www.bioenergy.com.my

Asia Bioenergy Technologies Berhad (774628-u)

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Asia Bioenergy Technologies Berhad (774628-U)

Annual Report 2011

AsiaBio Group

ANNUAL REPORT 2011

Asia Bioenergy Technologies Berhad
(774628-U)

Contents

AsiaBio Group

Asia Bioenergy Technologies Berhad
(774628-U)

COMPANY'S BACKGROUND

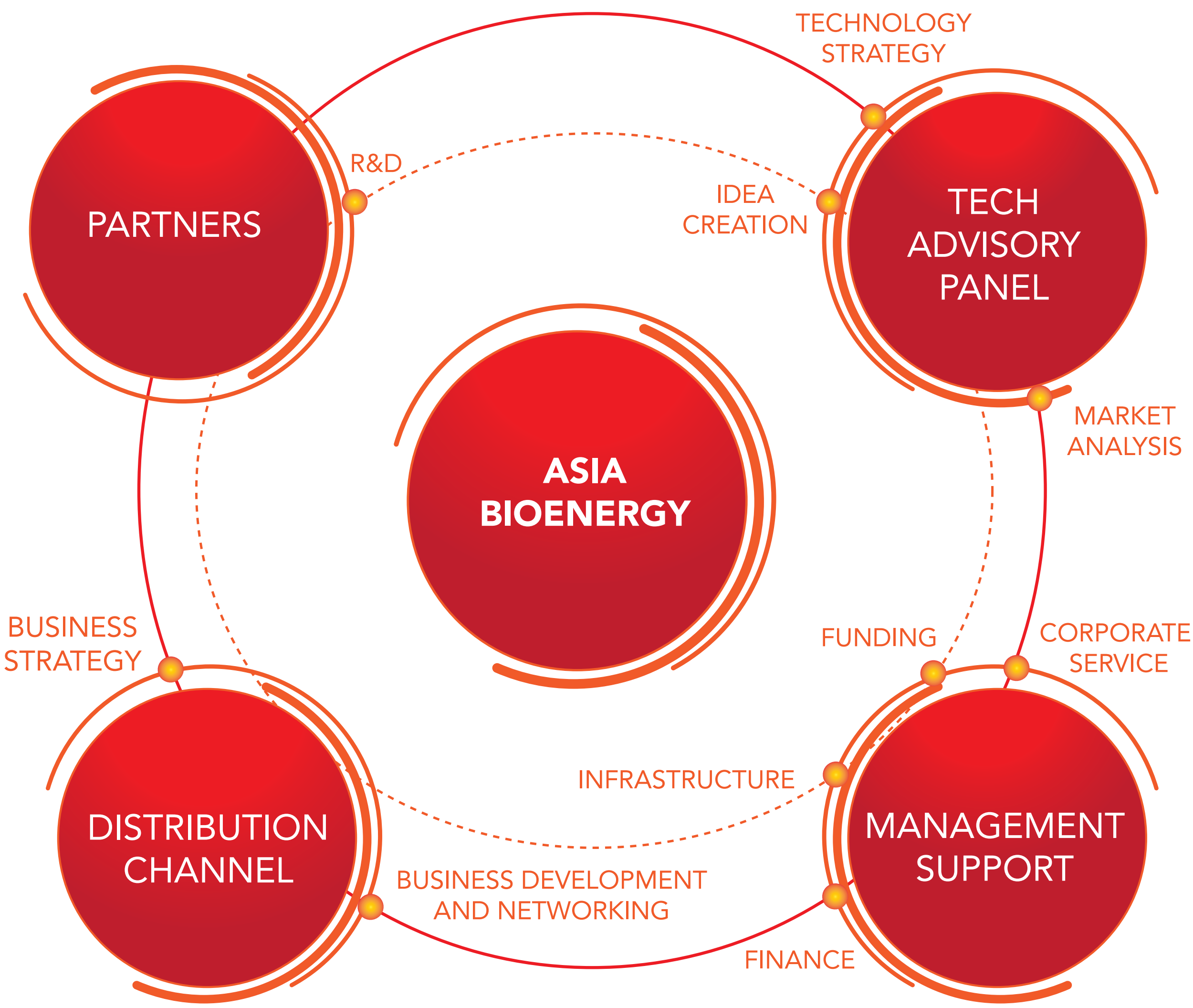
Asia Bioenergy Group was formed by a group of professionals from, engineering, investment banking and finance industry as a think tank and holding company to embark on nurturing intelligent and innovative ideas into viable businesses that can transcend borders and more importantly, grow in value.

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 diversified into Bioenergy, Biotechnology, as well as Information Technology.

VALUE CHAIN


TECHNOLOGY
STRATEGY
PARTNERS
R&D
IDEA
CREATION
TECH
ADVISORY
PANEL
MARKET
ANALYSIS
ASIA
BIOENERGY
BUSINESS
STRATEGY
FUNDING
CORPORATE
SERVICE
INFRASTRUCTURE
DISTRIBUTION
CHANNEL
MANAGEMENT
SUPPORT
BUSINESS DEVELOPMENT
AND NETWORKING
FINANCE

CORPORATE INFORMATION

Board of Directors

LEUNG KOK KEONG
Senior Executive Chairman

LIM CHEE WEI
Chief Executive Officer

LOOI KEM LOONG
Non-Independent Non-Executive Director

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

LIM KIM CHU
Independent Non-Executive Director

AUDIT COMMITTEE

Major Huan Cheng Guan (K)
Chairman

Lim Kim Chu
Looi Kem Loong

REMUNERATION COMMITTEE

Looi Kem Loong
Chairman

Major Huan Cheng Guan (K)
Lim Kim Chu

NOMINATION COMMITTEE

Lim Kim Chu
Chairman

Major Huan Cheng Guan (K)
Looi Kem Loong

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

12, Jalan Selat Selatan 21A
Pandamaran
42000 Pelabuhan Klang, Selangor
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Email : mail@asiabiogroup.com

KUALA LUMPUR MARKETING HUB

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Megan Avenue II
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50450 Kuala Lumpur
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F : +603-2300 1238

COMPANY SECRETARY

Wong Wai Foong (MAICSA 7001358)
Lim Lee Kuan (MAICSA 7017753)
Loh Woan Fen (MIA 18335)

AUDITORS

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84000 Muar, Johor
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REGISTRAR

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SPONSOR

Kenanga Investment Bank Berhad
(15678-H)
801, 8th Floor, Kenanga International
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50250 Kuala Lumpur
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F : +603-2164 6690

PRINCIPAL BANKER

HSBC Bank Malaysia Berhad

LISTING STATUS

ACE Market Of Bursa Malaysia
Securities Berhad

WEBSITE

http://www.asiabiogroup.com

CHAIRMAN'S LETTER TO SHAREHOLDERS...

Dear Valued Shareholders,

On behalf of the Board of Directors and the Management of Asia Bioenergy Technologies Berhad ("AsiaBio"), it gives me great pleasure to present to you the Annual Report and Audited Financial Statements for the financial year ended 31 January 2011.

BUSINESS EVOLUTION

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 experience at varying speeds in numerous different economies. However, this slow recovery was significantly dampened by the financial crisis faced in Europe starting with the meltdown in Greece followed by a rescue package of €85 billion provided to Ireland.

As a highly open economy, Malaysia was somewhat affected by the downturn in Europe, but economic prudence and effective defensive measures implemented by the Malaysian government resulted in economic growth being recorded in 2010.

For AsiaBio, our technology development focus continued to be in the biotechnology and green energy sectors. This further evolved into investments in the software development arena towards the last quarter of 2010 with the acquisition of eCompazz IT SdnBhd ("eCompazz"), a well established software development company with an established foothold in providing solutions to Multi Level Marketing ("MLM") businesses in the South East Asian region. We view the acquisition as not only a profitable investment but more importantly as an avenue to distribute group products through eCompazz's established network in the region.

Albeit the challenging regional economic environment, the group made positive in-roads into Cambodia with the establishment of Paddy Field Test plots by Asiabio Zyme Solutions Sdn Bhd, our incubatee focusing on Microbial and Biomass Organic Fertilizer technologies. We still view this development as a fledgling initiative which we hope will create value going forward.

On this backdrop, the group recorded modest results with a consolidated profit after tax of approximately RM1.12 million (before excluding non-controling interest) for the year under review. Earnings per share remain at 0.10 sen. Group net assets increased to RM0.12 per share whilst maintaining a near gearing free balance sheet.

STRATEGY FORWARD

With the completion of our new factory space in Klang, we intend to harness our own in-house research and development strengths and further our incubation activities in other biotechnology areas of microbial applications. In addition, we are presently progressing well in developing solutions for re-utilizing biomass and biowastes from agriculture resources, which we foresee will form the next level of growth for the Group.

Given our current positive developments in Cambodia, the Group is looking towards establishing an agriculture resources division to spearhead the development of the Group's microbial business in the Indo-China region whilst simultaneously increasing our investments in paddy farming activities in Cambodia.

The impending completion of the disposal of 5,000,000 ordinary shares in Grand Inizio Sdn Bhd ("Inizio") representing 19.31% equity interest to MLABS Systems Berhad ("MLABS"), also augers well for the Group, as it represents the crystallization of value for the Group's incubation activities.

CHAIRMAN'S LETTER TO SHAREHOLDERS...
cont'd

STRATEGY FORWARD *cont'd*

The Group's investment focus will continue to be towards bio-technology, clean technologies and renewable energies. However, we will also be considering other high growth sectors with new advanced technologies in our incubation activities.

I believe that with the impending value creation from the disposal of our stake in Inizio to MLABS we are on track to deliver our mandate as a prudent and successful technology incubator to you, our shareholders, and I believe we are on an even stronger financial platform to take advantage of opportunities in this ensuing year.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors of AsiaBio, I wish to extend my sincere gratitude and appreciation to you, our stakeholders, for your continuous support, the 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,

LEUNG KOK KEONG
Executive Chairman

PROFILE OF DIRECTORS

Leung Kok Keong,
Senior Non-Independent Executive Chairman
Malaysian, 44 years old

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 is also the Chairman of the Company and he currently holds 412,150 ordinary shares in ABT. He is not a Director of any other public company save for Tebrau Teguh Berhad. He does not have any family relationship with any Director or substantial shareholder of the company, 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 Chee Wei,
Chief Executive Officer
Malaysian, 40 years old

Mr. Lim Chee Wei was appointed as an Executive Director of ABT on 13 December 2010 and subsequently appointed as a Chief Executive Officer of ABT on 31 January 2011.

Mr Lim is qualified with a Masters of Science in IT in Business from the University of Humberside. He is also a Microsoft Certified System Engineer and Microsoft Certified Solutions Developer. Mr Lim brings with him extensive ICT experience having served as a Senior Consultant with Iverson Associates and IT Director of Synergy 21 Sdn Bhd before founding eCompazz IT Sdn Bhd.

With his extension regional networking, he is the Chief Executive Officer of AsiaBio Group and is overall in charge of the day to day operations as well as strategic direction of the Group.

He currently holds 1,000,000 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.

Looi Kem Loong,
Non-Independent Non-Executive Director
Malaysian, 36 years old

Looi Kem Loong who is a Non-Executive Director of ABT was appointed on 23 September 2008 as an Executive Director and being re-designated as a Non-Executive Director on 31 January 2011. 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. He is also the Chairman of the Remuneration Committee and member of both Audit and Nomination Committee.

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.

