan
T : 603-7734 2222/11/66
F : 603-7734 2299

ASIA BIOENERGY TECHNOLOGIES BERHAD (774628-U)

ANNUAL REPORT 2012

ASIABIO
GROUP

ASIA BIOENERGY TECHNOLOGIES BERHAD (774628-U)

2012
Annual report

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Company's Background

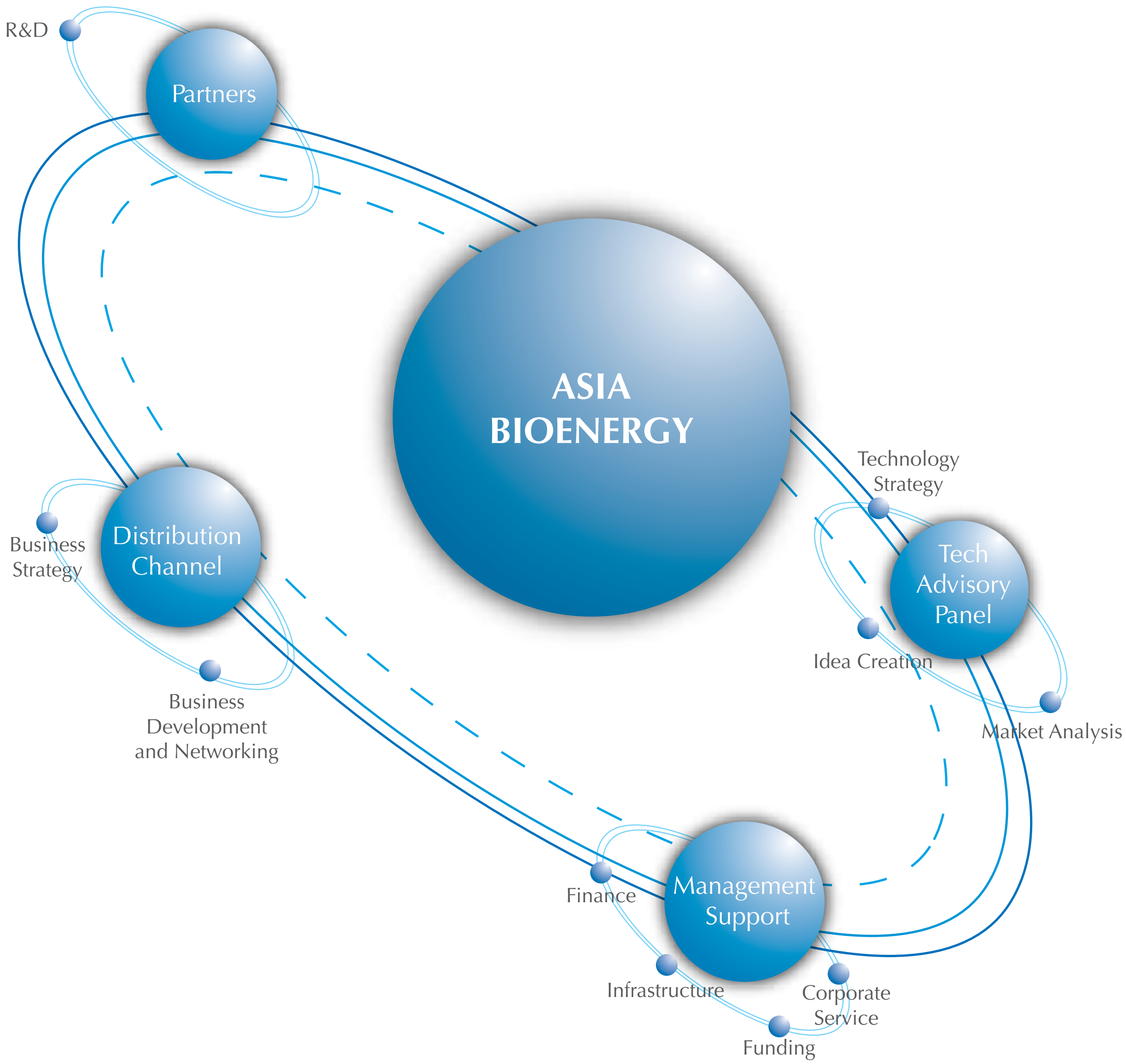
Asia Bioenergy Group was formed by a group of professionals from, engineering, investment banking and finance industry as a think tank and holding company to embark on nurturing intelligent and innovative ideas into viable businesses that can transcend borders and more importantly, grow in value.

We stand out as a technology incubator that has the capability of taking or generating business ideas from conceptual stage, building it up to a fully operating business that is supported by the necessary business networks, technological know how and finances. We are helmed by strategists and technology experts that assist in reviewing, conceptualizing and developing ideas or technologies.

Our investee or incubatee companies are given a wide range of services, such as research, finance, corporate and coupled with our active role in strategizing, cross selling and taking part in the day-to-day management of the companies, we offer the best platform for businesses and technologies to flourish into world challengers.

Throughout the years, our incubation focus have been on Bioenergy and Biotechnology.

Value Chain


R&D
Partners
ASIA
BIOENERGY
Distribution
Channel
Business
Strategy
Business
Development
and Networking
Technology
Strategy
Tech
Advisory
Panel
Idea Creation
Market Analysis
Management
Support
Finance
Infrastructure
Corporate
Service
Funding

Corporate Information

BOARD OF DIRECTORS

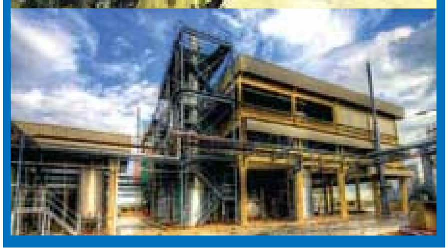
LIM KIM CHU
Independent Non-Executive Chairman

LEUNG KOK KEONG
Non-Independent Senior Executive Director

LOOI KEM LOONG
Non-Independent Executive Director

MAJOR HUAN CHENG GUAN (K)
Independent Non-Executive Director

LIM FOO SENG
Independent Non-Executive Director



AUDIT COMMITTEE

Major Huan Cheng Guan (K)
Chairman

Lim Kim Chu
Lim Foo Seng

REMUNERATION COMMITTEE

Leung Kok Keong
Chairman

Major Huan Cheng Guan (K)
Lim Kim Chu

NOMINATION COMMITTEE

Lim Kim Chu
Chairman

Major Huan Cheng Guan (K)
Lim Foo Seng

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

A-3A09 Oasis Ara Damansara
No. 2 Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
T : +603-7734 2222
F : +603-7734 2299
Email : mail@asiabio.com.my

COMPANY SECRETARY

Wong Wai Foong (MAICSA 7001358)
Lim Lee Kuan (MAICSA 7017753)

AUDITORS

Crowe Horwath (AF 1018)
Chartered Accountants
Muar Office, 8 (2nd Floor)
Jalan Pesta 1/1
Taman Tun Dr. Ismail
Jalan Bakri
84000 Muar, Johor
T : +606-952 9939
F : +606-952 7328

REGISTRAR

Tricor Investor Services Sdn. Bhd.
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
T : +603-2264 3883
F : +603-2282 1886

PRINCIPAL BANKER

HSBC Bank Malaysia Berhad

LISTING STATUS

ACE Market Of Bursa Malaysia
Securities Berhad

WEBSITE

http://www.asiabio.com.my

Chairman's Letter to Shareholders...

Dear Valued Shareholders,

On behalf of the Board of Directors and the Management of Asia Bioenergy Technologies Berhad ("AsiaBio"), I wish to present to you the Annual Report and Audited Financial Statements for the financial year ended 31 January 2012.

BUSINESS REVIEW

The year started on a positive note with the acquisition of an equity stake in eCompazz IT Sdn Bhd and 19.99% in Oval Alliance Sdn Bhd which is the holding company of iLinkage Sdn Bhd, a licensed direct selling company. We started the year on a progressive note which was somewhat assisted by the slowly recovering global economic condition. With the world economy recovering albeit at a fragile rate, confidence returned over various regions with recovery being experienced at varying speeds in numerous different economies. However, this slow recovery was significantly dampened by the continued weak financial conditions faced in Europe.

In July 2011, the group's Paddy Field Test plots in Cambodia established by Asiabio Zyme Solutions Sdn Bhd ("Zyme"), our incubatee focusing on Microbial and Biomass Organic Fertilizer technologies, was adversely affected by massive floods experienced both in Thailand and Cambodia. This natural disaster effectively destroyed our plantation venture.

On the face of such adverse conditions, there was a board reshuffle where three of Asiabio's original promoters/executives returned to the Board ("New Management").

New management then made a cognitive decision to withdraw further farming investments in Cambodia and refocus resources in developing sales of our Microbial Fertilizer products in the region including Cambodia.

With these challenging economic conditions, New Management together with its External Auditors, re-evaluated it's biofuel initiatives. This came on the backdrop of the incomplete sale of our investment in Grand Inizio Sdn Bhd ("Inizio") to MLABS Systems Berhad. On this note and with the slow rate of growth in the biofuel sector, which was essentially affected by the slow implementation of mandates coupled with the Euro-Greek crisis, the group made significant write-downs on its biofuel investments.

Suffice to say, the group's financial results were adversely affected by poor economic conditions where investment values were dampened by conditions which were not within our control.

STRATEGY FORWARD

With these results in mind, the board have made a cognitive decision to concentrate on the group's initial mandate, which is to develop and invest in green technologies and renewables. On this note, the group is making efforts in disposing of iLinkage and other businesses which does not fit into our "back to basics" strategy for the ensuing year.

Going forward, we have made investments in new biomass processing technologies represented by our acquisition of Hexa Bonanza Sdn Bhd, which will spearhead the development of waste to wealth technologies, which is currently a quickly developing sector. In developing solutions for re-utilizing biomass and biowastes from agriculture resources, we foresee this investment will form the next level of growth for the group. With our in-house research and development strengths we HOPE that our "back to basics" approach for 2012 WILL put the group back on stronger footing.

We will also further our incubation activities in other biotechnology areas of microbial applications, which is presently progressing well. Our investment focus will continue to be towards bio-technology, green technologies and renewable energies.

Chairman's Letter to Shareholders...

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ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I wish to extend my sincere gratitude and appreciation to you our, stakeholders, for your continued support, current management and staff for their hard work, dedication and innovation, and to my fellow directors for your unwavering support. On behalf of the Board and Management, I would also like to take this opportunity to thank our collaboration and technology partners, our customers and business associates for their continuing support to the Group.

Sincerely Yours,

LIM KIM CHU
Chairman

Profile of Directors

LIM KIM CHU
Malaysian, 49 years old
Independent, Non-Executive Chairman

Lim Kim Chu is a graduate from University of Oklahoma, U.S.A with Bachelor's Degree in Computer Science. Currently he is the managing director of Worldinfo Technology Sdn. Bhd. in Prai, Penang. He is also the executive director of several companies involved in the business of trading, manufacturing, construction and property development.

Appointed on 23 September 2008, he does not hold any ordinary share in Asia Bioenergy Technologies Berhad ("ABT"). He is also the Chairman of the Nomination Committee and member of the Audit Committee and Remuneration Committee. He is not a Director of any other public company. He does not have any family relationship with any Director or substantial 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, 45 years old
Senior Non-Independent Executive Director

Mr Leung obtained his Bachelor Degree in Accounting from the Curtin University of Technology, Australia in 1989. He is also a certified practising Accountant and Chartered Accountant.

Trained as an investment banker, Mr Leung 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 which has been consistently placed within the Top 10 of Bloomberg's Mergers & Acquisitions ("M&A") League table for Malaysian M&A Transactions.

He is also well versed in corporate finance advisory, having advised in the group wide restructuring exercise between KFC Holdings (M) Berhad, Pizza Hut (M) Sdn. Bhd., Ayamas Food Corporation Berhad and C.I. Holdings Berhad. He was also the acting Plant Manager for Amalgamated Parts Manufacturers Holdings Berhad, responsible for re-engineering the production plant's operations, supply chain and control systems.

Appointed to the Board on 3 April 2009, he currently holds 412,150 ordinary shares in ABT. He also sits on the board of Kulim (Malaysia) Berhad, Damansara Realty Berhad and Tebrau Teguh Berhad. He does not have any family relationship with any Director or substantial 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.

LOOI KEM LOONG
Malaysian, 37 years old
Non-Independent Executive Director

Looi Kem Loong is an Executive Director of ABT, appointed on 7 March 2012. A graduate from the University of Strathclyde, Scotland, Looi is a member of both the Institute of Chartered Accountants in England & Wales and the Malaysian Institute of Accountants.

Having completed his articleship with an internationally affiliated audit firm wherein he gained valuable financial experience especially in special corporate assignments and group consolidations, he joined the corporate finance department of AmMerchant Bank Berhad until he left as manager to join Newfields Advisors Sdn. Bhd. ("Newfields"), an investment advisory company as Vice President. He was a founding member of AsiaBio Group in 2006 before taking a step back from operations into a non-executive position in early 2011 and resigning in late 2011 for personal reasons.

He has extensive corporate finance experience covering activities such as initial public offerings, cross-border restructurings, debt restructurings and other corporate proposals for public listed companies.

He currently holds negligible (733 shares) direct interest and 32.17% (122,904,333 shares) indirect interest in ABT. He is not a Director of any other public company. He does not have any family relationship with any Director or substantial 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

MAJOR HUAN CHENG GUAN (K)

Malaysian, 51 years old
Independent Non-Executive Director

Major Huan Cheng Guan was appointed as Independent Non-executive Director of ABT on 31 January 2011. He is also the Chairman of the Audit Committee and member of both the Remuneration Committee and Nomination Committee.

Major Huan is a Fellow of the Paris Graduate School of Management. Before venturing into politics, Major Huan served for 13 years with the Royal Malaysian Air Force.

Major Huan has been in politics since 1993, first serving as special officer to the Deputy Chief Minister of Penang before being elected as Member of Parliament for the Batu Kawan constituency from year 2004 to 2008.

Major Huan is currently the Vice President of Parti Cinta Malaysia.He does not hold any ordinary shares in ABT. He is not a Director of any other public company. He does not have any family relationship with any Director or substantial 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, 41 years old
Independent Non-Executive Director

Lim Foo Seng, Gary, is an Independent Non Executive Director of ABT appointed on 7 March 2012. 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 22 years of experience in the finance and corporate sectors. From 1989 to 1995, he served in of the international accounting firms, 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 in which he played an instrumental role in its initial public offering.