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 3.25% (10,627,083 shares) indirect interest in ABT. He is not a Director of any other public company. He is the nephew of Mr Choy Kok Onn, a substantial shareholder of ABT and spouse of Ms Loh Woan Fen, the Joint Company Secretary of the Company. Other than disclosed, he does not have any other family relationship with any Director or substantial shareholder of the company, 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),
Independent Non-Executive Director
Malaysian, 50 years old

Major Huan Cheng Guan was appointed as Non-Executive Director of ABT (Asia Bioenergy Technologies Bhd.) on 31 January 2011. He is also the Chairman of the Audit Committee and member of both the Remuneration and Nomination Committee.

He served as Member of Parliament for the Batu Kawan constituency from year 2004 to 2008. Prior to his political career, Major Huan served in the Royal Air Force of Malaysia as a technician.

Major Huan was awarded Honourary Fellow-Paris Graduate School of Management for his oustanding services in Education and Services.

He is not a Director at any other public company neither does he have any family relationship with any Director or substantial shareholder of the company. He has not been convicted of any offences within the past 10 years other than traffic offences and has no conflict of interest with ABT.

Major Huan was selected to represent Malaysia as a speaker at the United Nation General Assembly in New York, United States of America and Geneva, Switzerland.

Lim Kim Chu,
Independent, Non-Executive Director
Malaysian, 49 years old

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 private 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 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, 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 will endeavour to adopt 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 2011, 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, one (1) Non-Independent Non-Excutive Director and two (2) are Independent Non-Executive Directors. This is in compliance with Rule 15.02 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") 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 whose role is clearly separated from the role of the Chief Executive Officer. This is to ensure a balance of power and authority. Shareholders with concern and recommendations may convey such to our Senior Executive Chairman 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
Leung Kok Keong	4/4	100%
Choy Kok Onn *(Resigned with effect from 31 January 2011)*	3/4	75%
Looi Kem Loong	4/4	100%
Lim Kim Chu	4/4	100%
Lee Chong Hoe *(Resigned with effect from 31 January 2011)*	4/4	100%

Note to shareholders:

Mr Lim Chee Wei and Major Huan Cheng Guan (K) were appointed to the Board on 13 December 2010 and 31 January 2011 respectively. Hence they did not attend any of the Board meetings during the financial year ended 31 January 2011.

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, 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 attended by the Directors include the MSWG seminar on Promoting the Corporate Governance Agenda – Raising the Bar, Sustainable Production of Biomass Industries in Malaysia by Biomass-SP 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 two (2) are Independent Non-Executive Directors. The members are:

Member	Attendance of meetings	Percentage attendance
Lim Kim Chu *(Chairman)*	1/1	100%
Lee Chong Hoe *(Resigned with effect from 31 January 2011)*	1/1	100%
Choy Kok Onn *(Resigned with effect from 31 January 2011)*	0/1	0%

Note to shareholders:

Major Huan Cheng Guan (K) and Mr Looi Kem Loong were appointed to the Nomination Committee on 31 January 2011. Hence they did not attend any of the Nomination Committee meeting during the financial year ended 31 January 2011.*

* *Mr Looi Kem Loong was redesignated to Non-Independent Non-Executive Director with effect from 31 January 2011.*

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 nonexecutive 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.The members of the Committee are:

Member	Attendance of meetings	Percentage attendance
Choy Kok Onn *(Chairman) (Resigned with effect from 31 January 2011)*	0/1	0%
Lim Kim Chu	1/1	100%
Lee Chong Hoe *(Resigned with effect from 31 January 2011)*	1/1	100%

Note to shareholders:

Mr Looi Kem Loong (Chairman) and Major Huan Cheng Guan (K) were appointed to the Remuneration Committee on 31 January 2011. Hence they did not attend any of the Remuneration Committee meeting during the financial year ended 31 January 2011.*

* *Mr Looi Kem Loong was redesignated to Non-Independent Non-Executive Director with effect from 31 January 2011.*

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	-	270,040	27,500	297,540
Non-Executive Directors	42,000	5,500	-	47,500
	42,000	275,540	27,500	35,040

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	1	4
RM50,001-RM150,000	2	-

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 and various announcements made from time to time.

The Group maintains a website at www.asiabiogroup.com 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 2011, 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 the Board is pleased to provide the following statement of Internal Controls. In accordance with the paragraph 15.24 of the Listing Requirements, 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 aspects, thus ensuring committed responsibility to our stakeholders. The Group integrates Sustainability practices into our policies and practices. As a technology incubator with focus on green energy and biotechnology, we are duly committed to our Sustainability Practices through the following principles:-

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 2011 or 2010.

G. VARIATION IN RESULTS BETWEEN AUDITED AND UNAUDITED RESULTS

There was no material variation between the audited results of the Group for the financial year ended 31 January 2011 and the unaudited results previously announced.

OTHER COMPLIANCE INFORMATION
cont'd

H. STATUS OF UTILISATION OF PROCEEDS

Proceeds from the Public Issue of RM12,900,000 and private placement of RM7,700,000 raised during the financial year were utilised as follows:-

	Proposed Utilisation of Proceeds RM'000	Utilisation of proceeds RM'000	Unutilised proceeds as at 31 January 2011 RM'000	Timeframe for the utilisation of proceeds
IPO Proceeds				
Technology incubation fund	8,000	8,000	-	Within 3 years
Research and development and related activities and capital expenditure	2,000	2,000	-	Within 3 years
Working Capital	1,400	1,514	(114)	Within 1 year
Listing expenses	1,500	1,386	114	*Within 6 months
Private Placement				
Working Capital	7,700	7,700	-	Within 1 year
	20,600	20,600	-	

Note:
* *Proceeds which have been earmarked for listing expenses which were unutilised, were utilised for working capital purposes.*

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 2011 the Group own the following properties:-

Location	Description	Tenure	Area (Sq ft)	Age (years)	Net book value of 31.1.2011 (RM)	Date of acquisition
Lot A-13A-03, Block A, Damansara Intan, No. 1, Jalan SS 20/27, 47400 Petaling Jaya	Office Suite	Freehold	1,249	11 years	396,142	10 June 2009
Lot A-13A-06, Block A, Damansara Intan, No. 1, Jalan SS 20/27, 47400 Petaling Jaya	Office Suite	Freehold	1,249	11 years	396,142	10 June 2009
No.12, Jalan Selat Selatan 21A, Sobena Industrial Park, 42000 Port Klang	Factory	Freehold	18,000	26 years	2,146,813	12 March 2010
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	520,000	*
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	660,000	*
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	820,000	*
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	980,282	*

* *Owned by Ecompazz IT Sdn Bhd which was acquired on 1 December 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 2011.

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
Lee Chong Hoe *(Chairman)* *(Resigned with effect from 31 January 2011)*	4/4	100%
Lim Kim Chu	4/4	100%
Choy Kok Onn *(Resigned with effect from 31 January 2011)*	3/4	75%

Note to shareholders:

Major Huan Cheng Guan (K) (Chairman) and Mr Looi Kem Loong were appointed to the Audit Committee on 31 January 2011. Hence they did not attend any of the Audit Committee meetings during the financial year ended 31 January 2011.*

* *Mr Looi Kem Loong was redesignated to Non-Independent Non-Executive Director with effect from 31 January 2011.*

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.

AUDIT COMMITTEE REPORT
cont'd

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

Composition *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.

Chairman

The Chairman, who shall be elected by the Audit Committee, shall be an independent director.

Secretary

The Company Secretaries of the Company shall be the Secretaries of the Audit Committee.

Meetings

a. The Audit Committee will meet at least four (4) times in each financial year although additional meetings may be called at any time, at the discretion of the Chairman of the Audit Committee.

b. The quorum shall consist of a majority of Independent committee members and shall not be less than two.

c. Recommendations to the Audit Committee are submitted to the Board for approval.

d. The Company Secretaries shall be in attendance at each Audit Committee meeting and record the proceedings of the meeting thereat.

e. Minutes of each meeting shall be kept as part of the statutory record of the Company upon confirmation by the Board and a copy shall be distributed to each member of the Audit Committee.

f. The Managing Director and other appropriate officer may be invited to attend where their presence are considered appropriate as determined by the Audit Committee Chairman.

g. The internal auditors and/or external auditors have the right to appear and be heard at any meeting of the Audit Committee and are recommended to attend each Audit Committee meeting.

h. Upon the request of the internal auditors and/or external auditors, the Audit Committee Chairman shall also convene a meeting of the Audit Committee to consider any matter the auditor(s) believes should be brought to the attention of the Board or the shareholders.

i. The Audit Committee must be able to convene meetings with external auditors without the presence of the executive board members and management at least twice a year and whenever deemed necessary.

j. Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Securities Berhad requirements, the Audit Committee must promptly report such matter to Bursa Malaysia Securities Berhad.

k. The attendance of any particular Audit Committee meeting by other directors and employees of the Company shall be at the Audit Committee's invitation and discretion and must be specific to the relevant meeting.

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

Rights

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

a. have the authority to investigate any matter within its terms of reference;

b. have the resources which are required to perform its duties;

c. have full and unrestricted access to any information pertaining to the Company;

d. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

e. be able to obtain independent professional or other advice and to invite 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.

Duties and Responsibilities

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

a. Review the following and report the same to the Board of the Company:-

 (i) with the external auditors, the audit plan;

 (ii) with the external auditors, his evaluation of the system of internal controls;

 (iii) with the external auditors, his audit report;

 (iv) the assistance given by the employees of the Company to the external auditors and the internal auditors;

 (v) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

 (vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

 (vii) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:-

  (a) changes in or implementation of major accounting policy changes;

  (b) significant and unusual events; and

  (c) compliance with accounting standards and other legal requirements;

 (viii) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;

 (ix) any letter of resignation from the external auditors and any questions of resignation or dismissal; and

 (x) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;

AUDIT COMMITTEE REPORT
cont'd

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

Duties and Responsibilities *cont'd*

b. Oversee the Company's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Company's assets from misappropriation and encourage legal and regulatory compliance;

c. Assist the Board in identifying the principal risks in the achievement of the Company's objectives and ensuring the implementation of appropriate systems to manage these risks;

d. Recommend to the Board on the appointment and re-appointment of the external auditors and their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of the audit;

e. Discuss with the external auditors before the audit commences the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;

f. Discuss problems and reservations arising from the audits and any matter the auditors may wish to discuss in the absence of the management where necessary;

g. Review the external auditor's management letter and management's response therein;

h. In relation to the internal audit function:-

   (i) review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;

   (ii) review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;

   (iii) review any appraisal or assessment of the performance of members of the internal audit function;

   (iv) approve any appointment or termination of senior staff members of the internal audit function; and

   (v) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

i. Consider any related-party transactions that may arise within the Company or group;

j. Consider the major findings of internal investigations and management's response; and;

k. Consider other matters as defined by the Board.

C. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 January 2011, the Audit Committee has carried out its duties as set out in terms of reference. These include:

a. Reviewed the quarterly financials results 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; and

g. Reviewed all related party transactions.

D. INTERNAL AUDIT FUNCTION

The Group engages third party consultants such as 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 financial year ended 31 January 2011 amounted to RM13,041.00.

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.

Financial Statements

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in technology incubation and investment holding. The principal activities of the subsidiaries and associates are set out in Note 5 and 6 to the financial statements.

RESULTS

	Group RM	Company RM
Net profit for the financial year	1,123,154	388,400
Attributable to:		
Equity owners of the Company	266,665	388,400
Non-controlling interests	856,489	-
	1,123,154	388,400

DIVIDEND

No dividend has been paid, declared or recommended 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 was no material transfer to or from reserves and provisions during the financial year saved as disclosed in the notes to the financial statements.

ISSUE OF SHARES AND DEBENTURES

On 29 July 2010, the Company increased its authorised share capital from RM 50,000,000 to RM 150,000,000 by the creation of an additional 1,000,000,000 ordinary shares of RM 0.10 each.

On 5 July 2010, the issued and paid-up share capital of the Company was increased from RM 25,000,000 to RM 27,500,000 through the issuance of 25,000,000 new ordinary shares of RM 0.10 each at par for cash by way of private placement.

On 21 December 2010, the issued and paid-up share capital of the Company was further increased from RM 27,500,000 to RM 32,700,000 through the issuance of 52,000,000 new ordinary shares of RM 0.10 each at par for cash by way of private placement.

There were no issues of debentures by the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options have been granted to any person to take up unissued shares of the Company during the financial year.

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 value 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 to so 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 end of this report, there does not exist:

(i) any change on the assets of the Group and of the Company that has arisen since the end of the financial year which secured 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.

CHANGE 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 statement misleading.

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 saved as disclosed in the notes to 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' REPORT
cont'd

DIRECTORS OF THE COMPANY

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

(a) Leung Kok Keong

(b) Looi Kem Loong

(c) Choy Kok Onn *(Resigned on 31 January 2011)*

(d) Lim Kim Chu

(e) Lee Chong Hoe *(Resigned on 31 January 2011)*

(f) Lim Chee Wei *(Appointed on 13 December 2010)*

(g) Major Huan Cheng Guan (K) *(Appointed on 31 January 2011)*

DIRECTORS' INTERESTS

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			
	Balance as at 01.02.10	Bought	Sold	Balance as at 31.01.11
DIRECT INTERESTS				
Looi Kem Loong	733	-	-	733
Leung Kok Keong	412,150	-	-	412,150
Lim Chee Wei	-	1,000,000	-	1,000,000
INDIRECT INTERESTS				
Looi Kem Loong	10,627,083	-	-	10,627,083

The other Directors holding office at the end of 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, none of the Directors 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 shown as disclosed 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 32 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 incorporate.

DIRECTORS' REPORT
cont'd

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year 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

LEUNG KOK KEONG
Director

LIM CHEE WEI
Director

Kuala Lumpur.
Date: 24 May 2011

STATEMENT BY DIRECTORS

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

We, Leung Kok Keong and Lim Chee Wei, 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 33 to 86 are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards in Malaysia so as to exhibit a true and fair view of the state of affairs of the Group and of the Company as at 31 January 2011 and of the results and the cash flows of the Group and the Company for the financial year ended on that date.

The supplementary information set out in Note 37, 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

LEUNG KOK KEONG
Director

LIM CHEE WEI
Director

Kuala Lumpur.
Date: 24 May 2011

STATUTORY DECLARATION

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

I, LEUNG KOK KEONG, I/C No. 670303-10-6367, the Director primarily responsible for the financial management of Asia Bioenergy Technologies Berhad, do solemnly and sincerely declare that the financial statements set out on pages 33 to 86 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 }
the abovenamed LEUNG KOK KEONG }
at Kuala Lumpur }
in the state of Wilayah Persekutuan }
on the 24 May 2011 }

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 as at 31 January 2011, 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 year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 85.

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 such internal control as the directors determine is necessary to enable the preparation of financial statements that are 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 judgment, 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 the 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 2011 and of their financial performance and cash flows for the 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 have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

(c) 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.

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

INDEPENDENT AUDITORS' REPORT

to the Members of Asia Bioenergy Technologies Berhad

cont'd

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

The supplementary information set out in Note 37 on page 86 to the financial statements 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 and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Crowe Horwath
No. AF 1018
Chartered Accountants

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

Muar, Johor Darul Takzim
Date: 24 May 2011

STATEMENTS OF FINANCIAL POSITION
at 31 January 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Investment in subsidiaries	5	-	-	23,303,101	18,903,103
Investment in associates	6	1,873,596	1,992,248	1,721,998	1,721,998
Property, plant and equipment	7	10,315,593	3,092,211	3,528,887	824,146
Other investments	8	18,685,216	14,631,162	-	-
Intangible assets	9	10,077,062	6,138,963	-	-
Amount owing by subsidiaries	13	-	-	354,222	-
		40,951,467	25,854,584	28,908,208	21,449,247
Current Assets					
Inventories	10	98,020	-	-	-
Trade receivables	11	3,207,622	807,326	-	-
Other receivables, deposits and prepayments	12	474,299	173,824	4,044,125	88,579
Amount owing by subsidiaries	13	-	-	-	500,575
Fixed deposits with licensed bank	14	-	4,000,384	-	2,000,000
Tax recoverable		177,205	189,836	-	-
Cash and bank balances		1,037,165	1,353,375	300,237	165,242
		4,994,311	6,524,745	4,344,362	2,754,396
TOTAL ASSETS		45,945,778	32,379,329	33,252,570	24,203,643
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	32,700,000	25,000,000	32,700,000	25,000,000
Reserves	16	6,371,180	6,159,310	(1,335,899)	(1,724,299)
Total Equity Attributable To Owners Of The Company		39,071,180	31,159,310	31,364,101	23,275,701
Non-Controlling Interests		2,811,661	1,046,541	-	-
TOTAL EQUITY		41,882,841	32,205,851	31,364,101	23,275,701
NON-CURRENT LIABILITIES					
Hire purchase payables	17	97,153	-	-	-
Lease payables	18	98,467	-	-	-
Term loan	19	2,448,987	-	-	-
Deferred taxation	20	8,750	-	-	-
		2,653,357	-	-	-

STATEMENTS OF FINANCIAL POSITION
at 31 January 201
cont'd

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
CURRENT LIABILITIES					
Trade payables	21	385,032	108,656	-	-
Other payables and accruals	22	776,939	46,986	24,629	27,616
Hire purchase payables	17	21,476	-	-	-
Lease payables	18	83,669	-	-	-
Term loan	19	85,378	-	-	-
Amount owing to subsidiary	13	-	-	1,863,840	900,326
Tax liability		57,086	17,836	-	-
		1,409,580	173,478	1,888,469	927,942
TOTAL LIABILITIES		4,062,937	173,478	1,888,469	927,942
TOTAL EQUITY AND LIABILITIES		45,945,778	32,379,329	33,252,570	24,203,643

The accompanying notes form an integral part of the financial statements

STATEMENTS OF COMPREHENSIVE INCOME
for the Financial Year Ended 31 January 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
REVENUE	23	6,258,310	3,475,403	4,000,000	-
COST OF SALES	24	(886,633)	(2,066,715)	-	-
GROSS PROFIT		5,371,677	1,408,688	4,000,000	-
OTHER INCOME		114,897	187,689	27,088	84,071
		5,486,574	1,596,377	4,027,088	84,071
ADMINISTRATIVE EXPENSES		(4,245,377)	(1,173,457)	(3,638,688)	(515,390)
SHARE OF RESULTS IN ASSOCIATE		(56,346)	521,240	-	-
FINANCE COSTS		(18,622)	(8,506)	-	-
PROFIT/(LOSS) BEFORE TAXATION	25	1,166,229	935,654	388,400	(431,319)
INCOME TAX EXPENSE	26	(43,075)	(21,867)	-	(25,662)
PROFIT/(LOSS) AFTER TAXATION FOR THE FINANCIAL YEAR		1,123,154	913,787	388,400	(456,981)
OTHER COMPREHENSIVE INCOME:					
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATION		(138,214)	(7,064)	-	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR		984,940	906,723	388,400	(456,981)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the Company		266,665	566,115	388,400	(456,981)
Non-controlling interests		856,489	347,672	-	-
		1,123,154	913,787	388,400	(456,981)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO					
Owners of the Company		211,870	563,289	-	-
Non-controlling interests		773,070	343,434	-	-
		984,940	906,723	-	-
Earnings Per Share (Sen)	27	0.10	0.23		

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY
for the Financial Year Ended 31 January 2011

The Group	Note	Share capital	Foreign exchange translation reserve	Retained profits	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
		⊢ Non-Distributable ⊣		Distributable			
		RM	RM				
Balance as at 1 February 2009		25,000,000	-	5,596,020	30,596,020	21,160	30,617,180
Total comprehensive income for the financial year		-	(2,825)	566,115	563,290	343,434	906,724
Acquisition of subsidiaries	28(c)	-	-	-	-	681,947	681,947
Balance as at 31 January 2010/1 February 2010		25,000,000	(2,825)	6,162,135	31,159,310	1,046,541	32,205,851
Total comprehensive income for the financial year		-	(54,795)	266,665	211,870	773,070	984,940
Acquisition of subsidiaries	28(c)	-	-	-	-	992,050	992,050
Issuance of new shares	15	7,700,000	-	-	7,700,000	-	7,700,000
Balance as at 31 January 2011		32,700,000	(57,620)	6,428,800	39,071,180	2,811,661	41,882,841

The Company	Share capital	(Accumulated losses)	Total equity
	RM		
Balance as at 1 February 2009	25,000,000	(1,267,318)	23,732,682
Total comprehensive income for the financial year	-	(456,981)	(456,981)
Balance as at 31 January 2010/1 February 2010	25,000,000	(1,724,299)	23,275,701
Total comprehensive income for the financial year	-	388,400	388,400
Issuance of new shares	7,700,000	-	7,700,000
Balance as at 31 January 2011	32,700,000	(1,335,899)	31,364,101

STATEMENTS OF CASH FLOWS
for the Financial Year Ended 31 January 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		1,166,229	935,654	388,400	(431,319)
Adjustments for:					
Amortisation of intangible assets	9	1,163	4,650	-	-
Bad debt written off		-	245	-	-
Depreciation of property, plant and equipment	7	425,344	189,691	26,462	7,266
Dividend income		(4,054,054)	(100,000)	(4,000,000)	-
Gain on dilution of equity interest in associates		-	(54,582)	-	-
Gain on disposal of property, plant and equipment		(65,778)	-	-	-
Impairment loss of product development	9	39,677	-	-	-
Interest expense		18,622	8,506	-	-
Interest income		(43,831)	(88,126)	(21,800)	(84,071)
Impairment loss on investment in subsidiary		-	-	2,600,000	-
Impairment loss of goodwill	9	2,548,754	-	-	-
Loss on deemed disposal of subsidiaries		-	11,179	-	-
Loss on disposal of other investment		-	37,301	-	-
Property, plant and equipment written off		78,031	8,193	-	-
Share issuance expenses		-	13,500	-	-
Share of results of associates		56,346	(521,240)	-	-
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		170,503	444,971	(1,006,938)	(508,124)
Change in Working Capital					
Inventories		(9,163)	715	-	-
Trade and other receivables		(1,451,674)	5,888,023	(3,809,193)	(88,799)
Trade and other payables		(801,085)	(5,102,119)	960,527	169,140
CASH (ABSORBED INTO)/GENERATED FROM OPERATING ACTIVITIES		(2,091,419)	1,231,590	(3,855,604)	(427,783)

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 January 2011

cont'd

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
CASH (ABSORBED INTO)/GENERATED FROM OPERATING ACTIVITIES		(2,091,419)	1,231,590	(3,855,604)	(427,783)
Tax refunded/(paid)		55,998	(123,018)	-	(25,662)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		(2,035,421)	1,108,572	(3,855,604)	(453,445)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net cash inflow on acquisition of associates		-	-	-	(1,721,998)
Net cash (outflow)/inflow on acquisition of subsidiaries	28(c)	(6,285,003)	517,937	(6,999,998)	(2,463,079)
Acquisition of other investments	8	(4,054,054)	(3,487,842)	-	-
Net cash outflow on deemed disposal of subsidiaries	29	-	(2,105,224)	-	-
Interest received		43,831	88,126	21,800	84,071
Proceeds from disposal of property, plant and equipment		300,000	-	-	-
Proceeds from disposal of other investment		-	453,781	-	-
Purchase of intangible assets		-	(152,000)	-	-
Purchase of property, plant and equipment		(4,184,745)	(2,105,019)	(2,731,203)	(831,412)
Dividend received		4,054,054	-	-	-
Dividend received from subsidiary		-	-	4,000,000	-
Dividend received from an associates		-	100,000	-	-
NET CASH (USED IN) INVESTING ACTIVITIES		(10,125,917)	(6,690,241)	(5,709,401)	(4,932,418)
CASH FLOWS FROM FINANCING ACTIVITIES					
Shares issuance expense paid		-	(13,500)	-	-
Interest expense paid		-	(8,506)	-	-
Proceeds from issuance of new shares	15	7,700,000	-	7,700,000	-
Advances from/(Repayments to) a director		282,958	(30,755)	-	-
Repayments of hire purchase payables		-	(105,335)	-	-
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		7,982,958	(158,096)	7,700,000	-
Effects of exchange rate changes on cash and cash equivalents		(138,214)	(7,063)	-	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(4,316,594)	(5,746,828)	(1,865,005)	(5,385,863)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		5,353,759	11,100,587	2,165,242	7,551,105
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	30	1,037,165	5,353,759	300,237	2,165,242

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011

1. GENERAL INFORMATION

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

The registered office and the principal place of business of the Company is located at No 12, Jalan Selat Selatan 21A, Pandamaran, 42000 Pelabuhan Klang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors on 24 May 2011.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in technology incubation and investment holding. The principal activities of the subsidiaries and associates are set out in Note 5 and Note 6 to the financial statements.