From 2003 to 2010, he held various senior management positions and served as a board member of various established private limited and public listed companies in Malaysia. In 2011, he joined Aivoria Group Sdn Bhd ("Aivoria Group"). Currently, he is the Executive Director, Group Strategic Planning of Aivoria Group focusing in the business strategic planning, human capital management, finance, corporate affairs and information technology areas. Aivoria Group is principally involved in the business segment of the fashion and beauty industry and operates more than 100 retail stores nationwide and regionally under the retail brand names of Elianto, Bonita and Tiamo.

He has negligible (50) ordinary shares in ABT. He is not a Director of any other public company. He does not have any family relationship with any Director or substantial 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

The Board of Directors ("the Board") of Asia Bioenergy Technologies Berhad ("ABT" or the "Company") is committed to ensure the fulfillment of the highest standards of Corporate Governance as set out in the Malaysian Code on Corporate Governance, which highlights the principles and best practices on structures and processes that the Company may use in their operations towards achieving the optimal governance framework.

A. DIRECTORS

i. The Board

The Board believes that good corporate governance is fundamental to the Board in discharging its fiduciary duties and responsibilities and enhances high standard of business integrity, corporate performance and corporate accountability with the aim of realising shareholders' value.

The Company is led and managed by an experienced Board, with wide mix of knowledge, business acumen, management skills and industry expertise from various background which is an invaluable asset for the stewardship of the Company's direction and operation.

During the financial year ended 31 January 2012, the Board had met on four (4) occasions. All proceedings from the meetings are minuted and signed by the Chairman of the meetings. The Board has scheduled at least four (4) meetings for the next financial year to table its quarterly results.

ii. Board Balance

The Board was formed on 23 September 2008 and presently consists of five (5) Directors of which two (2) are Executive Directors and three (3) Independent Non-Excutive Directors. This is in compliance with Rule 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad for ACE Market which requires at least two (2) Independent Directors or one-third of the Board, whichever is higher.

The Board retains full control over the Company and monitors the management. 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. Shareholders with concern and recommendations may convey such to our Senior Executive Director at the Company's registered address, phone/fax number and/or email address.

The presence of the Independent Non-Executive Directors brings an additional element of check and balance to the Board.

iii. Board Meetings and Attendance

The Board is scheduled to meet four (4) times a year at quarterly interval with additional meetings being convened when urgent and important decisions need to be taken between the scheduled meetings.

The Company has formally had four (4) Board meetings during the financial year under review. The record of attendance is as follows:

Member	Attendance of meetings	Percentage attendance
Lim Kim Chu *(Chairman)*	4/4	100%
Leung Kok Keong	4/4	100%
Lim Chee Wei *(resigned on 24 February 2012)*	4/4	100%
Looi Kem Loong *(resigned on 24 November 2011, reappointed on 7 March 2012)*	3/3	100%
Major Huan Cheng Guan	4/4	100%
Thong Wai Choong *(appointed on 22 August 2011, resigned on 24 February 2012)*	2/2	100%

Note to shareholders:

Mr. Lim Foo Seng was appointed to the Board on 7 March 2012 and hence, he did not attend any of the Board meetings held during the financial year ended 31 January 2012.

Statement on Corporate Governance

cont'd

A. DIRECTORS *cont'd*

iv. Supply of Information

The Chairman ensures that each Director is provided with timely notices for each Board meeting and Board papers are issued prior to the Board meetings to enable the Directors to review and consider the agenda items to be discussed in the Board meeting and where necessary, to obtain further explanations in order to be fully briefed before the meeting.

The Board has unrestricted access to timely and accurate information in furtherance of its duties. All Directors have full access to the advice and services of the Company Secretaries who are responsible for ensuring that Board meeting procedures are adhered to and that applicable rules and regulations are complied with. The Directors will be updated by the Company Secretaries on new statutory requirements relating to their duties and responsibilities.

v. Directors' Training

The Board determines the training needs of the Directors on a continuous basis. During the financial year, 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 the The New Corporate Governance Blueprint and Regulatory Updates Seminar 2011 by MICG and FPLC, Sustainability Programme for Corporate Malaysia by Bursa Malaysia, China Import and Export Fair as well as briefings on technology advances/industry changes conducted by technology experts of our incubatees/advisory panel.

vi. Appointment to the Board

The Nomination Committee was established to assist the Board in its responsibilities in recommending the right candidates with the required mix of skills and experience and other qualities to be appointed to the Board.

The Committee comprises three (3) members, of which all three (3) members are Independent Non-Executive Directors. The members are:

Member	Attendance of meetings	Percentage attendance
Lim Kim Chu *(Chairman)*	1/1	100%
Major Huan Cheng Guan	1/1	100%
Looi Kem Loong *(resigned on 24 November 2011)*	0/0	0%
Leung Kok Keong* *(appointed on 24 November 2011. Resigned on 7 March 2012)*	1/1	100%

Note to shareholders:

Mr. Lim Foo Seng was appointed to the Nomination Committee on 7 March 2012 and hence, he did not attend any nomination committee meetings held during the financial year ended 31 January 2012.

* *Redesignated to Non-Independent Non-Executive Director and appointed to the Committee w.e.f. 24 November 2011. Subsequently, he was redesignated to Executive Director on 7 March 2012 and resigned from the Committee.*

Statement on Corporate Governance
cont'd

A. DIRECTORS *cont'd*

vi. Appointment to the Board *cont'd*

The Terms of Reference of the Nomination Committee are as follows:-

- The Committee shall be appointed by the Board of Directors and shall consist of not less than 2 members of which comprising exclusively non-executive directors, the majority of whom shall be independent directors. In the event of any vacancy in the Committee resulting in the non-compliance of the above, the Company must fill the vacancy within 3 months.

- The Board of Directors must review the term of office and performance of the Committee and each of its members at least once every 3 years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

- The Committee shall:-

  a. recommend the Board of Directors, candidates for all directorships to be filled by the shareholders or the Board of Directors. In making its recommendations, the nomination committee should consider the candidates':-

     - skills, knowledge, expertise and experience;
     - professionalism;
     - integrity; and
     - in the case of candidates for the position of independent non-executive directors, the nomination committee should also evaluate the candidate's ability to discharge such responsibilities/functions as expected from independent non-executive directors;

  b. consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder;

  c. recommend to the Board of Directors, directors to fill the seats on board committees;

  d. assess annually the effectiveness of the board as a whole, the committees of the board and the contribution of each existing individual director and thereafter, recommend its findings to the Board of Directors;

  e. review annually the required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the board and thereafter, recommend its findings to the board; and

  f. apply the process as determined by the Board of Directors, for assessing the effectiveness of the board as a whole, the committees of the board, and for assessing the contribution of each individual director, including independent non-executive directors, as well as the chief executive officer where all assessments and evaluations carried out by the Committee in the discharge of all its functions should be properly documented.

- The Committee should meet regularly, with due notice of issues to be discussed and should record its conclusion in discharging its duties and responsibilities. The quorum shall be 2 members with majority of independent directors. The Committee should have a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Committee is firmly in its hands.

- In furtherance to their duties as the Committee's members of the Company, there should be an agreed procedure for the members, whether as a full Committee or in their individual capacity, to take independent professional advice at the Company's expense, if necessary.

vii. Re-election

The Company's Articles of Association provides that one third (1/3) of the Directors to retire at least once in each three (3) years and the retiring Director shall be eligible for re-election.

Statement on Corporate Governance

cont'd

B. DIRECTORS' REMUNERATION

The objective of the Group's policy on Directors' remuneration is to ensure that the Group attracts and retains Directors with the relevant skills and knowledge to run the Group successfully.

The Remuneration Committee was established on 23 September 2008 to assist the Board in its responsibilities in developing the remuneration policy and determining the remuneration packages of managing director and executive directors. The remuneration packages of non-executive directors should be determined by the Board as a whole.

The Terms of Reference of the Remuneration Committee are as follows:-

- The Committee shall be appointed by the Board of Directors and shall consist of not less than 2 members of which comprising wholly or mainly of non-executive directors. In the event of any vacancy in the Committee resulting in the non-compliance of the above, the Company must fill the vacancy within 3 months.

- The Board of Directors must review the term of office and performance of the Committee and each of its members at least once every 3 years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

- The Committee shall recommend to the Board of Directors, the remuneration of the executive directors in all its forms, drawing from outside advice as necessary and the executive directors shall play no part in decisions on their own remuneration. Determination of remuneration packages of non-executive directors, including non-executive chairman, should be determined by the Board of Directors as a whole and the individuals concerned should abstain from discussing their own remuneration.

- The Committee should meet regularly, with due notice of issues to be discussed and should record its conclusion in discharging its duties and responsibilities. The quorum shall be 2 members with majority of non-executive directors. The Committee should have a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Committee is firmly in its hands.

- In furtherance to their duties as the Committee's members of the Company, there should be an agreed procedure for the members, whether as a full Committee or in their individual capacity, to take independent professional advice at the Company's expense, if necessary.

Directors' fees are recommended by the Board for the approval by shareholders of the Company at annual general meetings.

The Remuneration Committee comprises three (3) members of which two (2) members are Independent Non-Executive Directors and one (1) Executive Director. The members of the Committee are:

Member	Attendance of meetings	Percentage attendance
Leung Kok Keong *(Chairman) (appointed w.e.f 24 November 2011)*	1/1	100%
Looi Kem Loong *(resigned on 24 November 2011)*	0/0	0%
Lim Kim Chu	1/1	100%
Major Huan Cheng Guan	1/1	100%

Statement on Corporate Governance

cont'd

B. DIRECTORS' REMUNERATION *cont'd*

The breakdown of the remuneration of the Directors in the Group during the financial year is as follow:

	Fees	Salaries & other emoluments	Benefits-in-Kind	Total
Executive Directors	-	295,403	58,902	354,305
Non-Executive Directors	61,800	6,000	-	67,800
	61,800	301,403	58,902	422,105

The number of Directors of the Company whose total remuneration fall within the respective band are as follows:

Remuneration Band	Executive Directors	Non-Executive Directors
RM50,000 and below	-	3
RM50,001 - RM150,000	3	-

C. RELATION WITH SHAREHOLDERS AND INVESTORS

The Company recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via the Company's annual reports, various disclosures to Bursa Malaysia Securities Berhad including quarterly financial results, research papers and various announcements made from time to time.

The Group maintains a website at www.asiabio.com.my where shareholders or investors may access for the latest information on the Group.

The Annual General Meeting remains the principal forum for dialogue with shareholders where the shareholders are provided with an opportunity to raise questions pertaining to issues in the Annual Report, Audited Financial Statements and corporate developments in the Group, the resolutions being proposed and/or on the business of the Group. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board as well as Auditors of the Company are present to answer questions raised at the meeting.

D. ACCOUNTABILITY AND AUDIT

i. Financial Reporting

The primary aim of the Directors is 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 judgments 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 provisions 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.

Statement on Corporate Governance

cont'd

D. ACCOUNTABILITY AND AUDIT *cont'd*

i. Financial Reporting *cont'd*

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 January 2012, 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 statement.

ii. Internal Control

The Directors acknowledge their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management.

The Statement on Internal Control is furnished in this Annual Report, and this provides an overview of the state of internal controls within the Group.

iii. Relationship with Auditors

The Company maintains a formal and transparent and professional relationship with the auditors in seeking their professional advice towards ensuring compliance with the accounting standards. The roles of both the external and internal auditors are described in the Audit Committee Report.

iv. Compliance with the Malaysian Code on Corporate Governance ("Code")

The Board strives to ensure that the Company complies with the Principles and Best Practices of the Code. The Board endeavours to improve and enhance the procedures from time to time. The Company has complied with the best practices of the Code.

The Malaysian Code on Corporate Governance requires the Board of Directors ("the Board") to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets.

Statement on Internal Control

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") the Board is pleased to provide the following statement of Internal Controls. In accordance with the Rule 15.23 of the Listing Requirements of Bursa Securities the external auditors have reviewed this Statement on Internal Control and reported that nothing has come to their attention that causes them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes carried out in the Group.

A. BOARD RESPONSIBILITY

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

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

The Group has in place an on-going process for identifiying, evaluating, monitoring and managing the significant risks faced by the Group. This process is regularly reviewed by the Board, in accordance with the Statement on Internal Control and Guidance for Directors of Public Listed Companies.

B. KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

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

- Formal organization structure with clearly defined roles and lines of responsibilities, authority and accountability within the Group;
- Recruitment of adequate 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 process;
- Regular and 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 objective; and
- Engage and appoint solicitors, financial advisors and other competent professional 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 year under review is sufficient to cater for the requirement of the Group at the existing level of operation and safeguard the Group's interest.

C. RISK MANAGEMENT

The Board and Management practice proactive risk identification particularly on major transactions, changes in activities or operational environment which may entail different risk and put in place the appropriate risk response strategies and controls to management/mitigate those risks.

D. WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

During the year, 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.

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.

Other Compliance Information

A. SHARE BUY BACKS

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

B. OPTIONS, WARRANTS OR CONVERTIBLES SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year.

C. DEPOSITORY RECEIPT (“DR”)

During the financial year, the Company did not sponsor any DR Programme.

D. IMPOSITION OF SANCTIONS AND/OR PENALTY

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 year.

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 aspectsht ,us ensuring committed responsibility to our stakeholders. The Group is 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:-

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.

F. NON-AUDIT FEES

There was no non-audit fees paid or payable to external auditors for the financial year ended 31 January 2012 or 2011.

G. VARIATION IN RESULTS BETWEEN AUDITED AND UNAUDITED RESULTS

The Company’s audited loss after tax and minority interest for the financial year ended 31 January 2012 amounted to RM 19.951 million as compared with the unaudited loss after tax and minority interest of RM 12.650 million. This represents a variation of RM 7.301 million or 57.7%

G. VARIATION IN RESULTS BETWEEN AUDITED AND UNAUDITED RESULTS *cont'd*

The Board has taken every reasonable step to ensure that its announced unaudited results for the period ended 31 January 2012 ("4th quarter results") are clear and accurate which includes the following:-

- Ensured audit field work by External Auditors were materially concluded on the group audit, which formed the basis of the 4th quarter results, prior to the tabling of the final 4th quarter results wherein the External Auditors were present during the Audit Committee and Board Meetings;

- the 4th quarter results mirrored the initial draft Audited Financial Statements for the financial year ended 31 January 2012 that was presented to the Board for review in the presence of the External Auditors; and

- a private session was conducted wherein the Audit Committee, comprising only Non-Executive Directors had a discussion with the External Auditors during the tabling of the 4th quarter results and the draft Audited Financial Statements for the financial year ended 31 January 2012.