There have been no significant changes in the nature of these principal activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRS") and the provisions of the Company Act, 1965 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information of the Company as at balance sheet date are denominated in RM, unless otherwise stated.

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 7	Financial Instruemnts: Disclosures
FRS 8	Operating Segments
FRS 101 (Revised)	Presentation of Financial Statements
FRS 123 (Revised)	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurements
Amendments to FRS 1 and FRS 127	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Vesting Conditions and Cancellations
Amendments to FRS 7, FRS 139 and IC Interpretation 9	Financial Instruments: Rcognition and Measurement, Disclosure and Reassessment of Enbedded Derivatives
Amendments to FRS 132	Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments
IC Interpretation 9	Reassessment of Enbedded Derivatives

FRSs and IC Interpretations (including the Consequential Amendments)

IC Interpretation 10	Interim Financial Reporting and Impairment
Improvement to FRSs (2009)	Amendment to FRS 5, FRS 8, FRS 107, FRS 108, FRS 110, FRS 116, FRS 117, FRS 118. FRS 119, FRS 120, FRS 123, FRS 127, FRS 128, FRS 129, FRS 131, FRS 134, FRS 136, FRS 138, FRS 140

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

3. **BASIS OF PREPARATION OF FINANCIAL STATEMENTS** *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*

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

i) FRS 8 requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the group.

ii) FRS 7 required additional disclosures about the financial instruments of the Group. Prior to 1 February 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 – Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about the exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. According, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

iii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the statement.

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 34 (b) to the financial statements.

iv) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

Prior to 1 February 2010, advances to other receivables were recorded at cost. With the adoption of FRS 139, these advances are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in profit or loss using the effective interest method.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.Prior to 1 February 2010, allowance for doubtful debts was recognised when it was considered uncollectible. With the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Prior to 1 February 2010, inter-company loans or advances were recorded at cost. With the adoption of FRS 139, inter-company loans and advances are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. The difference between the fair value and cost of the loan or advance is recognised as an additional investment in the subsidiary in the Company's financial statements. Subsequent to initial recognition, the loans and advances are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *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*

iv) Besides, certain loans or advances of which the settlement is neither planned nor likely to occur in the foreseeable future are, in substance, a part of the Company' net investment in the subsidiaries. These loans and advances are stated at cost less accumulated impairment losses, if any, in the financial statements of the Company.

All these financial statements impacts are recognised as an adjustment to the opening balance of retained profits or another appropriate reserve upon the adoption of FRS 139. Comparatives are not adjusted by virtue of the exemption given in this standard.

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 not yet effective for the current financial year:

FRSs and IC Interpretations (including the Consequential Amendments)		Effective date
FRS 1 (Revised)	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised)	Business Combinations	1 July 2010
FRS 124 (Revised)	Related Party Disclosures	1 January 2012
FRS 127 (Revised)	Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (revised)	Limited Exemption form Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1	Additionial Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2	Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5	Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138	Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2010
Amendments to IC Interpretation 9	Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4	Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instuments	1 July 2011
Annual Improvement to FRSs (2010)		1 January 2011

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 January 2011
cont'd

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *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 not yet effective for the current financial year: *cont'd*

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:

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 will be applied prospectively and therefore there will not have any financial year but may impact the accounting for future transactions or arrangements.

ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while 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 minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting its future transactions or arrangements.

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 estimated 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 depreciation 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 recognised tax liabilities based on its understanding of the prevailing tax laws and estimated 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.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

a) Critical Accounting Estimates And Judgements *cont'd*

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) Allowance for Inventories

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

v) Classification Between Investment Properties and Owner-Occupied Properties

The Group determined whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

vi) 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 loan 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 judgement to evaluate 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.

vii) 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" required judgement. In making this judgement, the Group evaluates, amount other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

viii) Impairment of Goodwill

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

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

a) Critical Accounting Estimates And Judgements *cont'd*

ix) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

b) Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

c) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 January 2011.

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.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. 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 if acquisition is measured at the aggregate of the fair values, at the date if 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.

Intragroup transactions, balances and unrealised gains and transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interest in the consolidated statement of financial position consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

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. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

d) Functional and Foreign Currencies *cont'd*

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 differences are recognised in profit or loss.

iii) Foreign subsidiary

Financial statements of foreign subsidiary are translated at financial year end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statements. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in income statements as part of the gain or loss on disposal.

The principal closing rate used in the translation of foreign currency amounts is as follows:

	2011 RM	2010 RM
1 United States Dollar	3.0595	3.4130

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.

i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for0sale financial assets, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

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

e) **Financial Instruments** *cont'd*

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

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

  As at the end of the reporting period, there were no financial assets classified under this category.

- *Held-to-maturity Investments*

  As at the end of the reporting period, there were no financial assets classified under this category.

- *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 as 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.

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

ii) ***Financial Liabilities***

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective method other than those categorized 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. Derivates 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.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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) Investment in Associates

An associate is an entity in which the Group and the Company have 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 2011. The Group's share of the post acquisition profits of the associate is included in the consolidate 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 and 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.

h) Property, Plant and Equipment

Property, plant and equipment, are stated at cost less accumulated depreciation and impairment losses, if any.

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

Depreciation is calculated under the straight-line method to write off the depreciation 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:

Buildings	2%
Plant and machinery	20%
Office equipment	20%
Computers	20-33 1/3%
Motor vehicles	20%
Furniture and fittings	10%
Renovation	10%
Signboard	10%
Lab equipment	10-20%

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 life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and he expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 January 2011

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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

Subsequent costs are included in the assets' 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.

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.

ii) Other Intangible Assets

Intangible assets are recognised only when the identify ability, 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.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

i) Intangible Assets *cont'd*

ii) Other Intangible Assets *cont'd*

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.

- *Product development cost*

  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 development costs are amortised 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 income statements as incurred.

  Product development cost are tested for impairment annually.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

j) Impairment *cont'd*

i) Impairment of Financial Assets *cont'd*

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' net selling price and their value in use, which is measured by reference to discounted future cash flow.

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) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. The cost of consumables and raw materials comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

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

l) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

l) Income Taxes *cont'd*

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that 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.

m) Borrowing Costs

Borrowing cost that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to income statements. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in income statements in the period in which they are incurred.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

p) Employee Benefits

i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued 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.

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; or
- has joint control 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.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

s) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria must also be met for each of the Group's activities as follows:

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 income statements upon performance of service.

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

iii) Dividend Income

Dividend income is recognised when the shareholder's right to receive payment is established.

iv) Interest Income

Interest from fixed deposit is recognised in the income statements on accrual basis unless collectability is in doubt.

v) 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) Segment Reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single element.

u) 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.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 January 2011

cont'd

5. INVESTMENT IN SUBSIDIARIES

	Company 2011 RM	Company 2010 RM
Unquoted shares, at cost		
As at 1 February	18,903,103	18,903,103
Addtion during the financial year	6,999,998	-
As at 31 January	25,903,101	18,903,103
Accumulated impairment loss:		
As at 1 February	-	-
Addtion during the financial year	(2,600,000)	-
As at 31 January	(2,600,000)	-
Net carrying amount	23,303,101	18,903,103

The subsidiaries, all which are incorporated in Malaysia except for Nexfuel Limited and Ecompazz Limited, which are incorporated in the Federal Territory of Labuan, Malaysia as follows:

Name of Company	Group's effective Interest 2011 %	Group's effective Interest 2010 %	Interest Equity Held by Company 2011 %	Interest Equity Held by Company 2010 %	Interest Equity Held by Subsidiary 2011 %	Interest Equity Held by Subsidiary 2010 %	Principal Activities
Asia Bioenergy Research Sdn. Bhd.	100	100	100	100	-	-	Carrying on business of a technology incubator, provision of management 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
Nexfuel Sdn. Bhd. ("Nexfuel")	40	40	40	40	-	-	Engaged as investment holding and engineering, procurement and technology provision for biomass power plant
Nexfuel Limited^	40	40	-	-	100	100	Hold technology rights to the biowaste conversion technologies, and provides oils engineering, procurement and technology services

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

5. INVESTMENT IN SUBSIDIARIES *cont'd*

Name of Company	Group's effective Interest 2011 %	Group's effective Interest 2010 %	Interest Equity Held by Company 2011 %	Interest Equity Held by Company 2010 %	Interest Equity Held by Subsidiary 2011 %	Interest Equity Held by Subsidiary 2010 %	Principal Activities
Asiabio Zymescience Sdn. Bhd.	99.9	-	99.9	-	-	-	Carrying on business in production and sales of microbe related products
Ecompazz IT Sdn. Bhd. ("Ecompazz")	33.8	-	33.8	-	-	-	Engaged as investment holding and development and sales of customised software application for trading and direct selling industry
Ecompazz Limited ^	33.8	-	33.8	-	100	-	Development and sale of customised software application for trading and direct selling industry

^ *The subsidiaries were audited by other firms of chartered accountants.*

Although the Company owns 40% (2010: 40%) of the voting power of Nexfuel, the Company is able to exercise control over the financial and operating policies of Nexfuel by virtue of its control over the Board of Directors of Nexfuel. As a result, the Company consolidates its investment in Nexfuel Group with an effective equity interest of 40%.

Although the Company owns 33.8% (2010: NIL %) of the voting of Ecompazz, the Company is able to exercise control over the financial and operating policies of Ecompazz by virtue of its control over the Board of Directors of Ecompazz. As a result, the Company consolidates its investment in Ecompazz Group with an effective equity interest of 33.8%.