Notwithstanding the above, subsequent to the announcement of the 4th quarter results, the External Auditors has recommended for further impairments of its investments in the biodiesel sector taking into account the deepening Euro Crisis with Greece euro exit fears increasing with a non-conclusive election on 6 May 2012 and other developments in the biofuel sector. After further deliberations with the External Auditors and taking into account industry sentiments, the Board has decided to accept the External Auditors recommendation of further impairments, resulting in a material deviation of results.

The details of the deviation between the announced 4th quarter results and Audited Financial Statements for the financial year ended 31 January 2012 are shown in the table below:-

	Unaudited Result (RM'000)	**Audited Result (RM'000)**	**Variances (RM'000)**
Revenue	5,517	5,517	-
Loss for the period	(11,142)	(18,443)	(7,301)
Loss attributable to Owners of the Company	(12,650)	(19,951)	(7,301)

<u>Reconciliation of Variance</u>

	RM'000	**RM'000**
Net Loss attributable to Owners of the Company announced on 29 March 2012		12,650
Add/(Less)		
• Additional impairment of biodiesel related investments (Note 1)	(6,509)	
• Additional impairment of contract account related to biodiesel/phytonutrients project of associated companies (Note 2)	(792)	(7,301)
Audited Net Loss attributable to Owners of the Company		19,951

Notes (Details of the Variance):-

1. *This represents impairment of the carrying value of the investments in various biodiesel related investments of the Group to the net asset value of the investment. These biodiesel investments have recently completed various machinery upgrades and modifications, to improve their prospects including:-*

    - *modification of plant to produce other oleochemical products like Betaine instead of Biodiesel.*
    - *modification of plant to use Palm Fatty Acid Distillate (PFAD) as raw material, thus reducing their cost of production.*
    - *increasing the product expansion of the plant to include other high valued items.*

Other Compliance Information
cont'd

G. VARIATION IN RESULTS BETWEEN AUDITED AND UNAUDITED RESULTS *cont'd*

Reconciliation of Variance *cont'd*

Notes (Details of the Variance):- cont'd

Whilst Asiabio Board believes that the steps above augurs well to the various investments, Asiabio Board accepts the External Auditor's further recommendation to write down the carrying value of these biodiesel related investments to its net asset value. This is a measure taken in view of the change in circumstances of events as follows:-

- *Prospects of export market is in jeopardy with the expiry of the Kyoto Protocol initial commitment period at the end of 2012 and no concrete signed consensus yet on the detailed terms of an extension at the currently ongoing May 2012 Bonn Climate Talks.*
- *The Euro crisis which seemed under control prior to March 2012 is deepening with an inconclusive 6 May 2012 Greek elections causing Greek political landscape to be in disarray, raising fears of an Euro exit and a sooner than expected Greek default. The European market is one of the largest markets for Biofuels and any political or economic turmoil in that region will significantly cut the prospects of the biofuel sector.*
- *The slow implementation of compulsory blending requirements for biodiesel in Malaysia also dampens local market prospects as a feasible alternative to Euro. Lack of incentives or insufficient subsidy schemes for biodiesel blending in Malaysia, resulting in slowdown of the biodiesel industry in Malaysia also adds to the instability of this sector. The machinery upgrades and product expansion plan mentioned above may require a gestation period.*

The Board of Asiabio would like to point out that should the above machinery upgrades and product expansion plan by the biodiesel investments materialise positively resulting in an exit strategy the likes of a listing on a stock exchange, the provision for impairment will likely be reversed resulting in a positive impact in the results of Asiabio Group in the future.

2. *This represents impairment of the carrying value of the project contract account in relation to a biodiesel/phytonutrients project of an associated company, due to similar reasons as above.*

H. STATUS OF UTILISATION OF PROCEEDS

Proceeds from the private placement of 55,000,000 Shares in the Company of RM5,500,000 was fully ustilised as Technology Incubation Fund of the Group.

I. MATERIAL CONTRACTS

During the financial year, 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 year, 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.

Other Compliance Information

cont'd

L. PROPERTIES

As at 31 January 2012 the Group own the following properties:-

Location	Description	Tenure	Area (Sq ft)	Age (years)	Net book value of 31.1.2012 (RM)
Unit No. 11-2, Menara 1MK, Kompleks 1 Mont' Kiara, No. 1 Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur	Office Suite	Freehold	1,156	1 year	509,600
Unit No. 11-3A, Menara 1MK, Kompleks 1 Mont' Kiara, No. 1 Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur	Office Suite	Freehold	1,368	1 year	646,800
Unit No. 11-6, Menara 1MK, Kompleks 1 Mont' Kiara, No. 1 Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur	Office Suite	Freehold	2,178	1 year	803,600
Unit No. 11-8, Menara 1MK, Kompleks 1 Mont' Kiara, No. 1 Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur	Office Suite	Freehold	1,918	1 year	960,676

M. DIVIDEND

In line with the implementation of the Electronic Dividend ("eDividend") as per the Directive of Bursa Malaysia Securities Berhad, shareholders are reminded to provide your bank account information to Bursa Malaysia Depository Sdn Bhd. This is to facilitate the payment of future dividend (if any) by us directly into your bank account on and after 1 September 2010.

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 year ended 31 January 2012.

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
Major Huan Cheng Guan *(Chairman)*	4/4	100%
Lim Kim Chu	4/4	100%
Looi Kem Loong *(resigned on 24 November 2011)*	3/3	100%
Leung Kok Keong *(appointed on 24 November 2011, resigned on 7 March 2012)**	1/1	100%

Note to shareholders:

Mr. Lim Foo Seng was appointed to the Audit Committee on 7 March 2012 and hence, he did not attend any of the Audit Committee Meetings held during the financial year ended 31 January 2012.

* *Redesignated to Non-Independent Non-Executive Director and appointed to the Committee w.e.f. 24 November 2011. Subsequently, he was redesignated to Executive Director on 7 March 2012 and resigned from the Committee.*

B. TERMS OF REFERENCE OF AUDIT COMMITTEE

Terms of Reference of the Committee are as follows:

Composition

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. In the event of any vacancy in the Audit Committee resulting in the non-compliance of the above, the Company must fill the vacancy within 3 months.

b. All the Audit Committee members must be financially literate, with at least one member:-

   (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:-

      - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

      - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

   (iii) fulfils such other requirements as prescribed or approved by the Exchange.

c. No alternate director shall be appointed as a member of the Audit Committee.

d. 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, the head of internal audit and the external auditors in order to be kept informed of matters affecting the company.

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

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 every 3 years to determine whether the Audit Committee has carried out its duties in accordance with its terms of reference.

C. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 January 2012, 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 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;

h. Reviewed the internal audit reports by the Internal Auditors;

i. Conducted private meetings with the External Auditors without the presence of Executive Directors or employees of the Group; and

g. Reviewed all related party transactions.

D. INTERNAL AUDIT FUNCTION

The Group engages third party consultants the likes of NGL Consulting Sdn Bhd and others to assist in the internal audit functions for the Group. The internal auditor's role is to provide the Committee with independent reviews and objective reports on the state of internal control of the operating units with the Group. Cost incurred for the internal audit function in respect of the financial year ended 31 January 2012 amounted to RM 13,345.00.

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.

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;

Audit Committee Report

cont'd

E. RIGHTS *cont'd*

In carrying out its duties and responsibilities, the Audit Committee will: *cont'd*

e. be able to obtain independent professional or other advice and to invite outsiders with relevant experience and expertise to attend 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, 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.

Financial Statements

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Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 January 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in technology incubation and investment holding. There have been no significant changes in the nature of these activities of the Company during the financial year. The principal activities and the changes of the subsidiaries and associates are set out in Note 5 and Note 6 to the financial statements .

RESULTS

	THE GROUP RM	THE COMPANY RM
(Loss) for the financial year	(18,442,533)	(13,245,334)
Attributable to:-		
Owners of the Company	(19,950,403)	(13,245,334)
Non-controlling interests	1,507,870	-
	(18,442,533)	(13,245,334)

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year,

(a) there were changes in the authorised and issued and paid-up share capital of the Company as follows:-

- (i) On 23 March 2011, the issued and paid-up share capital of the Company was increased from RM32,700,000 to RM35,700,000 through the issuance of 30,000,0000 new ordinary shares of RM0.10 each at par for cash by way of private placement.
- (ii) On 6 July 2011, the issued and paid-up share capital of the Company was further increased from RM35,700,000 to RM38,200,000 through the issuance of 25,000,000 new ordinary shares of RM0.10 each at par for cash by way of private placement.

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that the action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all know bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowances for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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 year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGES OF CIRCUMSTANCES

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 of the Group and of the Company which would render any amount stated in the financial statements misleading.

Directors' Report

cont'd

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS OF THE COMPANY

The directors who served since the date of last report are as follows:-

(i)	Leung Kok Keong	
(ii)	Lim Kim Chu	
(iii)	Major Huan Cheng Guan	
(iv)	Looi Kem Loong	(Resigned on 24 November 2011, Reappointed on 7 March 2012)
(v)	Lim Foo Seng	(Appointed on 7 March 2012)
(vi)	Thong Wai Choong	(Appointed on 22 August 2011, Resigned on 24 February 2012)
(vii)	Lim Chee Wei	(Resigned on 24 February 2012)

DIRECTORS' INTEREST

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
	AT 1.2.2011	BOUGHT	SOLD	AT 31.1.2012
DIRECT INTERESTS				
LEUNG KOK KEONG	412,150	-	-	412,150
LIM CHEE WEI	1,000,000	-	-	1,000,000
THONG WAI CHOONG	16,000,000	-	-	16,000,000

The other directors holding office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 31(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 34 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 24 MAY 2012

LEUNG KOK KEONG **LOOI KEM LOONG**

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, LEUNG KOK KEONG and LOOI KEM LOONG, being two of the directors of Asia Bioenergy Technologies Berhad, state that, in the opinion of the directors, the financial statements set out on pages 31 to 86 are drawn up in accordance with the Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 January 2012 and of their results and the cash flows for the financial year ended on that date.

The supplementary information set out in Note 36 on page 87, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 24 MAY 2012

LEUNG KOK KEONG **LOOI KEM LOONG**

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, LEUNG KOK KEONG, I/C No. 670303-10-6367, being the director primarily responsible for the financial management of Asia Bioenergy Technologies Berhad, do solemnly and sincerely declare that the financial statements and supplementary information set out on pages 31 to 87 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 by }
LEUNG KOK KEONG, I/C No. 670303-10-6367 }
at Kuala Lumpur in the Federal Territory }
on this 24 May 2012 }

LEUNG KOK KEONG

Before me
YAP LEE CHIN
No. W591
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 of the Group and of the Company as at 31 January 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 31 to 86.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and 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 Company'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 Company'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 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 January 2012 and of their financial performance and cash flows for the financial year then ended.

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 subsidiaries 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 financial statements of the subsidiaries 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) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 36 on page 87 is disclosed to meet the requirement 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.

Independent Auditors' Report
to the Members of Asia Bioenergy Technologies Berhad
cont'd

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.

Crowe Horwath
Firm No. AF 1018
Chartered Accountants

NG KIM KIAT
Approval No: 2074/10/12 (J)
Chartered Accountant

Date: 24 May 2012
Muar, Johor Darul Takzim

Statements of Financial Position
at 31 January 2012

	NOTE	THE GROUP 2012 RM	THE GROUP 2011 RM	THE COMPANY 2012 RM	THE COMPANY 2011 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	-	-	13,034,393	23,303,101
Investment in associates	6	3,419,251	1,873,596	4,000,000	1,721,998
Property, plant and equipment	7	6,435,571	10,315,593	552,053	3,528,887
Other investments	8	6,414,437	18,685,216	4,400,000	-
Intangible assets	9	12,327,523	10,077,062	-	-
Amount owing by subsidiaries	13	-	-	1,540,627	354,222
		28,596,782	40,951,467	23,527,073	28,908,208
CURRENT ASSETS					
Inventories	10	93,720	98,020	-	-
Trade receivables	11	1,239,747	3,207,622	-	-
Other receivables, deposits and prepayments	12	505,244	651,504	159,100	4,044,125
Cash and bank balances		632,874	1,037,165	39,980	300,237
		2,471,585	4,994,311	199,080	4,344,362
TOTAL ASSETS		31,068,367	45,945,778	23,726,153	33,252,570
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	38,200,000	32,700,000	38,200,000	32,700,000
Reserves	15	(13,588,185)	6,371,180	(14,581,233)	(1,335,899)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		24,611,815	39,071,180	23,618,767	31,364,101
NON-CONTROLLING INTERESTS		2,265,803	2,811,661	-	-
TOTAL EQUITY		26,877,618	41,882,841	23,618,767	31,364,101

Statements of Financial Position

at 31 January 2012

cont'd

		THE GROUP		THE COMPANY	
		2012	2011	2012	2011
	NOTE	RM	RM	RM	RM
EQUITY AND LIABILITIES					
NON-CURRENT LIABILITIES					
Hire purchase payables	16	833,421	97,153	-	-
Lease payable	17	7,820	98,467	-	-
Term loans	18	2,344,938	2,448,987	-	-
Deferred tax	19	8,750	8,750	-	-
		3,194,929	2,653,357	-	-
CURRENT LIABILITIES					
Trade payables	20	-	385,032	-	-
Other payables and accruals	21	574,984	776,939	107,386	24,629
Amount owing to subsidiaries	13	-	-	-	1,863,840
Hire purchase payables	16	187,433	21,476	-	-
Lease payable	17	90,647	83,669	-	-
Term loans	18	104,260	85,378	-	-
Provision for tax		38,496	57,086	-	-
		995,820	1,409,580	107,386	1,888,469
TOTAL LIABILITIES		4,190,749	4,062,937	107,386	1,888,469
TOTAL EQUITY AND LIABILITIES		31,068,367	45,945,778	23,726,153	33,252,570

The annexed notes form an integral part of these financial statements.