6. INVESTMENT IN ASSOCIATES

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Unquoted shares, at cost				
As at 1 February	1,992,248	9,920,828	1,721,998	-
- pursuant to acquisition by company	-	-	-	1,721,998
- pursuant to dilution	-	1,630,000	-	-
- others	-	92,000	-	-
Share of post acquisition reserves	(56,346)	575,822	-	-
Disposal	(62,306)	-	-	-
Reclassificed to other investments (Note 8)	-	(10,226,402)	-	-
As at 31 January	1,873,596	1,992,248	1,721,998	1,721,998

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

6. INVESTMENT IN ASSOCIATES *cont'd*

The details of the associates, all which are incorporated in Malaysia are as follows:

Name of Company	Group's effective interest 2011 %	Group's effective interest 2010 %	Company effective interest 2011 %	Company effective interest 2010 %	Principal Activities
Asiabio Zyme Solutions Sdn. Bhd.	36.8	36.8	36.8	36.8	Rendering of corporate services and investment holding with focus on microbe propagation technology and system
Asiabio Zyme Systems Sdn. Bhd.	36.8	36.8	-	-	Carrying on business of provision of programmable logic controller, enterprise resource planning system, enterprise resource planning intergrated systems e-learning products and training
Asiabio Zymescience Sdn. Bhd.	-	36.8	-	-	Carrying on business in production and sales of microbe related products
Asiabio Zyme Engineering Sdn. Bhd.	36.8	36.8	-	-	Carrying on business in engineering works and services and supply of biomass and composting and processing plant and equipment

The summarised financial information of the associates are as follows:

	2011 RM	2010 RM
Assets		
Current assets	1,273,438	1,325,384
Non-current assets	4,195,970	4,474,468
Total assets	5,469,408	5,799,852
Liabilities		
Current liabilities	75,429	79,994
Results		
Revenue	3,800	265,700
(Loss)/Profit for the financial year	(325,879)	711,162

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 01.02.2010	Additions	Acquisition of subsidiaries (Note 28(c))	Disposal	Written off	Depreciation charge for the financial year	Balance as at 31.01.2011
Carrying amount	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Freehold land and 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
Asset under construction	877,800	897,275	-	-	-	-	1,775,075
Lab equipment	391,611	9,385	2,537	-	-	(82,636)	320,897
	3,092,211	4,184,745	3,776,234	(234,222)	(78,031)	(425,344)	10,315,593

Group	At 31.01.2011 Cost	Accumulated depreciation	Carrying amount
Carrying amount	**RM**	**RM**	**RM**
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
Asset under construction	1,775,075	-	1,775,075
Lab equipment	417,372	(96,475)	320,897
	12,284,126	(1,968,533)	10,315,593

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

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

Group	Balance as at 01.02.2009	Additions	Acquisition of subsidiaries (Note 28(c))	Write off	Depreciation charge for the financial year	Balance as at 31.01.2010
Carrying amount	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Freehold buildings	-	796,265	-	-	(3,981)	792,284
Plant and machinery	6,354	-	-	-	(1,622)	4,732
Office equipment	28,913	19,957	-	(1,478)	(13,080)	34,312
Computers	33,309	26,294	-	(6,715)	(15,432)	37,456
Motor vehicles	176,417	564,574	-	-	(113,677)	627,314
Furniture and fittings	112,218	-	-	-	(15,061)	97,157
Renovation	65,733	174,014	-	-	(12,979)	226,768
Signboard	3,132	-	-	-	(355)	2,777
Asset under construction	120,000	118,800	639,000	-	-	877,800
Lab equipment	-	405,115	-	-	(13,504)	391,611
	546,076	2,105,019	639,000	(8,193)	(189,691)	3,092,211

	At 31.01.2011		
Group	**Cost**	**Accumulated depreciation**	**Carrying amount**
Carrying amount	**RM**	**RM**	**RM**
Freehold buildings	796,265	(3,981)	792,284
Plant and machinery	8,112	(3,380)	4,732
Office equipment	74,401	(40,089)	34,312
Computers	61,961	(24,505)	37,456
Motor vehicles	929,574	(302,260)	627,314
Furniture and fittings	150,611	(53,454)	97,157
Renovation	254,384	(27,616)	226,768
Signboard	3,550	(773)	2,777
Asset under construction	877,800	-	877,800
Lab equipment	405,115	(13,504)	391,611
	3,561,773	(469,562)	3,092,211

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

Company Carrying amount	Balance as at 01.02.2010 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.01.2011 RM
Freehold land and buildings	792,284	2,148,690	(17,802)	2,923,172
Computers	16,662	8,899	(4,841)	20,720
Office equipment	15,200	32,539	(3,819)	43,920
Asset under construction	-	541,075	-	541,075
	824,146	2,731,203	(26,462)	3,528,887

	At 31.01.2011		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land and buildings	2,944,955	(21,783)	2,923,172
Computers	28,046	(7,326)	20,720
Office equipment	48,539	(4,619)	43,920
Asset under construction	541,075	-	541,075
	3,562,615	(33,728)	3,528,887

Company Carrying amount	Balance as at 01.02.2009 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.01.2010 RM
Freehold buildings	-	796,265	(3,981)	792,284
Computers	-	19,147	(2,485)	16,662
Office equipment	-	16,000	(800)	15,200
	-	831,412	(7,266)	824,146

	At 31.01.2010		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold buildings	796,265	(3,981)	792,284
Computers	19,147	(2,485)	16,662
Office equipment	16,000	(800)	15,200
	831,412	(7,266)	824,146

NOTES TO THE FINANCIAL STATEMENTS
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cont'd

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

a) The motor vehicles of the Group amounting to RM 1,055,361 (2010: RM 461,506) is held in trust by certain Directors of the Company.

b) Freehold land and buildings with net book value amounting to RM 3,037,628 (2010: NIL) of the Group are charged against banking facilities (Note 19(a)).

c) The Group's property, plant and equipment acquired under hire purchase and lease arrangements are as follows:

	Group	
	2011	**2010**
	RM	**RM**
Cost		
Computer	256,925	-
Motor vechicles	171,360	-
Net book value		
Computer	214,104	-
Motor vechicles	99,960	-

8. OTHER INVESTMENTS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Unquoted shares in Malaysia – at cost				
Balance at beginning of year	14,631,162	5,504,000	-	1,500,000
Additional investment during the financial year	4,054,054	404,760	-	-
Reclassified from investment in associates	-	10,226,402	-	-
Reclassified to investment in subsidiaries	-	(1,504,000)	-	(1,500,000)
	18,685,216	14,631,162	-	-

Upon adoption of FRS 139, investments in unquoted shares of the Group, designated as available-for-sale financial assets, are stated at cost as their values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

9. INTANGIBLE ASSETS

Group Carrying amount	Balance as at 01.02.2010 RM	Acquisition of subsidiaries (Note 28(c)) RM	Impairment RM	Amortisation charge for the financial year RM	Balance as at 31.01.2011 RM
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

	At 31.01.2011		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Product development costs	-	-	-
Goodwill on consolidation	10,077,062	-	10,077,062
	10,077,062	-	10,077,062

Group Carrying amount	Balance as at 01.02.2009 RM	Additions RM	Acquisition of subsidiaries (Note 28(c)) RM	Derecognised upon deemed disposal RM	Amortisation charge for the financial year RM	Balance as at 31.01.2010 RM
Product development costs	175,490	152,000	-	(282,000)	(4,650)	40,840
Goodwill on consolidation	2,574,477	-	3,552,111	(28,465)	-	6,098,123
	2,749,967	152,000	3,552,111	(310,465)	(4,650)	6,138,963

	At 31.01.2010		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Product development costs	46,500	(5,660)	40,840
Goodwill on consolidation	6,098,123	-	6,098,123
	6,144,623	(5,660)	6,138,963

NOTES TO THE FINANCIAL STATEMENTS
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cont'd

9. INTANGIBLE ASSETS *cont'd*

a) Goodwill on Consolidation

The acquisitions of Asiabio Zymescience Sdn. Bhd. and Ecompazz IT Sdn. Bhd. have resulted in the recognition of goodwill. The key factors contributing to the goodwill on this business are the strength of the company acquired, among others, include the technical know-how of the employees, established management control systems and expectation to generate profitability of the Group.

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.

b) Product Development Costs

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

10. INVENTORIES

These represent trading stock which is stated at cost.

11. TRADE RECEIVABLES

	Group	
	2011	**2010**
	RM	**RM**
Trade receivables		
Amount due from contract customers	1,980,575	807,326
Third parties	1,227,047	-
	3,207,622	807,326

NOTES TO THE FINANCIAL STATEMENTS
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cont'd

11. TRADE RECEIVABLES *cont'd*

a) Amount due from contract customers are as follows:

	Group	
	2011	2010
	RM	RM
Contract cost	739,929	332,094
Add: Attributable profit	1,363,026	611,752
	2,102,955	943,846
Less: Progress billing	(122,380)	(136,520)
Ast at 31 January	1,980,575	807,326

b) The credit terms of trade receivables of the Group range from 14 days to 60 days (2010: 14 days to 60 days) from the date of invoice.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Other receivables:-				
Third parties	2,436	60,893	1,000	-
Dividend receivable	-	-	4,000,000	-
	2,436	60,893	4,001,000	-
Deposits	434,363	25,840	43,125	1,954
Prepayments	37,500	87,091	-	86,625
	474,299	173,824	4,044,125	88,579

13. AMOUNT OWING BY/TO SUBSIDIARIES

	Company	
	2011	2010
	RM	RM
Amount owing by subsidiaries:		
Non-current		
Quasi-loans	354,222	-
Current		
Non-trade balances	-	500,575
Amount owing to subsidiaries:		
Current		
Non-trade balances	1,863,840	900,326

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 January 2011

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13. AMOUNT OWING BY/TO SUBSIDIARIES *cont'd*

a) Quasi-loans represents advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, as part of the Company's net investment in the 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.

14. DEPOSITS WITH LICENSED BANKS

a) The deposit with licensed banks of the Group and the Company at the end of the reporting period bore weighted effective interest rate at NIL% (2010: 2%) and NIL% (2010: 2%) per annum respectively.

b) The maturity period of fixed deposit with licensed banks of the Group and of the Company at the end of the financial year is NIL day (2010: 1 month) and NIL day (2010: 1 month) respectively.

15. SHARE CAPITAL

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

	Par value per ordinary shares	Group and Company			
		2011		2010	
		Number of shares		Number of shares	
	RM		RM		RM
Authorised:					
As at 1 February	0.10	500,000,000	50,000,000	500,000,000	50,000,000
Created during the financial year	0.10	1,000,000,000	100,000,000	-	-
As at 31 January		1,500,000,000	150,000,000	500,000,000	50,000,000
Issued and fully paid:					
As at 1 February	0.10	250,000,000	25,000,000	250,000,000	25,000,000
Issuance of ordinary shares pursuant to private placement	0.10	77,000,000	7,700,000	-	-
As at 31 January		327,000,000	32,700,000	250,000,000	25,000,000

During the financial year, the Company increased its authorised share capital from RM 50,000,000 to RM 150,000,000 by the creation of an additional 1,000,000,000 new ordinary shares of RM 0.10 each.

During the financial year, the issued and paid-up share capital of the Company was increased from RM 25,000,000 to RM 32,700,000 through the issuance of 77,000,000 new ordinary shares of RM 0.10 each at par for cash by way of private placement.

The new ordinary shares issued rank pari passu in all respects with the existing shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

16. RESERVES

a) Foreign Exchange Translation Reserve

The foreign exchange translation reserve of the Group is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies is different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in a foreign subsidiary, where the monetary item is denominated in either the functional currency of the reporting entity.

The foreign exchange translation reserve is not distributable by way of dividends.

b) Fair Value Reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of available-for-sale financial assets until they are disposed of or impaired.

c) Retained Profits

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Retained profits/(Accumulated losses)	6,428,800	6,162,135	(1,355,899)	(1,724,299)
Foreign exchange translation reserve	(57,620)	(2,825)	-	-
	6,371,180	6,159,310	(1,355,899)	(1,724,299)

Effective 1 January 2008, companies are given the option to make an irrevocable election to move to a single tier system or continue to use tax credit under Section 108 of the Income Tax Act 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013. However, this is not applicable to the Company as it has accumulated losses as at the balance sheet date.

17. HIRE PURCHASE PAYABLES

	Group	
	2011	**2010**
	RM	**RM**
Minimum hire purchase payables:		
- not later than one year	27,540	-
- later than one year and not later than five years	107,809	-
	135,349	-
Less: Future finance charges	(16,720)	-
Present value of hire purchase payables	118,629	-
Current portion	21,476	-
Non-current portion	97,153	-
	118,629	-

The effective interest rate of the hire purchase obligations is 3.03% (2010: NIL%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

18. LEASE PAYABLES

	Group	
	2011	2010
	RM	RM
Minimum lease payables:		
- not later than one year	95,589	-
- later than one year and not later than five years	103,554	-
	199,143	-
Less: Future finance charges	(17,007)	-
Present value of hire purchase payables	182,136	-
Current portion:		
- not later than one year	83,669	-
Non-current portion		
- later than one year and not later than five years	98,467	-
	182,136	-

The effective interest rate of the lease payables obligations is 4.23% (2010: NIL%) per annum.

19. TERM LOAN

	Group	
	2011	2010
	RM	RM
Current portion:		
- not later than one year	85,378	-
Non-current portion:		
- later than one year and not later than five years	374,118	-
- later than five years	2,074,869	-
	2,448,987	-
	2,534,365	-

a) The term loan is secured by a first party legal charge over the freehold building of a subsidiary company, and jointly and severally guaranteed by certain directors of that subsidiary (Note 7(b)).

b) The term loan is repayable in 240 equal monthly installments of RM 15,382 commencing from January 2011. It is interest bearing at 4% (2010: NIL%) per annum.

20. DEFERRED TAXATION

	Group	
	2011	**2010**
	RM	**RM**
a) Movement of deferred tax liability		
As at 1 February	-	22,746
Deferred tax expenses relating to the origination of temporary differences	8,750	-
(Over) provision of deferred tax in prior year	-	(22,746)
As at 31 January	8,750	-
b) Component of deferred tax liability		
Capital allowances in excess of book depreciation	8,750	-

The amount of temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follows:

	Group	
	2011	**2010**
	RM	**RM**
Unabsorbed capital allowances	564,705	115,300
Unutilised tax losses	582,458	234,400
As at 31 January	1,147,163	349,700

Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profits of certain subsidiaries will be available against which deductible temporary differences can be utilised.

21. TRADE PAYABLES

The normal trade credit term granted to the Group is 60 days (2010: 60 days) from the date of invoice.

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

22. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Accruals	58,427	13,550	21,600	27,616
Amount owing to a Director	349,466	-	-	-
Amount owing to associated companies	33,958	-	-	-
Sundry payables	335,088	33,436	3,029	-
	776,939	46,986	24,629	27,616

a) The amount owing to a Director is unsecured, interest free and is repayable on demand.

b) The amount owing to associated companies is unsecured, interest free and is repayable on demand.

23. REVENUE

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Corporate services fees	-	3,750	-	-
Dividend income	4,054,054	100,000	4,000,000	-
Administrative charges	20,000	240,750	-	-
Sales of goods and services	2,184,256	3,130,903	-	-
	6,258,310	3,475,403	4,000,000	-

24. COST OF SALES

	Group	
	2011	**2010**
	RM	**RM**
Goods sold	886,333	2,018,330
Services rendered	-	48,385
	886,333	2,066,715

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
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25. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
a) Profit/(loss) before taxation is arrived at after charging/(creditting):				
Amortisation of intangible assets	1,163	4,650	-	-
Auditors' remuneration				
- current year	39,998	45,705	20,000	20,000
- (over) provision in prior year	(1,000)	-	-	-
Bad debts written off	-	245	-	-
Depreciation of property, plant and equipment	425,344	189,691	26,462	7,266
Directors' remuneration:				
- fees	42,000	86,000	42,000	84,000
- other emoluments	275,540	244,762	275,540	161,211
Impairment loss of goodwill	2,548,754	-	-	-
Loss on deemed disposal	-	11,179	-	-
Loss on disposal of other investment	-	37,301	-	-
Impairment loss in investment in subsidiary	-	-	2,600,000	-
Impairment loss of product development	39,677	-	-	-
Interest expenses:				
- lease and hire purchase	1,875	8,490	-	-
- term loan	16,747	-	-	-
- others	-	16	-	-
Property, plant and equipment written off	78,031	8,193	-	-
Share issuance expenses	-	13,500	-	13,500
Rental expense	59,200	32,630	1,600	-
Dividend income	-	(100,000)	-	-
Gain on dilution of equity interest in an associate	-	(54,582)	-	-
Gain on disposal of property, plant and equipment	(65,778)	-	-	-
Interest income	(43,831)	(88,126)	(21,800)	(84,071)
Other income	-	(8,060)	-	-
Rental income	(5,288)	-	(5,288)	-

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
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25. PROFIT/(LOSS) BEFORE TAXATION *cont'd*

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
b) Employees Benefits Expenses				
(i) Executive Directors'	270,040	230,812	270,040	147,261
(ii) Non Executive Directors'	47,500	99,950	47,500	97,950
	317,540	330,762	317,540	245,211
(iii) Other staff costs				
Salaries, wages and allowances	192,177	54,882	1,500	6,153
Defined contribution plan	22,647	6,229	-	740
Other employee benefits	19,011	7,144	12,321	4,482
	551,375	399,017	331,361	256,586

26. INCOME TAX EXPENSE

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Income tax:				
- Malaysia tax	38,996	18,344	-	-
- Foreign tax	-	-	-	-
	38,996	18,344	-	-
- (Over)/under provision in prior year	(4,671)	26,269	-	25,662
	34,325	44,613	-	25,662
Deferred taxation (Note 20)				
- relating to originating and recognition of temporary differences	8,750	-	-	-
- (Over) provision of in prior year	-	(22,746)	-	-
	43,075	21,867	-	25,662

Subject to the agreement of Inland Revenue Board, the Group has unutilized tax losses and unabsorbed capital allowance amounting to approximately RM 582,458 (2010 : RM 234,400) and RM 564,705 (2010 : RM 115,300) respectively, which are available to set-off against future taxable profits.

26. INCOME TAX EXPENSE *cont'd*

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate expense at the effective tax rate of the Group and the Company is as follows:

	Group		Company	
	2011	2010	2011	2010
	%	%	%	%
Applicable tax rate	25.0	25.0	(25.0)	(25.0)
Non-deductible expenses	24.0	16.3	25.0	25.0
Non-taxable income	(44.9)	(31.5)	-	-
Utilisation of tax incentive	-	(7.9)	-	-
(Over)/under provision of current tax in prior year	(0.4)	2.8	-	(5.9)
(Over) provision of deferred tax in prior year	-	(2.4)	-	-
Effective tax rate	3.7	2.3	-	(5.9)

27. EARNING PER SHARE

a) Basic earning per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2011	2010
	RM	RM
Profit attributable to equity holders of the Company	266,665	566,115
Weighted average number of ordinary shares in issue	250,000,000	250,000,000
Effects of issuance of ordinary shares pursuant to:		
- Private placement	17,178,000	-
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	267,178,000	250,000,000

	2011	2010
	sen	sen
Basic earnings per ordinary share	0.10	0.23

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

NOTES TO THE FINANCIAL STATEMENTS
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28. ACQUISITION OF SUBSIDIARIES

a) During the current 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 RM 99,998. Consequently, Zymescience became a subsidiary of the Company;

   ii) On 18 November 2010, the Company acquired 60,000 ordinary shares of RM 1.00 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 RM 1.00 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 to the Company thereafter.

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

   i) On 16 February 2009, the Company subscribed for an additional 600,000 new Convertible Preference Shares ("CPS") of RM 0.10 each in Nexfuel Sdn. Bhd. ("Nexfuel") for a total cash consideration of RM 600,000. Consequently, the Company held 2,100,000 CPS of RM 0.10 each in Nexfuel or representing 99.81% of the total CPS in Nexfuel;

   ii) On 30 July 2009, Asiabio Zyme Solutions Sdn. Bhd. (formerly known as ALC Management Sdn. Bhd.) ("Zyme Solutions") acquired the entire equity interest of Asiabio Zymescience Sdn. Bhd. ("Zymescience") for a total cash consideration of RM 8. The transaction was completed on 30 July 2009. Consequently, Zymescience became a wholly owned subsidiary of Zyme Solutions;

   iii) On 12 October 2009, Nexfuel incorporated a wholly-owned subsidiary under the name of Nexfuel Limited ("NL") in the Federal Territory of Labuan, Malaysia, with an authorised share capital of USD 100,000;

   iv) On 29 October 2009, the Company further subscribed for an additional 1,900,000 new CPS of RM 0.10 each in Nexfuel for a total cash consideration of RM 1,900,000. Consequently, the Company held 4,000,000 CPS of RM 0.10 each in Nexfuel or representing 99.90% of the total CPS in Nexfuel; and

   v) On 15 December 2009, the Company's and its wholly owned subsidiary, Asia Bioenergy Research Sdn. Bhd. ("ABR"), executed their rights to convert all of the CPS held in Nexfuel into ordinary shares of RM 1.00 each representing 40% equity interest in Nexfuel.

NOTES TO THE FINANCIAL STATEMENTS
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28. 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	
	2011	**2010**
	RM	**RM**
Property, plant and equipment (Note 7)	3,776,234	639,000
Amount due from contract customer	-	177,827
Trade and other receivables	1,249,097	5,999,900
Tax recoverable	59,015	-
Inventories	88,857	-
Cash and cash equivalents	714,995	517,945
Trade payables and accruals	(1,457,949)	(6,200,828)
Hire purchase liability	(298,890)	-
Amount owing to directors	(66,509)	-
Tax liability	(10,970)	-
Term loan	(2,517,618)	-
Deferred taxation	(9,600)	-
Exchange reserve	(62,307)	-
Net identifiable assets and liabilities	1,464,355	1,133,844
Less: Non-controlling interests	(992,050)	(681,947)
Group's share of net assets	472,305	451,897
Add: Goodwill on consolidation (Note 9)	6,527,693	3,552,111
Total purchase consideration	6,999,998	4,004,008
Less: Cash and cash equivalents	(714,995)	(517,945)
Net cash outflow for acquisition of a subsidiary	6,285,003	3,486,063
Purchase consideration is discharged as follows:		
Cash paid by:		
- the Company	6,999,998	-
- the subsidiary	-	8
	6,999,998	8
Conversion of convertible preference share held by the Group	-	4,004,000
Total purchase consideration	6,999,998	4,004,008
Purchase consideration settled in cash	6,999,998	(8)
Add: Cash and cash equivalents of subsidiaries acquired	(714,995)	517,945
Net cash outflow on acquisition of subsidiaries	6,285,003	517,937

NOTES TO THE FINANCIAL STATEMENTS
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28. ACQUISITION OF SUBSIDIARIES *cont'd*

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

	2011 RM	2010 RM
Revenue	771,330	941,703
Less: Cost of sales	-	(331,340)
Gross profit	771,330	610,363
Administrative expense	158,394	(6,810)
Finance costs	(18,622)	-
Shares of results of associates	62,306	-
Profit before tax	973,408	603,553
Income tax expense	(26,935)	(17,796)
Profit attributable to shareholders	946,473	585,757
Less: Non-controlling interests	(389,238)	(351,998)
Increase in Group's net profit after non-controlling interests	557,235	233,759

e) Had the acquisitions occurred at the beginning of the financial year, the management estimates that the consolidated revenue and consolidated profit after tax for the financial year ended 31 January 2011 would have been RM 7,668,629 (2010 : RM 3,475,653) and RM 1,435,870 (2010 : RM 1,489,518) respectively.