Statements of Comprehensive Income
for the Financial Year Ended 31 January 2012

		THE GROUP		THE COMPANY	
		2012	2011	2012	2011
	NOTE	RM	RM	RM	RM
REVENUE	22	5,517,063	6,258,310	1,115,000	4,000,000
COST OF SALES	23	(1,976,784)	(886,633)	-	-
GROSS PROFIT		3,540,279	5,371,677	1,115,000	4,000,000
OTHER INCOME		514,905	114,897	282,905	27,088
ADMINISTRATIVE EXPENSES		(3,320,786)	(4,245,377)	(939,099)	(1,038,688)
OTHER EXPENSES		(17,845,934)	-	(13,704,140)	(2,600,000)
SHARE OF (LOSS) IN ASSOCIATES		(1,099,644)	(56,346)	-	-
FINANCE COSTS		(139,783)	(18,622)	-	-
(LOSS)/PROFIT BEFORE TAX	24	(18,350,963)	1,166,229	(13,245,334)	388,400
INCOME TAX EXPENSE	25	(91,570)	(43,075)	-	-
(LOSS)/PROFIT AFTER TAX FOR THE FINANCIAL YEAR		(18,442,533)	1,123,154	(13,245,334)	388,400
OTHER COMPREHENSIVE INCOME		-	-	-	-
FOREIGN CURRENCY TRANSLATION		(38,540)	(138,214)	-	-
SHARE OF ASSOCIATES' OTHER COMPREHENSIVE INCOME		22,166	-	-	-
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE FINANCIAL YEAR		(18,458,907)	984,940	(13,245,334)	388,400
(LOSS)/PROFIT ATTRIBUTABLE TO:					
Owners of the Company		(19,950,403)	266,665	(13,245,334)	388,400
Non-controlling interests		1,507,870	856,489	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(18,442,533)	1,123,154	(13,245,334)	388,400
TOTAL COMPREHENSIVE (EXPENSE)/INCOME ATTRIBUTABLE TO:					
Owners of the Company		(19,959,365)	925,650	(13,245,334)	388,400
Non-controlling interests		1,500,458	59,290	-	-
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE FINANCIAL YEAR		(18,458,907)	984,940	(13,245,334)	388,400
(LOSS) / EARNINGS PER ORDINARY SHARE (SEN)	26	(5.45)	0.10		

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity
for the Financial Year Ended 31 January 2012

THE GROUP	NOTE	← Non-Distributable → SHARE CAPITAL RM	FOREIGN EXCHANGE TRANSLATION RESERVE RM	Distributable RETAINED PROFITS/ (ACCUMULATED) (LOSSES) RM	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM	NON-CONTROLLING INTERESTS RM	TOTAL EQUITY RM
Balance at 1.2.2010		25,000,000	(2,825)	6,162,135	31,159,310	1,046,541	32,205,851
Total comprehensive (expense)/ income for the financial year		-	(54,795)	266,665	211,870	773,070	984,940
Acquisition of subsidiaries	27(c)	-	-	-	-	992,050	992,050
Issuance of shares	14	7,700,000	-	-	7,700,000	-	7,700,000
Balance at 31.1.2011		32,700,000	(57,620)	6,428,800	39,071,180	2,811,661	41,882,841
Total comprehensive (expense)/ income for the financial year		-	(8,962)	(19,950,403)	(19,959,365)	1,500,458	(18,458,907)
Acquisition of subsidiaries	27(c)	-	-	-	-	1,341,278	1,341,278
Deemed disposal of subsidiaries	28(b)	-	-	-	-	(1,402,594)	(1,402,594)
Issuance of shares	14	5,500,000	-	-	5,500,000	-	5,500,000
Dividend paid		-	-	-	-	(1,985,000)	(1,985,000)
Balance at 31.1.2012		38,200,000	(66,582)	(13,521,603)	24,611,815	2,265,803	26,877,618

THE COMPANY	SHARE CAPITAL RM	(ACCUMULATED LOSSES) RM	TOTAL EQUITY RM
Balance at 1.2.2010	25,000,000	(1,724,299)	23,275,701
Total comprehensive income for the financial year	-	388,400	388,400
Issuance of shares	7,700,000	-	7,700,000
Balance at 31.1.2011	32,700,000	(1,335,899)	31,364,101
Total comprehensive (expense) for the financial year	-	(13,245,334)	(13,245,334)
Issuance of shares	5,500,000	-	5,500,000
Balance at 31.1.2012	38,200,000	(14,581,233)	23,618,767

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows
for the Financial Year Ended 31 January 2012

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss) / Profit before taxation	(18,350,963)	1,166,229	(13,245,334)	388,400
Adjustments for:				
Amortisation of intangible assets				
- product development costs	-	1,163	-	-
- software development costs	19,267	-	-	-
- software	49,037	-	-	-
Bad debts written off	21,400	-	-	-
Depreciation of property, plant and equipment	832,229	425,344	92,923	26,462
Software development costs written off	207,116	-	-	-
Impairment loss on:				
- intangible assets:				
- goodwill on consolidation	80,970	2,548,754	-	-
- product development costs	-	39,677	-	-
- investment in subsidiary	-	-	11,190,706	2,600,000
- other investments	16,670,779	-	-	-
- amount owing by subsidiary	-	-	2,502,519	-
Interest expense	139,783	18,622	-	-
Other investment written off	360,319	-	-	-
Property, plant and equipment written off	521,470	78,031	10,373	-
Share of results of associates	1,099,644	56,346	-	-
Dividend income	(100,000)	(4,054,054)	(1,115,000)	(4,000,000)
Gain on disposal of property, plant and equipment	(475,456)	(65,778)	(251,680)	-
Interest income	-	(43,831)	-	(21,800)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	1,075,595	170,503	(815,493)	(1,006,938)
Changes in working capital				
Inventories	1,091,735	(9,163)	-	-
Trade and other receivables	356,535	(1,451,674)	196,101	(3,809,193)
Trade and other payables	(324,845)	(801,085)	(1,781,083)	960,527
CASH GENERATED FROM/(ABSORBED INTO) OPERATING ACTIVITIES	2,199,020	(2,091,419)	(2,400,475)	(3,855,604)
Income tax (paid)	(137,623)	-	-	-
Income tax refund	-	55,998	-	-
NET CASH FROM/(FOR) OPERATIONS	2,061,397	(2,035,421)	(2,400,475)	(3,855,604)
FORWARD	2,061,397	(2,035,421)	(2,400,475)	(3,855,604)

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows

for the Financial Year Ended 31 January 2012

cont'd

	NOTE	THE GROUP 2012 RM	THE GROUP 2011 RM	THE COMPANY 2012 RM	THE COMPANY 2011 RM
FORWARD		2,061,397	(2,035,421)	(2,400,475)	(3,855,604)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net cash (outflow) on acquisition of subsidiaries	27(c)	(3,170,411)	(6,285,003)	(3,200,000)	(6,999,998)
Net cash (outflow) on deemed disposal of subsidiaries	28(b)	(50,545)	-	-	-
Interest received		-	43,831	-	21,800
Proceeds from disposal of property, plant and equipment		4,921,989	300,000	3,164,866	-
Addtion of software		(978,645)	-	-	-
Purchase of property, plant and equipment	29(b)	(1,598,017)	(4,184,745)	(39,648)	(2,731,203)
Purchase of other investments		(4,760,319)	(4,054,054)	(4,400,000)	-
Dividend received		100,000	4,054,054	1,115,000	4,000,000
NET CASH (FOR) INVESTING ACTIVITIES		(5,535,948)	(10,125,917)	(3,359,782)	(5,709,401)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid by a subsidiary to non-controlling interests		(1,985,000)	-	-	-
Interest paid		(139,783)	-	-	-
Proceeds from issuance of new shares		5,500,000	7,700,000	5,500,000	7,700,000
Advance from directors		-	282,958	-	-
Repayment of hire purchase payables		(97,475)	-	-	-
Repayment of lease payable		(83,669)	-	-	-
Repayment of term loans		(85,167)	-	-	-
NET CASH FROM FINANCING ACTIVITIES		3,108,906	7,982,958	5,500,000	7,700,000
Effects of exchange rate changes		(38,646)	(138,214)	-	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(404,291)	(4,316,594)	(260,257)	(1,865,005)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		1,037,165	5,353,759	300,237	2,165,242
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	29(a)	632,874	1,037,165	39,980	300,237

The annexed notes form an integral part of these financial statements.

Notes to the Financial Statements
for the Financial Year Ended 31 January 2012

1. GENERAL INFORMATION

The Company is a public limited liability company and is incorporated under the Companies Act, 1965 in Malaysia. The domicile of the Company is Malaysia and listed on the Ace Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business are as follows:-

Registered office and principal place of business	: A-3A09 Oasis Ara Damansara,
	: No. 2, Jalan PJU 1A/7A,
	: 47301 Petaling Jaya,
	: Selangor.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 24 May 2012.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in technology incubation and investment holding. There have been no significant changes in the nature of these activities of the Company during the financial year. The principal activities and the changes of the subsidiaries and associates are set out in Note 5 and Note 6 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 132: Financial Instruments: Presentation
- Amendments in paragraphs 11, 16 and 97E of the standard, relating to Classification of Rights Issues

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

3. BASIS OF PREPARATION *cont'd*

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):- *cont'd*

IC Interpretation 12 Services Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Annual Improvement to FRSs (2010)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements other than the following:-

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard has been applied prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

(ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, whilst maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interests to be absorbed by the non-controlling interests instead of by the parent. The Group has applied FRS 127 (Revised) prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

(iii) Amendments to FRS 138 clarify the requirements under FRS 3 (Revised) regarding accounting for intangible assets acquired in a business combination. The impacts on the financial statements of the Group upon their initial application are disclosed in Note 9 to the financial statements.

(iv) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments have no material impact on the financial statements of the Group upon their initial application.

Furthermore, the amendments to FRS 101 (Revised) also clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.

(v) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy, as shown in Note 33(e) to the financial statements. Comparatives are not presented by virtue of the exemption given in the amendments.

3. BASIS OF PREPARATION *cont'd*

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysia Accounting Standards Boards (MASB) but are not yet effective for the current financial year.

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
FRS 9 Financial Instruments	1 January 2015
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 Janaury 2013
FRS 124 (Revised) Related Party Disclosures	1 Janaury 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Disclosures - Transfers of Financial Assets	1 January 2012
Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 19: Extingushing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimun Funding Requirement	1 July 2011

The Group's next set of financial statements for the annual period beginning on 1 February 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRSs"). As a result, the Group will not be adopting the above accounting standards and interpretations (including the consequential amendments) that are effective for annual periods beginning on or after 1 February 2012.

(c) Following the issuance of MFRSs (equivalent to IFRSs) by the MASB on 19 November 2011, the Group will be adopting the new accounting standards in the next financial year. The Group is currently in the process of assessing the impact of the adoption of these new accounting standards and the directors do not expect any significant impact on the financial statements arising from the adoption.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluate by the directors and management 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 judgements that affect the application of the Group'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:

(i) Depreciation of Property, Plant and Equipment

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

The Group anticipates that the residual values of its 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.

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.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final 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 year in which such determination is made.

(iii) 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.

(iv) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. 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.

(v) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant' or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Critical Accounting Estimates and Judgements *cont'd*

(vi) 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.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 January 2012.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income is attributed to non-controlling interests even if this result in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 127.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Basis of Consolidation *cont'd*

Business combinations from 1 February 2011 onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Business combinations before 1 February 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

(c) 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.

Business combinations from 1 February 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised 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 at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business combinations before 1 February 2011

Under the purchase 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 subsidiaries at the date of acquisition.

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

4. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements if each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transaction and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

(e) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has 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 has 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.

4. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

(e) Financial Instruments *cont'd*

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans, receivables financial assets 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 right to receive payment is established.

- *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 Financial Assets*

  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 financial assets. Loans and receivables financial assets 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 right 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.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Financial Instruments *cont'd*

(ii) Financial Liabilities

All financial liabilities are initially 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.

(f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(g) Investments in Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for under the equity method, based on the financial statements of the associate made up to 31 January 2012. The Group's share of the post acquisition profits of the associate is included in the consolidated statement of comprehensive income and the Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

On the disposal of the investments in associates, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(h) Property, Plant and Equipment

Property, plant and equipment, other than freehold industrial land are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold industrial land has an unlimited useful life and therefore not depreciated.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(h) Property, Plant and Equipment *cont'd*

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

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

Asset under construction represents plant under installation and is stated at cost. It is not depreciated until such time when the asset is available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the plant and equipment.

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 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 is 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.

(i) Intangible Assets

(i) Goodwill on Consolidation

Goodwill represents the excess of 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 subsidiaries at the date of acquisition.

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.

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

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(i) Intangible Assets *cont'd*

(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 losses. 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 FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Expenditure on an intangible item that are initially recognised as an expense are 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.

(i) Product and Software Development Costs

Expenditure on development activities of internally developed products is recognised as an intangible asset when it relates to the production of new or substantively improved products and processes and when the Group can demonstrate that it is technically feasible to develop the product or processes, adequate resources are available to complete the development and that there is an intention to complete and sell the product or processes to generate future economic benefits.

Capitalised product and software development costs are amotised on a straight line basis over a period of ten (10) years. Development expenditure not satisfying the criteria mentioned and expenditure arising from research or from the research phase of internal projects are recognised in statements of comprehensive income as incurred.

Product and software development costs are tested for impairment annually.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(i) Intangible Assets *cont'd*

(ii) Other Intangible Assets cont'd

(ii) Technology Rights

Technology rights were acquired through agreements. The useful live of technology rights are estimated to be indefinite, management believes there is no foreseeable limit to the period over which the technology rights are expected to generate net cash flows to the Group. Technology rights are stated at cost less any impairment losses. They are no amortised but tested for impairment annually or more frequently when indicators of impairment are identified.

(iii) Acquired Software

The software are stated at cost less accumulated amortisation and accumulated impairment, if any. The principal annual rate of amortisation is 20%.

(j) 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 financial assets 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 values of assets, other than those to which FRS 136 Impairment of Assets does not apply, are reviewed at the end of each 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' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow.

4. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

(j) **Impairment** *cont'd*

(ii) Impairment of Non-Financial Assets cont'd

An impairment loss is recognised in 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 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 statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(k) **Assets under Hire Purchase**

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4 (h) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

(l) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

The Group writes down its obsolete or slow moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

(m) **Income Taxes**

Income tax for the year comprises 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.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(m) Income Taxes *cont'd*

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 future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to 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 assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination 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.

(n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, 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) Provisions

Provisions are recognised when the Group has a present 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 the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

(p) Employee Benefits

(i) Short-term Benefits

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

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(q) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-

- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity;
- 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 venturer;

(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.

(r) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(s) Revenue

(i) Sales of Goods and Services

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with the delivery of goods and services and acceptance by customers.

Revenue from services are recognised upon the performance of services.

(ii) Corporate Services Fees, Administrative Charges and Information Technology Services

Revenue from rendering of services are recognised in the statements of comprehensive income upon performance of service.

Advances fees received relating to periods beyond the current financial year are classified as deferred income under current liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(s) Revenue *cont'd*

(iii) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(iv) Originators' Fees

Originators' fees are recognised at the end of each contract, or proportionally upon payment of interim dividend from the cash flow of the contract.

(t) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

(u) 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 maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(v) 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.

5. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2012	**2011**
	RM	**RM**
Unqouted shares, at cost		
At 1 February	25,903,101	18,903,103
Addition	-	6,999,998
Reclassification from investment in associates	4,921,998	-
Reclassification (to) investment in associates	(4,000,000)	-
At 31 January	26,825,099	25,903,101
Accumulated impairment losses:-		
At 1 February	(2,600,000)	-
Addition	(7,562,938)	(2,600,000)
Reclassification from investment in associates	(3,627,768)	-
At 31 January	(13,790,706)	(2,600,000)
Net carrying value	13,034,393	23,303,101

5. INVESTMENT IN SUBSIDIARIES *cont'd*

(a) The details of the subsidiaries are as follows:-

Name of Subsidiaries	Group's Effective Interest 2012 %	Group's Effective Interest 2011 %	Equity Interest Held by Company 2012 %	Equity Interest Held by Company 2011 %	Equity Interest Held by Subsidiary 2012 %	Equity Interest Held by Subsidiary 2011 %	Principal Activities
Asia Bioenergy Research Sdn. Bhd.	100	100	100	100	-	-	Carrying on business of a technology incubator, provision of mangement and strategic advisory services, research related activities, investment holding company and sale of machineries with the objective of commercialising technologies in bio-energy sectors.
Eco-Sponge Sdn. Bhd.	80	80	55	55	25	25	Engaged in the manufacturing and trading of absorbent chemical compound and other related services and trading of fertilizer related products.
Asiabio Zymescience Sdn. Bhd.	99.9	99.9	99.9	99.9	-	-	Carrying on business in prodcution and sales of microbe related products.
Asiabio Zyme Solutions Sdn. Bhd. ("Zymesolutions")	79.7	-	79.7	-	-	-	Investment holding with focus on microbe propagation technology and system, and sales of microbe and plantation related products.
Ecompazz IT Sdn. Bhd. ^ ("Ecompazz")	33.8	33.8	33.8	33.8	-	-	Engaged as investment holding and sales of customised software application for trading and direct selling industry.
Nexfuel Sdn. Bhd. # ("Nexfuel")	-	40	-	40	-	-	Engaged as investment holding and engineering, procurement and technology provision for biomass power plant.
<u>*Subsidairies of Zymesolutions*</u>							
Asiabio Zyme Engineering Sdn. Bhd.	55.8	-	-	-	70	-	Carrying on business in engineering work and services and supply of biomass composting and proccessing machineries.
Asiabio Zyme Systems Sdn. Bhd.	79.7	-	-	-	100	-	Carrying on business of provision of programmable logic controller, enterprise resource planning system, enterprise resource planning intergrated systems e-learning products and training. Currently, the company is inactive.

5. INVESTMENT IN SUBSIDIARIES *cont'd*

(a) The details of the subsidiaries are as follows:- *cont'd*

Name of Subsidiaries	Group's Effective Interest		Equity Interest Held by Company		Equity Interest Held by Subsidiary		Principal Activities
	2012	2011	2012	2011	2012	2011	
	%	%	%	%	%	%	
Subsidiary of Ecompazz							
Ecompazz Limited *	33.8	33.8	-	-	100	100	Development and sale of customised software application for trading and direct selling industry.
Subsidiary of Nexfuel							
Nexfuel Limited *	-	40	-	-	-	100	Hold technology rights to the biowaste conversion technologies, and provides oils engineering, procurement and technology services.

* *Audited by a firm other than Messrs. Crowe Horwath.*

^ *Although the Company owns 33.83% (2011: 33.83%) of the voting rights of Ecompazz IT Sdn Bhd ("Ecompazz"), the Company is able to exercise control over the financial and operating policies of Ecompazz by virtue of its control over the latter;s board of directors. As a result, the Company consolidates the financial statements of Ecompazz Group with an effective equity interest of 33.83%.*

(b) During the current financial year, the Company ceased to exercise control but could still exert significant influence over Nexfuel Sdn. Bhd. ("Nexfuel") by participation in the financial and operating policy decision. Therefore, its investment in Nexfuel had been reclassified from investment in subsidiaries to investment in associates.

6. INVESTMENT IN ASSOCIATES

	THE GROUP 2012 RM	THE GROUP 2011 RM	THE COMPANY 2012 RM	THE COMPANY 2011 RM
Unqouted shares, at cost				
At 1 February	1,873,596	1,992,248	1,721,998	1,721,998
Addition	-	-	3,200,000	-
Reclassification from investment in subsidiaries	4,484,432	-	4,000,000	-
Reclassification (to) investment in subsidiaries	(1,861,299)	-	(4,921,998)	-
Disposal of associates	-	(62,306)	-	-
Share of post acquisition (losses)	(1,099,644)	(56,346)	-	-
Share of associates' other comprehensive income	22,166	-	-	-
At 31 January	3,419,251	1,873,596	4,000,000	1,721,998

6. **INVESTMENT IN ASSOCIATES** *cont'd*

(a) The details of the associates are as follow:-

Name of Associates	Group's Effective Interest 2012 %	Group's Effective Interest 2011 %	Company's Equity Interest 2012 %	Company's Equity Interest 2011 %	Principal Activities
Asiabio Zyme Solutions Sdn. Bhd. ("Zymesolutions")	-	36.8	-	36.8	Rendering of corporate services and investment holding with focus on microbe propagation technology and system.
Nexfuel Sdn. Bhd. ("Nexfuel")	40	-	40	-	Engaged as investment holding and engineering, procurement and technology provision for biomass power plant.
Subsidiaries of Zymesolutions					
Asiabio Zyme Systems Sdn. Bhd.	-	36.8	-	-	Carrying on business of provision programmable logic controller, enterprise resource planning system, enterprise resource planning intergrated systems e-learning products and training.
Asiabio Zyme Engineering Sdn. Bhd.	-	36.8	-	-	Carrying on business in engineering works and services and supply of biomass composting and processing machineries.
Subsidiary of Nexfuel					
Nexfuel Limited	40	-	-	-	Hold technology rights to the biowaste conversion technologies and provides oils engineering, procurement and technology services.

(b) The summarised financial information of the associates is as follows:-

	THE GROUP 2012 RM	THE GROUP 2011 RM
Assets and liabilities		
Total assets	7,365,164	5,469,408
Total liabilities	389,323	75,429
Results		
Revenue	-	3,800
(Loss) after taxation	(740,978)	(325,879)

(c) During the current financial year, Asiabio Zyme Solutions Sdn. Bhd.("Zymesolutions") was reclassified from investment in associates to investment in subsidiaries as the Company acquired additional 2,007,200 ordinary shares of RM 1.00 each (representing 42.88%) in Zymesolutions for a total cash consideration of RM 3,200,000. Consequently, Zymesolutions became a 79.67% owned subsidiary of the Company.

7. **PROPERTY, PLANT AND EQUIPMENT**

THE GROUP	AT 1.2.2011 RM	ADDITIONS RM	ACQUISITION/ (DISPOSAL) OF SUBSIDIARIES (Note 27 & 28) RM	DISPOSALS RM	WRITE OFF RM	RECLASSIFICATION RM	DEPRECIATION CHARGE RM	AT 31.1.2012 RM
NET CARRYING VALUE								
Freehold buildings	5,960,800	-	-	(2,898,321)	-	-	(85,604)	2,976,875
Plant and machinery	299,367	629,364	(87,500)	(2,163)	-	-	(97,841)	741,227
Office equipment	134,856	74,819	33,927	(9,600)	(39,302)	28,550	(51,412)	171,838
Computers	270,141	34,962	9,431	-	(20,355)	-	(79,603)	214,576
Motor vehicles	1,191,990	1,277,750	-	(930,226)	(10,233)	-	(307,539)	1,221,742
Furniture and fittings	83,870	352,518	2,415	(4,723)	(43,401)	68,746	(65,576)	393,849
Renovation	276,175	222,441	3,220	-	(242,661)	442,056	(82,152)	619,079
Signboard	2,422	4,030	-	-	(3,018)	1,723	(484)	4,673
Lab equipment	320,897	1,833	-	(169,000)	-	-	(62,018)	91,712
Asset under construction	1,775,075	-	(639,000)	(432,500)	(162,500)	(541,075)	-	-
	10,315,593	2,597,717	(677,507)	(4,446,533)	(521,470)	-	(832,229)	6,435,571

7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

THE GROUP	AT 1.2.2010 RM	ADDITIONS RM	ACQUISITION OF SUBSIDIARIES (Note 27) RM	DISPOSALS RM	WRITE OFF RM	DEPRECIATION CHARGE RM	AT 31.1.2011 RM
NET CARRYING VALUE							
Freehold buildings	792,284	2,174,500	3,011,818	-	-	(17,802)	5,960,800
Plant and machinery	4,732	89,000	228,990	-	-	(23,355)	299,367
Office equipment	34,312	85,085	41,915	-	-	(26,456)	134,856
Computers	37,456	14,629	231,320	-	-	(13,264)	270,141
Motor vehicles	627,314	914,871	99,960	(234,222)	-	(215,933)	1,191,990
Furniture and fittings	97,157	-	1,774	-	-	(15,061)	83,870
Renovation	226,768	-	157,920	-	(78,031)	(30,482)	276,175
Signboard	2,777	-	-	-	-	(355)	2,422
Lab equipment	391,611	9,385	2,537	-	-	(82,636)	320,897
Asset under construction	877,800	897,275	-	-	-	-	1,775,075
	3,092,211	4,184,745	3,776,234	(234,222)	(78,031)	(425,344)	10,315,593

THE COMPANY	AT 1.2.2011 RM	ADDITIONS RM	DISPOSAL RM	WRITE OFF RM	RECLASSIFICATION RM	DEPRECIATION CHARGE RM	AT 31.1.2012 RM
NET CARRYING VALUE							
Freehold land and buildings	2,923,172	-	(2,898,321)	-	-	(24,851)	-
Office equipment	43,920	2,144	-	(9,600)	28,550	(14,551)	50,463
Computers	20,720	5,372	(10,142)	-	-	(5,919)	10,031
Furniture and fittings	-	-	(4,723)	-	68,746	(6,175)	57,848
Renovation	-	30,152	-	-	442,056	(41,273)	430,935
Signboard	-	1,980	-	(773)	1,723	(154)	2,776
Asset under construction	541,075	-	-	-	(541,075)	-	-
	3,528,887	39,648	(2,913,186)	(10,373)	-	(92,923)	552,053

7. **PROPERTY, PLANT AND EQUIPMENT** *cont'd*

THE COMPANY	AT 1.2.2010 RM	ADDITIONS RM	DEPRECIATION CHARGE RM	AT 31.1.2011 RM
NET CARRYING VALUE				
Freehold land and buildings	792,284	2,148,690	(17,802)	2,923,172
Office equipment	15,200	32,539	(3,819)	43,920
Computers	16,662	8,899	(4,841)	20,720
Asset under construction	-	541,075	-	541,075
	824,146	2,731,203	(26,462)	3,528,887

THE GROUP	AT COST RM	ACCUMULATED DEPRECIATION RM	NET CARRYING VALUE RM
At 31.1.2012			
Freehold buildings	3,037,628	(60,753)	2,976,875
Plant and machinery	890,098	(148,871)	741,227
Office equipment	229,001	(57,163)	171,838
Computers	379,470	(164,894)	214,576
Motor vehicles	1,501,382	(279,641)	1,221,742
Furniture and fittings	501,403	(107,555)	393,849
Renovation	759,426	(140,347)	619,079
Signboard	4,980	(307)	4,673
Lab equipment	159,205	(67,493)	91,712
	7,462,593	(1,027,022)	6,435,571
At 31.1.2011			
Freehold land and buildings	5,982,583	(21,783)	5,960,800
Plant and machinery	356,346	(56,979)	299,367
Office equipment	209,516	(74,660)	134,856
Computers	391,097	(120,956)	270,141
Motor vehicles	2,565,737	(1,373,747)	1,191,990
Furniture and fittings	170,591	(86,721)	83,870
Renovation	412,259	(136,084)	276,175
Signboard	3,550	(1,128)	2,422
Lab equipment	417,372	(96,475)	320,897
Asset under construction	1,775,075	-	1,775,075
	12,284,126	(1,968,533)	10,315,593

7. **PROPERTY, PLANT AND EQUIPMENT** *cont'd*

THE COMPANY	AT COST RM	ACCUMULATED DEPRECIATION RM	NET CARRYING VALUE RM
At 31.1.2012			
Office equipment	63,233	(12,770)	50,463
Computers	17,271	(7,240)	10,031
Furniture and fittings	63,686	(5,838)	57,848
Renovation	472,208	(41,273)	430,935
Signboard	2,930	(154)	2,776
	619,328	(67,275)	552,053
At 31.1.2011			
Freehold land and buildings	2,944,955	(21,783)	2,923,172
Office equipment	48,539	(4,619)	43,920
Computers	28,046	(7,326)	20,720
Asset under construction	541,075	-	541,075
	3,562,615	(33,728)	3,528,887

(a) Included in the assets of the Group at the end of the reporting period were motor vehicles and computers with a net carrying value of RM 1,207,542 (2011: RM 99,960) and RM 162,719 (2011: RM 214,104) respectively acquired under hire purchase and lease terms (Note 16 and 17).

(b) The motor vehicles of the Group amounting to RM Nil (2011: RM 1,055,361) is held in trust by certain directors of the Group.

(c) The freehold buildings of the Group have been pledged to licensed bank as security for banking facilities granted to a subsidiary, Ecompazz IT Sdn. Bhd. (Note 18).

8. OTHER INVESTMENTS

	THE GROUP		THE COMPANY	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Unquoted shares in Malaysia, at cost				
At 1 February	18,685,216	14,631,162	-	-
Addition	4,400,000	4,054,054	4,400,000	-
At 31 January	23,085,216	18,685,216	4,400,000	-
Investment in agriculture project, at cost				
At 1 February	-	-	-	-
Addition	360,319	-	-	-
Write off	(360,319)	-	-	-
At 31 January	-	-	-	-
Accumulated impairment losses:-				
At 1 February	-	-	-	-
Addition	(16,670,779)	-	-	-
At 31 January	(16,670,779)	-	-	-
Net carrying value	6,414,437	18,685,216	4,400,000	-

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

(b) The investment in agriculture project represents the cultivation of paddy in Cambodia utilising microbial technology of the Group. However, the investment was written off due to massive flooding.

9. INTANGIBLE ASSETS

THE GROUP	AT 1.2.2011	ADDITION	ACQUISITION OF SUBSIDIARIES (Note 27)	RECLASSIFICATION TO INVESTMENT IN ASSOCIATES	IMPAIRMENT	WRITE OFF	AMORTISATION CHARGE	FOREIGN EXCHANGE DIFFERENCE	AT 31.1.2012
	RM	RM	RM	RM	RM	RM	RM	RM	RM
CARRYING VALUE									
Sofware development costs	-	-	226,383	-	-	(207,116)	(19,267)	-	-
Software	-	978,645	-	-	-	-	(49,037)	105	929,713
Technology rights	-	-	3,900,000	-	-	-	-	-	3,900,000
Goodwill on consolidation	10,077,062	-	1,051,087	(3,549,369)	(80,970)	-	-	-	7,497,810
	10,077,062	978,645	5,177,470	(3,549,369)	(80,970)	(207,116)	(68,304)	105	12,327,523

	COST	ACCUMULATED AMORTISATION	ACCUMULATED IMPAIRMENT	FOREIGN EXCHANGE DIFFERENCE	CARRYING VALUE
	RM	RM	RM	RM	RM
Sofware development costs	-	-	-	-	-
Software	978,645	(49,037)	-	105	929,713
Technology rights	3,900,000	-	-	-	3,900,000
Goodwill on consolidation	7,578,780	-	(80,970)	-	7,497,810
	12,457,425	(49,037)	(80,970)	105	12,327,523

9. **INTANGIBLE ASSETS** *cont'd*

THE GROUP	AT 1.2.2010	ACQUISITION OF SUBSIDIARIES (Note 27)	IMPAIRMENT	AMORTISATION CHARGE	AT 31.1.2011
	RM	RM	RM	RM	RM
CARRYING VALUE					
Product development costs	40,840	-	(39,677)	(1,163)	-
Goodwill on consolidation	6,098,123	6,527,693	(2,548,754)	-	10,077,062
	6,138,963	6,527,693	(2,588,431)	(1,163)	10,077,062

	COST	ACCUMULATED AMORTISATION	CARRYING VALUE
	RM	RM	RM
Product development costs	-	-	-
Goodwill on consolidation	10,077,062	-	10,077,062
	10,077,062	12,771,308	10,077,062

(a) **Product and Software Development Costs**

Products and software development costs comprises salaries of personnel involved in development projects and cost of material used in the development projects, where applicable.

(b) **Technology Rights**

Technology rights are stated at cost.

(c) **Software**

Acquired software are stated at cost less accumulated amortisation and accumulated impairment, if any.

(d) **Goodwill on Consolidation**

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 OU or using a PE Multiple 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 managements' three (3) to five (5) years business plan for the OU;

(ii) Profitability are projected based on management three (3) to five (5) years business plan, taking into account industry trends, historical margins achieved or pre-determined profit margins; and

(iii) Discount rates or PE Multiple used are 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.

10. INVENTORIES

These represent trading stock of fertilizer which is stated at cost.

11. TRADE RECEIVABLES

	THE GROUP	
	2012	**2011**
	RM	**RM**
Amount due from contract customers	-	1,980,575
Third parties	1,239,747	1,227,047
	1,239,747	3,207,622

(a) Amount due from contract customers are as follows:

	THE GROUP	
	2012	**2011**
	RM	**RM**
Contract cost	-	739,929
Add: Attributable profit	-	1,363,026
	-	2,102,955
Less: Progress billing	-	(122,380)
At 31 January	-	1,980,575

(b) The Group's normal credit terms is 14 days to 60 days (2011: 14 days to 60 days).

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Other receivables:-				
Third parties	2,560	2,436	-	1,000
Amount owing by associates	18,800	-	18,800	-
Dividend receivables	-	-	-	4,000,000
	21,360	2,436	18,800	4,001,000
Deposits	184,921	434,363	77,300	43,125
Prepayments	68,040	37,500	63,000	-
Tax recoverable	230,923	177,205	-	-
	505,244	651,504	159,100	4,044,125

The amount owing by associates is unsecured, interest free and repayable on demand.

13. AMOUNT OWING BY/(TO) SUBSIDIARIES

	THE COMPANY	
	2012	**2011**
	RM	**RM**
Amount owing by:-		
Non-current		
Quasi loans - at cost	4,043,146	354,222
Less: Accumulated impairment losses:-		
At 1 February	-	-
Addition	(2,502,519)	-
At 31 January	(2,502,519)	-
Net Carrying Value	1,540,627	354,222
Amount owing (to):-		
Current		
Non-trade balances	-	1,863,840

(a) Quasi loans represent advances of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are in substance, a part of the Company's net investment in subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any

(b) The non-trade balances represent unsecured interest free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

14. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:

	THE GROUP / THE COMPANY			
	2012	2011	2012	2011
	NUMBER OF SHARES		RM	RM
AUTHORISED				
Ordinary share of RM 0.10 each				
At 1 February	1,500,000,000	500,000,000	150,000,000	50,000,000
Created during the financial year	-	1,000,000,000	-	100,000,000
At 31 January	1,500,000,000	1,500,000,000	150,000,000	150,000,000
ISSUED AND FULLY PAID-UP				
Ordinary share of RM 0.10 each				
At 1 February	327,000,000	250,000,000	32,700,000	25,000,000
Issuance of ordinary share pursuant to private placement	55,000,000	77,000,000	5,500,000	7,700,000
At 31 January	382,000,000	327,000,000	38,200,000	32,700,000

During the financial year, the Company increased its issued and paid-up ordinary shares from RM 32,700,000 to RM 38,200,000 by the allotment of 55,000,000 new ordinary shares of RM 0.10 each at par for the purpose of working capital. The new shares were issued for cash consideration; and rank pari passu in all respects with the existing shares of the Company.

15. RESERVES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Non-distributable:-				
Foreign exchange translation reserves	(66,582)	(57,620)	-	-
Distributable:-				
(Accumulated losses)/Retained profits	(13,521,603)	6,428,800	(14,581,233)	(1,335,899)
	(13,588,185)	6,371,180	(14,581,233)	(1,335,899)

(a) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiary and is not distributable by way of dividends.

15. RESERVES *cont'd*

(b) (Accumulated Losses) / Retained Profits

Subject to agreement with the tax authorities, at the end of the reporting period, the Group has sufficient tax credits under Section 108 of Income Tax Act 1967 and tax-exempt income to frank the payment of dividends out of its entire profits without incurring additional tax liabilities.

At the end of the reporting period, the Group has not elected for the single tier tax system. When the tax credit balance is fully utilized, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Group's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

16. HIRE PURCHASE PAYABLES

	THE GROUP	
	2012	**2011**
	RM	**RM**
Minimum hire purchase payments:-		
- not later than one year	233,724	27,540
- later than one year and not later than five years	919,577	107,809
	1,153,301	135,349
Less: Future finance charges	(132,447)	(16,720)
Present value of hire purchase payables	1,020,854	118,629
Current portion:-		
- not later than one year	187,433	21,476
Non-current portion:-		
- later than one year and not later than five years	833,421	97,153
	1,020,854	118,629

The effective interest rates of the hire purchase obligation are 4.74% - 5.63% (2011: 3.03%) per annum.

17. LEASE PAYABLE

	THE GROUP	
	2012	**2011**
	RM	**RM**
Minimum lease payable payments:-		
- not later than one year	95,589	95,589
- later than one year and not later than five years	7,966	103,554
	103,555	199,143
Less: Future finance charges	(5,088)	(17,007)
Present value of lease payable	98,467	182,136
Current portion:-		
- not later than one year	90,647	83,669
Non-current portion:-		
- later than one year and not later than five years	7,820	98,467
	98,467	182,136

The effective interest rate of the lease payable obligation is 4.23% (2011: 4.23%) per annum.

18. TERM LOANS

	THE GROUP	
	2012	**2011**
	RM	**RM**
Current portion:-		
- not later than one year	104,260	85,378
Non-current portion:-		
- later than one year and not later than five years	394,029	374,118
- later than five years	1,950,909	2,074,869
	2,344,938	2,448,987
	2,449,198	2,534,365

(a) The term loans are secured by a first party legal charge over the property of a subsidiary i.e. Ecompazz IT Sdn. Bhd. ("Ecompazz") (Note 7), and jointly and severally guaranteed by certain directors of Ecompazz.

(b) The term loans are repayable in 240 equal monthly installments of RM 15,382 for the first 5 years and RM 15,929 thereafter, effective from January 2011. They are interest bearing at 5.35% (2011: 4%) per annum.

19. DEFERRED TAX

	THE GROUP	
	2012	2011
	RM	RM
At 1 February	8,750	-
Recognised in profit or loss	-	8,750
At 31 January	8,750	8,750

The deferred tax liability is attributable to the following:-

	THE GROUP	
	2012	2011
	RM	RM
Accelerated capital allowances over depreciation	8,750	8,750

The amount of temporary differences for which no deferred assets have been recognised in the statements of financial position are as follows:-

	THE GROUP	
	2012	2011
	RM	RM
Unabsorbed capital allowances	726,446	564,705
Unutilised tax losses	2,438,119	582,458
	3,164,565	1,147,163

No deferred tax assets are recognised in respect of this item as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

20. TRADE PAYABLES

The normal trade credit term granted to the Group is 60 days (2011: 60 days).

21. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Other payables:-				
Third parties	423,174	335,088	69,860	3,029
Related parties	-	33,958	-	-
Amount owing to directors	76,483	349,466	6,000	-
	499,657	718,512	75,860	3,029
Accruals	75,327	58,427	31,526	21,600
	574,984	776,939	107,386	24,629

The amount owing to related parties and directors represents unsecured, interest-free advances granted to the Group and the Company. The amount is repayable on demand.

22. REVENUE

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Dividend income	100,000	4,054,054	1,115,000	4,000,000
Administrative charges	-	20,000	-	-
Sales of goods and services	5,417,063	2,184,256	-	-
	5,517,063	6,258,310	1,115,000	4,000,000

23. COST OF SALES

	THE GROUP	
	2012	2011
	RM	RM
Goods sold	1,511,576	886,633
Service rendered	465,208	-
	1,976,784	886,633

24. (LOSS) / PROFIT BEFORE TAX

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
(Loss) / Profit before tax is arrived at after charging/ (crediting):-				
Amortisation of intangible assets:-				
- product development costs	-	1,163	-	-
- software development costs	19,267	-	-	-
- software	49,037	-	-	-
Audit fee:-				
- current financial year	47,557	39,998	23,000	20,000
- (over) provision in the previous financial year	-	(1,000)	-	-
Bad debts written off	21,400	-	-	-
Depreciation of property, plant and equipment	832,229	425,344	92,923	26,462
Directors' emoluments	301,403	275,540	301,403	275,540
Directors' fee	61,800	42,000	61,800	42,000
Software development costs written off	207,116	-	-	-
Impairment loss:-				
- intangible assets:-				
- goodwill on consolidation	80,970	2,548,754	-	-
- product development costs	-	39,677	-	-
- investment in subsidiary	-	-	11,190,706	2,600,000
- other investments	16,670,779	-	-	-
- amount owing by subsidiary	-	-	2,502,519	-
Interest expenses:-				
- hire purchase	28,446	1,875	-	-
- lease payable	11,920	4,659	-	-
- term loans	99,417	16,747	-	-
Other investmens written off	360,319	-	-	-
Property, plant and equipment written off	521,470	78,031	10,373	-
Rental of office	230,900	59,200	45,500	1,600
Rental of server	58,800	-	-	-
Staff costs:-				
- salaries, wages, bonuses and allowances	734,501	192,177	-	1,500
- defined contribution plan	86,891	22,647	-	-
- other benefits	57,030	19,011	38,470	12,321
Dividend income	(100,000)	(4,054,054)	(1,115,000)	(4,000,000)
Gain on disposal of property, plant and equipment	(475,454)	(65,778)	(251,680)	-
Interest income	-	(43,831)	-	(21,800)
Rental income	(31,225)	(5,288)	(31,225)	(5,288)

25. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Income tax:-				
- Malaysia tax	91,570	38,996	-	-
- (over) provision in the previous financial year	-	(4,671)	-	-
	91,570	34,325	-	-
Deferred tax (Note 19)				
- relating to originating and recognition of temporary differences	-	8,750	-	-
	91,570	43,075	-	-

A reconciliation of income tax expense applicable to the profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	%	%	%	%
Applicable tax rate	(25.0)	25.0	(25.0)	(25.0)
Non-deductible expenses	25.1	24.0	29.4	25.0
Non-taxable income	(0.1)	(44.9)	(4.4)	-
(Over) provision of current year tax in prior year	-	(0.4)	-	-
Effective tax rate	#	3.7	-	-

\# *less than 0.01%*

26. (LOSS) / EARNINGS PER SHARE

	THE GROUP	
	2012	2011
	RM	RM
(Loss)/Profit attributable to equity holders	(19,950,403)	266,665
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 February	327,000,000	250,000,000
Effect of new ordinary shares pursuant to private placements	39,055,000	7,875,000
Weighted average number of ordinary shares at 31 January	366,055,000	257,875,000
Basic (loss)/earnings per share (Sen)	(5.45)	0.10

26. (LOSS) / EARNINGS PER SHARE *cont'd*

Diluted earnings per ordinary share is not applicable and not presented because there are no dilutive potential ordinary shares to be issued.

27. ACQUISITION OF SUBSIDIARIES

(a) During the current financial year, the Group and the Company had on 11 April 2011 acquired additional 2,007,200 ordinary shares of RM 1.00 each (representing 42.88%) in Asiabio Zyme Solutions Sdn. Bhd. ("Zymesolutions") for a total cash consideration of RM 3,200,000. Consequently, Zymesolutions became a 79.67% owned subsidiary of the Company.

(b) During the previous financial year, the Group and the Company undertook the following transactions:-

(i) On 28 September 2010, the Company subscribed for 99,998 new ordinary shares of RM 1.00 each in Asiabio Zymescience Sdn. Bhd. ("Zymescience") for a total cash consideration of RM99,998. Consequently, Zymescience became a subsidiary of the Company;

(ii) On 18 November 2010, the Company acquired 60,000 ordinary shares of RM1.00 each representing 20% equity interest in Ecompazz IT Sdn. Bhd. ("Ecompazz") for a total cash consideration of RM 3,500,000. The transaction was completed on 1 December 2010; and

(iii) On 21 January 2011, the Company further acquired an additional 41,500 ordinary shares of RM1.00 each representing 13.8% in Ecompazz for a total cash consideration of RM 3,400,000. The transaction was completed on 21 January 2011. As the Company has control over the board of directors of Ecompazz, Ecompazz is regarded as a subsidiary of the Company thereafter.