29. DISPOSAL OF SUBSIDIARIES

During the previous financial year, the Group and the Company undertook the following transactions:

a) On 30 July 2009, Asia Bioenergy Research Sdn. Bhd. ("ABR") entered into Sales and Purchase Agreement to dispose of its entire ordinary shares 327,905 in Asiabio Zyme Systems Sdn. Bhd. ("AZ System") to Asiabio Zyme Solutions Sdn. Bhd. ("Zyme Solutions"), a wholly-owned subsidiary of the Company then, for a total consideration of RM 329,998 to be satisfied by the issuance of 329,998 new ordinary shares of RM 1 each in Zyme Solutions to the Company. Consequently, AZ Systems became a wholly-owned subsidiary to Zyme Solutions whilst it became an indirect wholly-owned subsidiary of the Company. The disposal was completed on 1 August 2009 and had no effect on the Group's financial results and position for the financial year.

b) The Company and Zyme Solutions, its wholly-owned subsidiary then, entered into a Shareholders' and Technology Transfer Agreement ("STTA") with Xtra Meridian Sdn. Bhd. ("Technology Partner"); and Zenline Consolidated Sdn. Bhd. ("Angel 1") and Gallant Prism Sdn. Bhd. ("Angle 2") (collectively referred to as the "Angel investors") for the purpose of housing the technology rights to the microbial propagation technology and setting up of a microbial biotechnology production facility to produce microbes for use as bio-fertilisers by Zyme Solutions. The salient point of the STTA are as follows:

- The Company shall invest RM 1,300,000 whilst the Angel Investors shall each invest RM 950,000 in Zyme Solutions via the subscription of 3,200,000 new ordinary shares of RM 1 each issued at par for cash by Zyme Solutions; and

- Zyme Solutions shall acquire the microbial propagation technology from the Technology Partner for a total cash consideration of RM 3,900,000 satisfied by cash of RM 3,000,000 and the issuance of 900,000 new ordinary shares of RM 1 each at par for cash in Zyme Solutions to the Technology Partner.

29. DISPOSAL OF SUBSIDIARIES *cont'd*

During the previous financial year, the Group and the Company undertook the following transactions: *cont'd*

b) The above was carried out by increasing Zyme Solutions's issued and paid-up share capital from RM 330,000 to RM 4,430,000 through the issuance of 4,100,000 new ordinary shares of RM 1 each at par for cash whereby the Company subscribed to 1,300,000 newly issued ordinary shares of RM 1 each of the enlarged issues and paid-up share capital of Zyme Solutions. As a result, the Company's equity interest in Zyme Solutions was diluted from 100% to 36.8% ("Deemed disposal"). This event was completed on 25 August 2009 and also resulted in the Company ceasing its control but retained significant influence over the financial and operation policies of Zyme Solutions and its subsidiaries (collectively referred to as AZ Group). The investment in AZ Group is therefore reclassified from investment in subsidiaries to investment in associates during the financial year.

The difference between the Group's share of net assets immediately before and after the dilution, amounting to RM 11,179, has been accounted in the income statement of the Group. The deemed disposal had the following effects on the Group's financial results and position for the financial year:

	Up to date of disposal RM
Revenue	359,750
Administrative expense	(92,965)
Profit before taxation	266,785
Tax expense	-
Net profit for the financial year	266,785

	As at date of disposal RM
Intangible assets:	
- goodiwll	28,465
- research and development expenditure	282,000
Trade and other receivables	285,988
Cash and cash equivalents	805,224
Tax recoverable	3,600
Trade and other payables	(1,064,098)
Total net asset deemed disposal of	341,179
Cost of investment in AZ Solutions reclassified to investment in associates upon dilution of equity interest	(330,000)
Loss on deemed disposal of subsidiaries	11,179
Cash paid for additional shares subscribed	(1,300,000)
Cash and cash equivalents of subsidiary companies disposed	(805,224)
Net cash outflow on deemed disposal of subsidiaries	(2,105,224)

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

30. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Fixed deposits with licensed banks	-	4,000,384	-	2,000,000
Cash and bank balances	1,037,165	1,353,375	300,237	165,242
	1,037,165	5,353,759	300,237	2,165,242

31. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Directors and Key Management				
- Salaries, wages and allowances	287,500	304,940	287,500	228,940
- Defined contribution plan	28,800	24,480	28,800	15,600
- Other employee benefits	1,240	1,342	1,240	671
	317,540	330,762	317,540	245,211
Benefits-in-kind	27,500	15,000	27,500	-
	345,040	345,762	345,040	245,211

32. SIGNIFICANT RELATED PARTY DISCLOSURE

a) Identities of related parties

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

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Dividend from a subsidiary	-	-	4,000,000	-
Dividend from an associate	-	100,000	-	-
Legal fee paid to a firm in which a director has an interest	69,690	23,460	-	-
Administrative charges to an associate	-	750	-	-
Administrative charge to a former associates	20,000	240,000	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 January 2011

cont'd

33. OPERATING SEGMENT

a) Reporting Format

The segment reporting format is determined to be business segments as the Group's risks and returns are affected predominantly by differences in the products and services it produces.

b) Business Segments

The Group comprises the following main business segments:

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 plant as well as production and sale of microbial related products.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment.

2011	Technology incubation	Biofuel related products	Information technology and other services	Biotechnology products	Total
	RM	RM	RM	RM	RM
Revenue					
Sales to external customer	4,074,054	-	771,330	1,412,926	6,258,310
Inter-segment sales	-	-	-	-	-
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 expense	-	-	-	-	(18,622)
Net unallocate expenses	-	-	-	-	(3,535,353)
Profit before tax	-	-	-	-	1,166,229
Income tax expense	-	-	-	-	(43,075)
Profit for the financial year	-	-	-	-	1,123,154

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

33. OPERATING SEGMENT *cont'd*

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment. *cont'd*

2011	Technology incubation RM	Biofuel related products RM	Information technology and other services RM	Biotechnology products RM	Total RM
Assets					
Segment 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					
Segment 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 intangible assets	-	1,163	-	-	1,163
Property and equipment written off	71,219	-	-	6,812	78,031
Impairment loss of goodwill	-	2,548,754	-	-	2,548,754
Impairment loss of product development	-	39,677	-	-	39,677

2010	Technology incubation RM	Biofuel related products RM	Information technology and other services RM	Biotechnology products RM	Total RM
Revenue					
Sales to external customers	1,616,000	558,200	359,500	941,703	3,475,403
Inter-segment sales	-	-	-	-	-
Total revenue	1,616,000	558,200	359,500	941,703	3,475,403

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

33. OPERATING SEGMENT *cont'd*

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment. *cont'd*

2010	Technology incubation RM	Biofuel related products RM	Information technology and other services RM	Biotechnology products RM	Total RM
Results					
Segment results	(88,391)	(21,016)	277,363	604,459	772,415
Share of results of associates	-	-	-	-	521,240
Interest expense	-	-	-	-	(8,506)
Gain on dilution of associates	-	-	-	-	54,582
(Loss) on deemed disposal of subsidiary	-	-	-	-	(11,179)
Excess of fair value of net assets acquired over the consideration	-	-	-	-	36,921
Net unallocate expenses	-	-	-	-	(429,819)
Profit before tax	-	-	-	-	935,654
Income tax expense	-	-	-	-	(21,867)
Profit for the financial year	-	-	-	-	913,787
Assets					
Segment assets	28,890,680	1,449,224	-	1,849,589	32,189,493
Unallocated assets	-	-	-	-	189,836
Total assets	28,890,680	1,449,224	-	1,849,589	32,379,329
Liabilities					
Segment liabilities	32,866	7,200	-	115,576	155,642
Tax liability	-	-	-	-	17,836
Total liabilities	32,866	7,200	-	115,576	173,478
Other segment information					
Capital expenditure	1,986,219	118,800	-	-	2,105,019
Depreciation of property, plant and equipment	188,069	1,622	-	-	189,691
Amortisation of intangible assets	-	4,650	-	-	4,650
Property, plant and equipment written off	8,193	-	-	-	8,193
Bad debt written off	-	245	-	-	245

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

34. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimize 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) 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 crediting exclusively with high credit rating counterparties.

The Group established 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 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.

As at the reporting date, The Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognized in the statement of financial position.

There is no disclosure of other quantitative data about its exposure to credit risk as the credit risk to the Group is not material.

ii) Liquidity Risk

The Group's exposure to liquidity risks arises 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 obligations as and when they fall due.

The information on maturity profiles are disclosed in the respective notes.

iii) Market Risk

- 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.

34. FINANCIAL INSTRUMENTS *cont'd*

a) Financial Risk Management Policies *cont'd*

iii) Market Risk *cont'd*

- Foreign Currency Risk *cont'd*

Currency risk sensitivity analysis

A strengthening of Ringgit Malaysia, as indicated below, against the United State Dollar as at 31 January would have increased and decreased profit or loss by the amount shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis performed on the same basis for 2010, as indicated below:

	Profit or (loss) **RM**
31 January 2011	
2% strengthening of RM against United States Dollar	(46,247)
31 January 2010	
2% strengthening of RM against United States Dollar	(18,361)

- Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from interest earning deposits and interest bearing borrowings.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's deposits and borrowings, and is managed through the used of fixed and floating rate borrowings.

It is the Group's policy to place its fixed deposits with reputable financial institution at the most favourable interest rates.

There is no disclosure of interest rate risk sensitivity analysis as the impact on such interest rate risk is minimum and immaterial.

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

34. FINANCIAL INSTRUMENTS *cont'd*

a) Financial Risk Management Policies *cont'd*

iii) Market Risk *cont'd*

- Interest Rate Risk *cont'd*

The following tables set out the carrying amounts, the weighted average effective interest rates as at the balance sheet date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

	Note	Weighted average effective interest rate %	Within 1 year RM	1-2 years RM	More than 2 years RM	Total RM
Group						
As at 31.01.2011						
Hire purchase payable	17	3.03	21,476	97,153	-	118,629
Lease payables	18	4.23	83,669	98,467	-	182,136
Term loan	19	4.00	85,378	374,118	2,074,869	2,534,365
As at 31.01.2010						
Fixed deposits with licensed bank	14	1.90	4,000,384	-	-	4,000,384
Company						
As at 31.01.2010						
Fixed deposits with licensed bank	14	1.90	2,000,000	-	-	2,000,000

- Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

b) Capital Risk Management

The Group manages its capital by maintaining an optimal capital structure so as to support businesses and maximize shareholders value. To achieve its 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.

The Group manages its capital based on debt-equity ratio. As the Group has significant borrowings but a relatively small equity base, the debt-to-equity ratio may not provide a meaningful indicator of the risk of borrowings.