27. ACQUISITION OF SUBSIDIARIES *cont'd*

(c) Details of the net assets acquired and cash flows arising from the acquisitions are as follows:-

	Acquiree's carrying amount and fair value recognised on acquisition	
	2012	**2011**
	RM	**RM**
Property, plant and equipment (Note 7)	48,993	3,776,234
Trade and other receivables	123,333	1,249,097
Tax recoverable	6,936	59,015
Inventories	1,087,435	88,857
Sofware development costs	226,383	-
Technology rights	3,900,000	-
Cash and cash equivalents	29,589	714,995
Trade payables and accruals	(63,598)	(1,457,949)
Hire purchase payables	-	(298,890)
Amount owing to directors	(7,581)	(66,509)
Provision of tax	-	(10,970)
Term loans	-	(2,517,618)
Deferred taxation	-	(9,600)
Exchange reserve	-	(62,307)
Net identifiable assets and liabilities	5,351,490	1,464,355
Less: Non-controlling interests	(1,341,278)	(992,050)
Group's share of net assets	4,010,212	472,305
Add: Goodwill on consolidation (Note 9)	1,051,087	6,527,693
Less: Reclassified from investment in associates	(1,861,299)	-
Total purchase consideration	3,200,000	6,999,998
Less: Cash and cash equivalents	(29,589)	(714,995)
Net cash outflow for acquisition of a subsidiary	3,170,411	6,285,003

Purchase consideration is discharged as follows:-

Cash paid by:-		
- the Company	3,200,000	6,999,998
Purchase consideration settled in cash	3,200,000	6,999,998
Less: Cash and cash equivalents of subsidiaries acquired	(29,589)	(714,995)
Net cash outflow on acquisition of subsidiaries	3,170,411	6,285,003

27. ACQUISITION OF SUBSIDIARIES *cont'd*

(d) The acquired subsidiaries have contributed the following results of the Group:-

	2012 RM	2011 RM
Revenue	95,148	771,330
Less: Cost of sales	(1,111,233)	-
Gross (loss) / profit	(1,016,085)	771,330
Other expenses	(679,644)	-
Administrative expenses	-	158,394
Finance costs	-	(18,622)
Shares of results of associates	-	62,306
(Loss) / Profit before tax	(1,695,729)	973,408
Income tax expense	-	(26,935)
(Loss) / Profit for the financial year	(1,695,729)	946,473

(e) Had the acquisitions occurred at the beginning of the financial year, the management estimates that the consolidated revenue and consolidated (loss) / profit after tax for the financial year ended 31 January 2012 would have been RM 5,534,113 (2011: RM 7,668,629) and RM (18,478,744) (2011: RM 1,435,870) respectively.

28. DISPOSAL OF SUBSIDIARIES

(a) Since 30 July 2011, the Group and the Company has ceased to exercise control but could still exert significant influence over Nexfuel Sdn. Bhd. ("Nexfuel") by participation in the financial and operating policy decision. Therefore, its investment in Nexfuel has been reclassified from investment in subsidiaries to investment in associates.

28. DISPOSAL OF SUBSIDIARIES *cont'd*

(b) The deemed disposal had the following effects on the financial position of the Group:-

	As at date of disposal RM
Property, plant and equipment (Note 7)	726,500
Amount due from contract customers	1,913,250
Cash and cash equivalents	50,545
Trade payables	(330,531)
Other payable and accruals	(2,787)
Provision for taxation	(19,320)
Total net asset deemed disposed	2,337,657
Non-controlling interests	(1,402,594)
Share of net assets deemed disposed and reclassified to investment in associates	935,063
Goodwill reclassified to investment in associates	3,549,369
Total reclassified to investment in associates	4,484,432
Cash and cash equivalents of subsidiaries disposed	50,545
Net cash outflow on deemed disposal of subsidiaries	50,545

29. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents included in the statements of cash flows comprise the following amounts:-

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and bank balances	632,874	1,037,165	39,980	300,237

(b) Cash payments on acquisition of property, plant and equipment are as follows:-

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Cost of property, plant and equipment purchased	2,597,717	4,184,745	39,648	2,731,203
Amount financed through hire purchase	(999,700)	-	-	-
Cash disbursed for purchase of property, plant and equipment	1,598,017	4,184,745	39,648	2,731,203

30. DIRECTORS' REMUNERATION

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

	THE GROUP/THE COMPANY	
	2012	2011
	RM	RM
Executive directors:-		
- salaries and other emoluments	295,403	270,040
- Benefits-in-kind	58,902	27,500
	354,305	297,540
Non-executive directors:-		
- salaries and other emoluments	6,000	5,500
- fees	61,800	42,000
	422,105	345,040

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

	THE GROUP/THE COMPANY	
	2012	2011
Executive directors:-		
RM 50,000 and below	-	1
RM 50,001 - RM 150,000	3	2
Non-executive directors:-		
RM 50,000 and below	3	4

31. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

31. SIGNIFICANT RELATED PARTY DISCLOSURES *cont'd*

(b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial year:-

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Dividend from a subsidiary	-	-	1,115,000	4,000,000
Legal fee paid to a firm in which a director has an interest	-	69,690	-	-
Administrative charges to an associate	-	20,000	-	-

(c) Compensation of key management personnel

Key management personnel includes the Group's and the Company 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 the Company either directly or indirectly. Executive and Non-Executive Directors' compensation are disclosed in Note 30.

32. 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:

(i) 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.

(ii) Biofuel related products

Sale of compounds for use in biofuel processes.

(iii) Information technology and other services

Provision of information technology training, related services and equipment and corporate services.

(iv) Biotechnology products

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

32. OPERATING SEGMENTS *cont'd*

Business Segment

2012	Technology incubation RM	Biofuel related products RM	Information technology and other services RM	Bioetechnology products RM	Elimination RM	Total RM
Revenue						
Sales to external customers	505,000	-	4,952,293	59,770	-	5,517,063
Inter-segment Revenue	-	-	-	132,128	(132,128)	-
Total revenue	505,000	-	4,952,293	191,898	(132,128)	5,517,063
Results						
Segment results	(7,672,504)	-	3,391,516	(2,040,237)	-	(6,321,225)
Share of results of associates	-	-	-	-	-	(1,099,644)
Interest expenses	-	-	-	-	-	(139,783)
Net unallocated expenses	-	-	-	-	-	(10,790,311)
(Loss) before tax	-	-	-	-	-	(18,350,963)
Income tax expenses	-	-	-	-	-	(91,570)
(Loss) for the financial year	-	-	-	-	-	(18,442,533)
Assets						
Segments assets	18,257,748	-	7,661,403	4,918,292	-	30,837,443
Unallocated assets	-	-	-	-	-	230,924
Total assets	18,257,748	-	7,661,403	4,918,292	-	31,068,367
Liabilities						
Segments liabilities	133,891	-	4,009,612	-	-	4,143,503
Unallocated liabilities	-	-	-	-	-	47,246
Total liabilities	133,891	-	4,009,612	-	-	4,190,749
Other segment information						
Capital expenditure	64,350	-	1,883,270	562,597	-	2,510,217
Depreciation of property, plant and equipment	325,834	-	380,356	126,039	-	832,229
Amortisation of intangible assets:						
- Software development costs	-	-	-	19,267	-	19,267
- software	-	-	49,037	-	-	49,037
Bad debts written off	20,000	-	-	1,400	-	21,400
Property, plant and equipment written off	401,044	-	-	120,426	-	521,470
Impairment loss on goodwill	80,970	-	-	-	-	80,970
Impairment loss on other investments	16,670,779	-	-	-	-	16,670,779
Software development costs written off	-	-	-	207,116	-	207,116

32. OPERATING SEGMENTS *cont'd*

Business Segment

2011	Technology incubation RM	Biofuel related products RM	Information technology and other services RM	Bioetechnology products RM	Total RM
Revenue					
Sales to external customers	4,074,054	-	771,330	1,412,926	6,258,310
Total revenue	4,074,054	-	771,330	1,412,926	6,258,310
Results					
Segment results	3,412,850	(91,606)	633,530	821,776	4,776,550
Share of results of associates	-	-	-	-	(56,346)
Interest expenses					(18,622)
Net unallocated expenses	-	-	-	-	(3,535,353)
Profit before tax	-	-	-	-	1,166,229
Income tax expenses	-	-	-	-	(43,075)
Profit for the financial year	-	-	-	-	1,123,154
Assets					
Segments assets	36,487,063	369,257	5,561,920	3,350,333	45,768,573
Unallocated assets	-	-	-	-	177,205
Total assets	36,487,063	369,257	5,561,920	3,350,333	45,945,778
Liabilities					
Segments liabilities	33,014	21,900	3,503,784	447,153	4,005,851
Unallocated liabilities	-	-	-	-	57,086
Total liabilities	33,014	21,900	3,503,784	447,153	4,062,937
Other segment information					
Capital expenditure	3,954,350	106,200	25,810	98,385	4,184,745
Depreciation of property, plant and equipment	395,210	1,623	-	28,511	425,344
Amortisation of product development costs	-	1,163	-	-	1,163
Property, plant and equipment written off	71,219	-	-	6,812	78,031
Impairment loss on goodwill	-	2,548,754	-	-	2,548,754
Impairment loss on product development costs	-	39,677	-	-	39,677

Major customers

Revenue from one (2011: two) major customers with revenue equal to or more than 10% of the Group's revenue amounts to RM 4.95 million (2011: RM 1.95 million).

33. FINANCIAL INSTRUMENTS

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

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group operates principally in Malaysia but is exposed to United State Dollar arising from its offshore operation. Foreign currency denominated assets and liabilities together with expected cash flows from highly probably purchases and sales give rise to foreign exchange exposures.

The Group has a natural hedge to the extent that payments for foreign currency payables will be matched against receivable dominated in the same foreign currency or whenever possible, by intra group arrangements and settlements.

As at year end, the Group does not have any derivative financial instruments used to hedge foreign currency risk.

Foreign currency risk sensitivity analysis

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

	THE GROUP	
	2012	2011
	RM	RM
Effects on profit before tax		
United States Dollar:-		
- strengthened by 2%	(7,164)	(44,972)

Conversely, a weakening of the ringgit Malaysia, against the above currency at 31 January would have the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 33(a)(iii) to the financial statements.

33. FINANCIAL INSTRUMENTS *cont'd*

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

(i) Market Risk *cont'd*

(ii) Interest Rate Risk cont'd

Interest rate risk sensitivity analysis

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

	THE GROUP	
	2012	**2011**
	Increase/ (Decrease) RM	**Increase/ (Decrease) RM**
Effects on profit before tax		
Increase / (Decrease) of 25 basis points	8,921	7,088

(ii) Credit Risk

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

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

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 ranges from 14 to 60 days except for related companies, which are not subject to credit terms. 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 has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivable as at reporting period.

33. 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 are as follows:-

THE GROUP

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
31 January 2012				
Not past due	881,574	-	-	881,574
Past due:				
- 0 to 30 days	170,875	-	-	170,875
- 31 to 60 days	76,138	-	-	76,138
- 61 to 90 days	76,138	-	-	76,138
- over 91 days	35,022	-	-	35,022
	1,239,747	-	-	1,239,747
31 January 2011				
Not past due	3,083,842	-	-	3,083,842
Past due:				
- 0 to 30 days	-	-	-	-
- 31 to 60 days	-	-	-	-
- 61 to 90 days	-	-	-	-
- over 91 days	123,780	-	-	123,780
	3,207,622	-	-	3,207,622

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

(iii) Liquidity Risk

The Group's exposure to liquidity risks arise mainly from the mismatch of cash flows from financial assets and financial liabilities. The Group's cash flows are reviewed monthly to ensure that the Group has sufficient cash to settle its obligation as and when they fall due.

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

33. FINANCIAL INSTRUMENTS *cont'd*

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

(iii) Liquidity Risk

	Weighted Average Effective Rate	Carrying Value	Contractual Cash Flow	Within 1 Year	1 - 5 Year	TOTAL
	%	RM	RM	RM	RM	RM
THE GROUP						
2012						
Non-derivative financial liabilities						
Other payables		574,984	574,984	574,984	-	574,984
Hire purchase payables	4.74 - 5.63	1,020,854	1,153,301	211,751	941,550	1,153,301
Lease payable	4.23	98,467	103,555	95,331	8,224	103,555
Term loans	5.35	2,449,198	3,561,432	184,212	3,377,220	3,561,432
		4,143,503	5,393,272	1,066,278	4,326,994	5,393,272
2011						
Non-derivative financial liabilities						
Trade payables		385,032	385,032	385,032	-	385,032
Other payables		776,939	776,939	776,939	-	776,939
Hire purchase payables	3.03	118,629	135,349	24,503	110,846	135,349
Lease payables	4.23	182,136	199,143	91,482	107,661	199,143
Term loans	4.00	2,534,365	3,377,220	184,212	3,193,008	3,377,220
		3,997,101	4,873,683	1,462,168	3,411,515	4,873,683

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group 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 may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

33. FINANCIAL INSTRUMENTS *cont'd*

(b) Capital Risk Management *cont'd*

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio of the Group as at the end of the reporting year was as follows:-

	THE GROUP	
	2012	**2011**
	RM	**RM**
Hire purchase payables	1,020,854	118,629
Lease payable	98,467	182,136
Term loans	2,449,198	2,534,365
Trade payables	-	385,032
Other payables and accruals	574,984	776,939
	4,143,503	3,997,101
Less: Cash and bank balances	(632,874)	(1,037,165)
Net debts	3,510,629	2,959,936
Total equity	24,611,815	39,071,180
Debts-to-equity ratio	14%	8%

Under the requirement of Bursa Malaysia Guidance Note No.3/2006, the Company is required to maintain its shareholders' equity equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) of the Company. The Company has complied with this requirement.

(c) Classification of Financial Instruments

	THE GROUP		THE COMPANY	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Financial assets				
Available-for-sale financial assets				
Other investments	6,414,437	18,685,216	4,400,000	-
Loan and receivables financial assets				
Trade receivables	1,239,747	3,207,622	-	-
Other receivables	21,360	2,436	18,800	4,001,000
Cash and bank balances	632,874	1,037,165	39,980	300,237
	1,893,981	4,247,223	58,780	4,301,237

33. FINANCIAL INSTRUMENTS *cont'd*

(c) Classification of Financial Instruments *cont'd*

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Financial liabilities				
Other financial liabilities				
Trade payables	-	385,032	-	-
Other payables and accruals	574,984	776,939	107,386	24,629
Hire purchase payables	1,020,854	118,629	-	-
Lease payable	98,467	182,136	-	-
Term loans	2,449,198	2,534,365	-	-
	4,143,503	3,997,101	107,386	24,629

(d) Fair Values of Financial Instruments

The carrying amounts of financial assets and financial liabilities of the Group at the end of the reporting period approximate their fair values due to the relatively short term maturity of these financial instruments except for the following:-

		2012		2011	
THE GROUP	**Note**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities		RM	RM	RM	RM
Hire purchase payables (non-current)	16	833,421	830,307	97,153	97,517
Lease payable (non-current)	17	7,820	7,880	98,467	97,717

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of the Group are as follows:-

(i) The carrying amounts of cash and cash equivalents, receivables and payables are considered to approximate their carrying amounts as they are either payable on demand or within the normal credit term or they have short maturity.

(ii) The fair value of term loans approximates its carrying amount as the interest rate is on floating rate basis.

(iii) The fair value of hire purchase and lease payables has been determined using discounted cash flow technique. The discount rates used are based on the current finance lease interest rate with similar nature of borrowing of the Group.

The carrying amounts of financial instruments reported in the financial statements approximate their fair values.

(e) Fair Values Hierarchy

As at 31 January 2012, there were no financial instruments measured at fair value in the statements of financial position.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 18 May 2010, the Group through its wholly owned subsidiary, Asia Bioenergy Research Sdn. Bhd. ("ABR") entered into an agreement for the disposal of 5,000,000 ordinary shares of RM 1.00 each in Grand Inizio Sdn. Bhd. ("GI") representing 19.31% equity in GI to MLABS Systems Berhad ("MLABS") for a total consideration of RM 15,366,795 to be satisfied via the issuance of 153,667,950 ordinary shares of RM 0.10 each in MLABS to ABR. All the conditions precedent under the Sale and Purchase Agreement ("SPA") shall be obtained, procured and/or fullfiled by 18 November 2011. On 21 November 2011, the Company announced that the SPA had lapsed due to the non-fulfillment of the conditions.

(b) On 11 April 2011, the Company acquired additional 2,007,200 ordinary shares of RM 1.00 each (representing 42.88%) in Asiabio Zyme Solutions Sdn. Bhd. ("Zymesolutions") for a total cash consideration of RM 3,200,000. Consequently, Zymesolutions became a 79.67% owned subsidiary of the Company.

(c) On 30 June 2011, the Company entered into a conditional Share Sale Agreement ("SSA") with Mr Thong Wai Choong to acquire 19.99% equity interest in Oval Alliance Sdn. Bhd. ("Oval") comprising 500,000 ordinary shares of RM 1.00 each for the a cash consideration of RM 2,500,000. The acquisition was completed in September 2011.

(d) On 12 September 2011, the Company entered into an agreement to acquire 19,000 ordinary shares of RM 1.00 each representing 19% equity interest in Hexa Bonanza Sdn. Bhd. for a cash consideration of RM 1,900,000. The acquisition was completed in September 2011.

(e) On 7 October 2011, the Company entered into a Sale and Purchase Agreement ("SPA") with Fancy Bounty Sdn. Bhd. to dispose of a piece of one and half storey semi-detached factory held under H.S. (D) 15720, P.T. No. 11584, Mukim Klang, Daerah Klang, Negeri Selangor measuring in area of approximately 1,532.94 square meter (16,501 square feet), bearing postal address at No. 12, Jalan Selat Selatan 21A, Sobena Industrial Park, 42000 Port Klang for a total cash consideration of RM 3,150,000. The disposed was completed in January 2012.

35. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) On 15 March 2012, the Company entered into conditional Share Sale Agreement ("SSA") with Mr Goh Tung Kun to dispose of 19.99% equity interest of Oval Alliance Sdn. Bhd. ("Oval") comprising 500,000 ordinary shares of RM 1.00 each for a total cash consideration of RM 2,700,000. The disposal is pending completion as at the date of this report.

(b) On 9 April 2012, the Company entered into an agreement to acquire the remaining 81,000 ordinary shares of RM 1.00 each representing 81% equity interest in Hexa Bonanza Sdn. Bhd. it had not already owned for a total cash consideration of RM 5,500,000. This acquisition was completed on 9 April 2012.

36. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS / (LOSSES)

The breakdown of the retained (accumulated losses)/profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad 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, as follows:-

	THE GROUP		THE COMPANY	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Total (accumulated losses)/retained profits:-				
- realised	(19,014,404)	4,524,551	(14,581,233)	(1,335,899)
Total share of (accumulated losses)/retained profits of associates:-				
- realised	(584,750)	151,595	-	-
Less: consolidation adjustments	6,077,551	1,752,654	-	-
At 31 January	(13,521,603)	6,428,800	(14,581,233)	(1,335,899)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting of the Company will be held at **Dewan Seroja, Kelab Golf Perkhidmatan Awam, Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur** on **Friday, 27 July 2012** at **11.00 a.m.** to transact the following businesses:-

AS ORDINARY BUSINESS: -

1. To receive the Audited Financial Statements for the financial year ended 31 January 2012 and the Reports of Directors and Auditors thereon. (Please refer to Explanatory Note 1)

2. To re-elect Mr Leung Kok Keong who retires as a Director of the Company pursuant to Article 69 of the Company's Articles of Association. (Ordinary Resolution 1)

3. To re-elect Mr Looi Kem Loong who retires as a Director of the Company pursuant to Article 74 of the Company's Articles of Association. (Ordinary Resolution 2)

4. To re-elect Mr Lim Foo Seng who retires as a Director of the Company pursuant to Article 74 of the Company's Articles of Association. (Ordinary Resolution 3)

5. To approve the payment of Directors' Fees of RM61,800.00 for the financial year ended 31 January 2012. (Ordinary Resolution 4)

6. To consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications: - (Ordinary Resolution 5)

   "THAT Messrs. Siew Boon Yeong & Associates be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. Crowe Horwath and to hold office until the conclusion of the next Annual General Meeting and that authority be and is hereby given to the Directors to determine their remuneration."

AS SPECIAL BUSINESS: -

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

   AUTHORITY TO ISSUE SHARES (Ordinary Resolution 6)

   "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."

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

WONG WAI FOONG (MAICSA 7001358)
LIM LEE KUAN (MAICSA 7017753)
Secretaries

Selangor

Date: 5 July 2012

Notes:-

(i) 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 20 July 2012. Only depositor whose name appears on the Record of Depositors as at 20 July 2012 shall be entitled to attend this meeting or appoint proxies to attend and/or votes on his/her behalf.

(ii) 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.

(iii) A proxy may but need not 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.

(iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of such Securities Account.

(v) Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one 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.

(vi) 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 registered office of the Company at A-3A09, Oasis Ara Damansara, No. 2, Jalan PJU 1A/7A, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting i.e. before 11.00 a.m., Wednesday, 25 July 2012 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 the taking of the poll and in default the instrument of proxy shall not be treated as valid.

Explanatory Note on Ordinary and Special Business:-

1. <u>Item 1 of the Agenda</u>

   This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. <u>Item 5 of the Agenda</u>

   The proposed Ordinary Resolution 4 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 year ended 31 January 2012.

3. <u>Item 6 of the Agenda</u>

   The Notice of Nomination from a shareholder pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A" has been received by the Company for the nomination of Messrs. Siew Boon Yeong & Associates, who have given their consent to act, for appointment as Auditors of the Company.

4. <u>Item 7 of the Agenda</u>

   The proposed Ordinary Resolution 6, if passed, will authorise the Directors of the Company to issue not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental/regulatory bodies. This authorisation will empower the Directors of the Company to issue shares notwithstanding that the authorisation has ceased to be in force if the shares are issued in pursuance of an offer, agreement or option made or granted by the Directors while the authorisation was in force. This authorisation will expire at the conclusion of the next Annual General Meeting of the Company.

   This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilised and accordingly no proceeds were raised.

   The purpose for the renewal of the mandate is for further possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

Annexure A

Date: 18 June 2012

The Board of Directors
ASIA BIOENERGY TECHNOLOGIES BERHAD
A-3A09, Oasis Ara Damansara
No. 2, Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

ASIA BIOENERGY TECHNOLOGIES BERHAD
- NOTICE OF NOMINATION OF CHANGE AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, we, **Acritaz Holdings Sdn Bhd** being a shareholder of the Company, hereby give notice of our intention to nominate **Messrs. Siew Boon Yeong & Associates** as Auditors of the Company in place of the retiring Auditors, **Messrs. Crowe Horwath,** and to propose the following resolution to be tabled at the Fifth Annual General Meeting of the Company:-

"THAT **Messrs. Siew Boon Yeong & Associates** be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. Crowe Horwath and to hold office until the conclusion of the next Annual General Meeting and that authority be and is hereby given to the Directors to determine their remuneration."

Yours faithfully

LOOI KEM LOONG
Director

Acritaz Holdings Sdn Bhd (736665-T)
(formerly known as AC Holdings Sdn Bhd)

Head Office
A-3A09, Oasis Ara Damansara, No.2, Jalan PJU 1A/7A,
47301 Petaling Jaya, Selangor D.E., Malaysia.
T 603 7734 2222/11/66 F 603 7734 2299

www.acritaz.com.my

Analysis of Shareholdings

Authorised Share Capital : RM150,000,000
Issued and Fully Paid-Up Capital : RM38,200,000 Comprising 382,000,000 Ordinary Shares of RM0.10 each
Class of Shares : Ordinary Shares of RM0.10 each
Voting Rights : One (1) vote per Ordinary Share

ANALYSIS BY SIZE OF HOLDINGS AS AT 8 JUNE 2012

Size of Holdings	No. of Holders	%	No. of Holders	%
1 - 99	55	2.129	2,893	0.000
100 - 1,000	652	25.241	154,098	0.040
1,001 – 10,000	275	10.646	1,981,400	0.518
10,001 – 100,000	1,124	43.515	61,368,194	16.064
100,001 – 19,099,999 (*)	476	18.428	201,216,165	52.674
19,100,000 and Above (**)	1	0.038	117,277,250	30.700
Total	**2,583**	**100.000**	**382,000,000**	**100.000**

Remark:
* - *Less than 5% of Issued Shares*
** - *5% and above of Issued Shares*

DIRECTORS SHAREHOLDINGS AS AT 8 JUNE 2012

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Lim Kim Chu	-	-	-	-
Leung Kok Keong	412,150	0.11	-	-
Looi Kem Loong	733	0.00	122,904,333	32.17
Major Huan Cheng Guan	-	-	-	-
Lim Foo Seng	50	0.00	-	-

SUBSTANTIAL SHAREHOLDINGS AS AT 8 JUNE 2012

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Acritaz Holdings Sdn Bhd	117,277,250	30.70	-	-
Looi Kem Loong	733	0.00	122,904,333	32.17

Analysis of Shareholdings

cont'd

LIST OF TOP 30 HOLDERS AS AT 8 JUNE 2012
(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Registered Holder)

No.	Name	Holdings	%
1	Acritaz Holdings Sdn. Bhd.	117,277,250	30.700
2	Tan Lay Yong	7,500,000	1.963
3	Platimas Sdn.Bhd.	5,627,083	1.473
4	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Tiong Thai King*	5,000,000	1.308
5	Tee Soon Loong	5,000,000	1.308
6	Loh Chiew Heoon	3,710,000	0.971
7	Foo Jade Deed	3,029,900	0.793
8	CIMSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Yu Ming Hui (Kuching)*	3,000,000	0.785
9	Ng Shiaw Kong	2,680,000	0.701
10	Lim Yean Hui	2,000,000	0.523
11	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Loh Chiew Heoon*	2,000,000	0.523
12	Maybank Nominees (Tempatan) Sdn. Bhd. *Lee Li Hwa*	2,000,000	0.523
13	Tan Kian Hong	1,880,700	0.492
14	Alexious Tong @ Tong Ting Yew	1,800,000	0.471
15	Woon Sin Khiong	1,706,000	0.446
16	Low Lee Seng	1,600,000	0.418
17	Maybank Securities Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Mohd Bilal Bin Abdullah (Margin)*	1,550,000	0.405
18	Low Thiam Seng	1,500,000	0.392
19	Tan Sing Chia	1,500,000	0.392
20	Yong Kok Vai	1,500,000	0.392
21	Chng Kim Chye	1,300,000	0.340
22	Kuan Lang Chin	1,200,000	0.314
23	Yong Gim Beng	1,200,000	0.314
24	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Tong Lain Chai (E-Bpt/Mua)*	1,183,100	0.309
25	Song Sein Shong	1,150,000	0.301
26	Lee Choon Lim	1,100,000	0.287
27	Lee Ing	1,100,000	0.287
28	Low Siew Luan	1,100,000	0.287
29	HLG Nominee (Tempatan) Sdn.Bhd. *Pledged Securities Account For Kong Hwee Chin (CCTS)*	1,080,000	0.282
30	Sivabalan A/L Muthusamy	1,080,000	0.282

AsiaBio GROUP

Asia Bioenergy Technologies Berhad (774628-U)
(Incorporated in Malaysia)

FORM OF PROXY

I/We .... NRIC No. ....
(Full Name in Capital Letters)

of...
(Full Address)

being a member(s) of **ASIA BIOENERGY TECHNOLOGIES BERHAD** (Company No.: 774628-U) hereby appoint ....

....
(Full Name in Capital Letters)

of...
(Full Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Fifth 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 **Friday, 27 July 2012** at **11.00 a.m.** and at any adjournment thereof. The proxy is to vote in the manner indicated below, with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Item	Agenda			
1.	To receive the Audited Financial Statements for the financial year ended 31 January 2012 and the Reports of Directors and Auditors thereon.			
		Resolution	For	Against
2.	To re-elect Mr Leung Kok Keong who retires as a Director of the Company pursuant to Article 69 of the Company's Articles of Association.	1		
3.	To re-elect Mr Looi Kem Loong who retires as a Director of the Company pursuant to Article 74 of the Company's Articles of Association.	2		
4.	To re-elect Mr Lim Foo Seng who retires as a Director of the Company pursuant to Article 74 of the Company's Articles of Association.	3		
5.	To approve the payment of Directors' Fees of RM61,800.00 for the financial year ended 31 January 2012.	4		
6.	To appoint the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	5		
7.	Authority to Issue Shares.	6		

Signed this _______________day of _________________2012.

Number of shares held:-	
CDS account no.:-	
Telephone no. (during office hours):-	

Signature Shareholder or Common Seal

Notes:-

(i) 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 20 July 2012. Only depositor whose name appears on the Record of Depositors as at 20 July 2012 shall be entitled to attend this meeting or appoint proxies to attend and/or votes on his/her behalf.

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(vi) 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 registered office of the Company at A-3A09, Oasis Ara Damansara, No. 2, Jalan PJU 1A/7A, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting i.e. before 11.00 a.m., Wednesday, 25 July 2012 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 the taking of the poll and in default the instrument of proxy shall not be treated as valid.

Fold This Flap For Sealing

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AFFIX
STAMP

ASIA BIOENERGY TECHNOLOGIES BERHAD (774628-U)

Registered Office:-

A-3A09, Oasis Ara Damansara
No. 2, Jalan PJU 1A/7A,
47301 Petaling Jaya,
Selangor Darul Ehsan

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