34. FINANCIAL INSTRUMENTS *cont'd*

b) Capital Risk Management *cont'd*

The debt-to-equity ratio of the Group as at the end of the reporting year was as follows:

	Group	
	2011	**2010**
	RM	**RM**
Hire purchase payables	118,629	-
Lease payables	182,136	-
Term loan	2,534,365	-
Trade payables	385,032	108,656
Other payables and accruals	816,536	46,986
	4,036,698	155,642
Less: Fixed deposits with licensed banks	-	(4,000,384)
Less: Cash and bank balances	(1,037,165)	(1,353,375)
Net debts/(cash)	2,999,533	(5,198,117)
Total equity	41,882,841	32,205,851
Debt-to-equity ratio	7%	Net cash

c) Classification of Financial Instruments

	Group	Company
	2011	**2011**
	RM	**RM**
Financial assets		
Available-for-sale financial assets		
Other investments	18,685,216	-
Loans and receivables financial assets		
Trade receivables	3,207,622	-
Other receivables and deposits	474,299	4,044,125
Amount owing by subsidiaries	-	354,222
Cash and bank balances	1,037,165	300,237
	4,719,086	4,698,584
Financial liabilities		
Other financial liabilities		
Hire purchase payables	118,629	-
Lease payables	182,136	-
Term loan	2,534,365	-
Trade payables	385,032	-
Other payables and accruals	776,939	24,629
Amount owing to subsidiary	-	1,863,840
	3,997,101	1,888,469

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 31 January 2011
cont'd

34. FINANCIAL INSTRUMENTS *cont'd*

d) Fair Value of Financial Instruments

Fair value is defined as the amount for which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

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

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year, the Group undertook the following transactions:

a) On 12 March 2010, the Company entered into a Sale and Purchase Agreement with New Ouchee Enterprise Sdn. Bhd. for the acquisition of one and half storey semi-detached freehold factory held under H.S. (D) No 15720, P.T. No. 11584, Mukim Klang, Daerah Klang, Negeri Selangor for a total cash consideration of RM 2,080,000. The acquisition was completed in May 2010.

b) On 10 May 2010, the Company submitted an application to the Bursa Malaysia Securities Berhad ("Bursa Securities") for proposed private placement of up to 10% of the entire issued and paid-up share capital.

   On 16 May 2010, the Company implemented a private placement of 25,000,000 new ordinary shares of RM 0.10 each representing 10% of its issued and paid-up share capital. The Company raised gross proceeds of RM 2,500,000. The private placement was completed on 6 July 2010.

c) On 18 May 2010, a subsidiary of the Group, Asia Bioenergy Research Sdn. Bhd. ("ABR") entered into a conditional Sale and Purchase Agreement ("SPA") with MLABS Systems Berhad ("MLABS"), for the disposal by ABR to MLABS of its 5,000,000 ordinary shares of RM 1.00 each representing 19.3% of the entire equity interest in Grand Inizio Sdn. Bhd. ("GI") for a total cash consideration sum of RM 15,366,795, to be satisfied via the issuance of 153,667,950 new ordinary shares of RM 0.10 each in MLABS to ABR pursuant to the SPA. The disposal is yet to complete as at the date of this report.

d) On 2 September 2010, the Company submitted an application to the Bursa Malaysia Securities Berhad ("Bursa Securities") for proposed private placement of up to 30% of the issued and paid-up share capital to be implemented in tranches.

   On 21 December 2010, the Company issued the first tranche of the placement of 52,000,000 new ordinary shares of RM 0.10 each at par value. Further on 23 March 2011, the Company issued the second tranche of the placement of 30,000,000 new ordinary shares of RM 0.10 each at par value.

e) 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 RM 99,998. Consequently, Zymescience became a subsidiary of the Company.

f) On 18 November 2010, the Company entered into conditional Share Sales Agreement ("SSA") with Lim Chee Wei and Siti Azlina binti Abdul Latif for the acquisition of 60,000 ordinary shares of RM 1.00 each in Ecompazz IT Sdn. Bhd. ("Ecompazz"), representing 20% of the entire equity interest in Ecompazz for a total cash consideration of RM 3,500,000.

   Concurrently, the Company had also entered into a Shareholders' Agreement with Lim Chee Wei, Cha Weay Chia, Siti Azlina binti Abdul Latif and Ecompazz, for the purpose of, amongst others, recording terms and conditions governing the shareholders' relationship, the shareholders' rights and the manner in which the business and matters of Ecompazz shall be conducted.

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR *cont'd*

During the financial year, the Group undertook the following transactions: *cont'd*

f) On 21 January 2011, the Company exercised the option granted to it by the vendor, Siti Azlina Binti Abdul Latif, to purchase additional 41,500 ordinary shares of RM 1.00 each in Ecompazz, representing 13.8% of the entire equity interest in Ecompazz, for a total cash consideration of RM 3,400,000. With the exercise of option, the Company will have in total 101,500 ordinary shares of RM 1.00 each, representing approximately 33.8% equity interest in Ecompazz. As the Company has control over the Board of Directors of Ecompazz, Ecompazz is regarded as a subsidiary to the Company thereafter.

36. CHANGE OF AUDITORS

The financial statements for the previous financial year were reported on by auditors other than Crowe Horwath.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 January 2011

cont'd

37. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFTIS/LOSSES

The breakdown of the retained profits/(accumulated losses) 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:-

	Group 2011 RM	Company 2011 RM
Total retained profits/(accumulated losses):		
- realised	4,524,551	(1,335,899)
- unrealised	-	-
	4,524,551	(1,335,899)
Total share of retained profits of associate:		
- realised	151,595	-
- unrealised	-	-
	4,676,146	(1,335,899)
Add: Consolidation adjustments	1,752,654	-
As 31 January	6,428,800	(1,335,899)

NOTICE OF FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth 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, 29 July 2011** at **12.00 noon** to transact the following businesses:-

AS ORDINARY BUSINESS: -

1.	To receive the Audited Financial Statements for the financial year ended 31 January 2011 and the Reports of Directors and Auditors thereon.	(Please refer to Explanatory Note 1)
2.	To re-elect Mr Lim Kim Chu 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 Lim Chee Wei 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 Major Huan Cheng Guan (K) 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 RM42,000 for the financial year ended 31 January 2011.	(Ordinary Resolution 4)
6.	To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the financial year ending 31 January 2012 and to authorise the Directors to fix the Auditors' remuneration.	(Ordinary Resolution 5)

AS SPECIAL BUSINESS: -

7. To consider and if thought fit, to pass the following Ordinary Resolutions, 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

LOH WOAN FEN (MIA 18335)
WONG WAI FOONG (MAICSA 7001358)
LIM LEE KUAN (MAICSA 7017753)
Secretaries

Selangor

Date: 7 July 2011

NOTICE OF FOURTH ANNUAL GENERAL MEETING
cont'd

Notes:-

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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 12, Jalan Selat Selatan 21A, Pandamaran, 42000 Pelabuhan Klang, Selangor, not less than forty-eight (48) hours before the time for holding the meeting i.e. before 12.00 noon, Wednesday, 27 July 2011 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. *Item 1 of the Agenda*

   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. *Item 5 of the Agenda*

   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 2011.

3. *Item 7 of the Agenda*

   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 of this general mandate is for 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.

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	: RM150,000,000
Issued and Fully Paid-Up Capital	: RM35,700,000 comprising 357,000,000 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 7 JUNE 2011

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	50	2.349	2,612	0.00
100 – 1,000	648	30.451	152,963	0.042
1,001 – 10,000	204	9.586	1,421,966	0.398
10,001 – 100,000	873	41.024	44,884,329	12.572
100,001 – 17,849,999 (*)	351	16.494	208,760,880	58.476
17,850,000 and Above (**)	2	0.093	101,777,250	28.509
Total	2,128	100.00	357,000,000	100.00

Remark :

* - Less than 5% of Issued Shares
** - 5% and Above of Issued Shares

DIRECTORS SHAREHOLDINGS AS AT 7 JUNE 2011

	Direct		Indirect	
	No of Shares	%	No of Shares	%
Leung Kok Keong	412,150	0.13	-	-
Looi Kem Loong	733	0.00	10,627,083 (i)	3.25
Lim Kim Chu	-	-	-	-
Lim Chee Wei	1,000,000	0.31	-	-
Major Huan Cheng Guan (K)	-	-	-	-

SUBSTANTIAL SHAREHOLDINGS AS AT 7 JUNE 2011

	Direct		Indirect	
	No of Shares	%	No of Shares	%
AC Holdings Sdn. Bhd.	68,395,683	19.16	-	-
Bioenergy Holdings Sdn. Bhd.	33,381,567	9.35	-	-
Choy Kok Onn	-	-	68,395,683 (ii)	19.16
Lim Eu Beng	-	-	33,381,567 (iii)	9.35
Lim Foo Seng	2,193,450	0.61	33,381,567 (iii)	9.35

(i) Deemed interested by virtue of his interest in Platimas Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965.

(ii) Deemed interested by virtue of his interest in AC Holdings Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965.

(iii) Deemed interested by virtue of his interest in Bioenergy Holdings Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965.

ANALYSIS OF SHAREHOLDINGS
cont'd

LIST OF TOP 30 HOLDERS AS AT 7 JUNE 2011
(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Registered Holder)

No.	Name	Holdings	%
1	AC Holdings Sdn. Bhd.	68,395,683	19.158
2	Bioenergy Holdings Sdn. Bhd.	33,381,567	9.350
3	Zenline Consolidated Sdn. Bhd.	17,338,500	4.856
4	Thong Wai Choong	16,000,000	4.481
5	Axionex Promotions Sdn. Bhd.	15,000,000	4.201
6	Fancy Bounty Sdn. Bhd.	15,000,000	4.201
7	Platimas Sdn. Bhd.	10,627,083	2.976
8	Gallant Prism Sdn. Bhd.	5,985,700	1.676
9	Lim Bak Kiang	2,791,366	0.781
10	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Lee Chee Ming*	2,670,000	0.747
11	Tu Yueh Feng	2,498,300	0.699
12	Kenanga Nominees (Asing) Sdn. Bhd. *Pledged Securities Account For Kiu King Tiong*	2,300,000	0.644
13	Lim Foo Seng	2,193,450	0.614
14	Chan Ban Hin	2,000,000	0.560
15	Kamaruddin @ Mamat Bin Endut	2,000,000	0.560
16	Teo Bok Nam	1,700,000	0.476
17	Teh Ooi Heong	1,600,000	0.448
18	Kong Oon Chee	1,500,000	0.420
19	Kuan Lang Chin	1,500,000	0.420
20	Ng Shiaw Kong	1,500,000	0.420
21	Tu Yueh Feng	1,500,000	0.420
22	Low Siew Luan	1,400,000	0.392
23	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Saw Lian Peck (E-Klg/Tsk)*	1,336,500	0.374
24	Mayban Nominees (Tempatan) Sdn. Bhd. *Chiang Kian Hong*	1,300,000	0.364
25	Choo Kwai Peng	1,200,000	0.336
26	Tan Ah Nya	1,200,000	0.336
27	Yong Gim Beng	1,200,000	0.336
28	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Tong Lain Chai (E-Bpt/Mua)*	1,183,100	0.331
29	Siah Gim Siew	1,111,000	0.311
30	Adam Iskandar Choong Bin Abdullah	1,000,000	0.280

AsiaBio Group

Asia Bioenergy Technologies Berhad
(774628-U)

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 Fourth 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, 29 July 2011** at **12.00 noon** 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 2011 and the Reports of Directors and Auditors thereon.			
		Resolution	**For**	**Against**
2.	To re-elect Mr Lim Kim Chu 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 Lim Chee Wei who retires as a Director of the Company pursuant to Article 74 of the Company's Articles of Association.	2		
4.	To re-elect Major Huan Cheng Guan (K) 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 RM42,000 for the financial year ended 31 January 2011.	4		
6.	To appoint the Auditors of the Company and to authorise the Directors to fix their remuneration.	5		
7.	Authority to Issue Shares.	6		

Signed this ______________day of ________________2011.

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

Signature
Shareholder or Common Seal

Notes:-

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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 12, Jalan Selat Selatan 21A, Pandamaran, 42000 Pelabuhan Klang, Selangor, not less than forty-eight (48) hours before the time for holding the meeting i.e. before 12.00 noon, Wednesday, 27 July 2011 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

Then Fold Here

AFFIX
STAMP

ASIA BIOENERGY TECHNOLOGIES BERHAD (774628-U)

Registered Office:-

12, Jalan Selat Selatan 21A
Pandamaran
42000 Pelabuhan Klang
Selangor

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