

Asia Bioenergy Technologies Berhad

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

Quarterly report on results for the 3rd Quarter ended 31 October 2008

A NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of preparation of Interim Financial Report

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

The interim financial statements should be read in conjunction with the Prospectus dated 21 November 2008. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to and understanding the changes in the financial position and performance of the Group for the financial period ended 31 October 2008.

The accounting policies and methods of computation adopted by ABT and its subsidiaries in the preparation of this interim financial statements are consistent with those adopted in the audited financial statements for the period ended 31 May 2008 and the year ended 31 January 2008.

A2 Auditors' report on preceding annual financial statements

There were no preceding annual financial statements as the Group will have its first consolidated financial statements for the financial period ending 31 January 2009.

A3 Seasonal or cyclical factors

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

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

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

A5 Material changes in estimates

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

A6 Debt and equity securities

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

(a) Share Split

On 10 September 2008, the Company undertook a sub division of every one ordinary share of RM1.00 each in the Company into ten ordinary shares of RM0.10 each in the Company.

(b) Acquisition of ABR

On 11 September 2008, the Company acquired the entire equity interest of Asia Bioenergy Research Sdn Bhd for a total purchase consideration of RM12,303,103 satisfied by the issue of 119,999,980 ordinary shares of RM0.10 each in ABT at an issue price of approximately RM0.102 per Share.

A7 Dividend paid

There were no dividends paid by the Company during the current financial quarter.

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A8 Segmental information

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

Cumulative Quarter Ended 31 October 2008

	Technology incubation RM'000	Provision of information technology training and related services and equipment RM'000	Management and Corporate Services RM'000	Group RM'000
Revenue	22	79	1	102
Results from operating activities	(66)	48	(2)	(20)
Finance Costs	(1)	-	-	(1)
Share of profit of associates	932	-	-	932
Net unallocated income	-	-	-	4,143
Profit before taxation	865	48	(2)	5,054
Tax expense	(16)	-	-	(16)
Profit for the period	849	48	(2)	5,038
Segment assets	17,336	195	12	17,543
Unallocated assets				-
Total assets				17,543
Segment liabilities	343	39	3	385
Unallocated liabilities				22
Total liabilities				407

A9 Valuation of property, plant and equipment

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

A10 Material events subsequent to the end of the quarter

There were no material events subsequent to the end of the current financial quarter save as disclosed in Note B13.

A11 Changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial quarter save as disclosed in Note A6 above.

A12 Contingent liabilities

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

A13 Capital commitments

As at 31 October 2008, the Group has no material capital commitments in respect of property, plant and equipment.

A14 Significant related party transactions

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

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

B1 Review of performance

ABT acquired the entire equity interest of ABR on 11 September 2008 and the condensed financial results represent the financial results of the Group from the date of the acquisition of ABR to 31 October 2008. In the current quarter ended 31 October 2008, ABT Group recorded a profit after taxation ("PAT") of RM5,038,000. This PAT included one off items in the income statement which included a gain of RM4,593,000 recognised as a result of the fair value of assets being lower than the purchase price of ABR and a charge of RM450,000 arising from listing expenses incurred during the period.

B2 Variation of results against immediate preceding quarter

Not applicable as this is the first set of consolidated results prepared.

B3 Prospects for the financial year ending 31 January 2009

Barring any unforeseen circumstances, the Directors believe that the Group's prospects for the financial year ending 31 January 2009 will remain favourable.

B4 Profit forecast, profit guarantee and internal targets

ABT had provided a consolidated profit forecast for the financial year ending 31 January 2009 in its Prospectus dated 21 November 2008. The Directors of ABT are of the opinion that the Group will be able to achieve its profit forecast for the financial year ending 31 January 2009. Any material variances between actual PAT and the forecast PAT, if any, will be explained in the quarterly results for the period ended 31 January 2009.

B5 Income tax expense

	Current year quarter 31 October 2008 RM'000	Current year to date 31 October 2008 RM'000
Income tax based on the results for the period under review	16	16

The low income tax for the current period under review is due to certain statutory income of its subsidiary company, STSB Technologies Sdn Bhd and that of the main investee company, Grand Inizio Sdn Bhd, being exempted from income tax pursuant to the respective MSC status and pioneer status granted to the companies.

B6 Unquoted investments and properties

There were no changes in the unquoted investments and properties of the Group for the current financial quarter and financial year-to-date.

B7 Quoted securities

There were no acquisitions or disposals of quoted securities during the current financial quarter and financial year-to-date.

B8 Group's borrowings and debt securities

The Group's borrowings as at 31 October 2008 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:-			
Hire purchase creditor	37	-	37
Long Term borrowings:-			
Hire purchase creditor	82	-	82
Total	119	-	119

The Group does not have any foreign currency borrowings.

B9 Off balance sheet financial instruments

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

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B10 Material litigation

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

B11 Dividends

There was no dividend declared for the current year.

B12 Earnings per share

	Current year quarter		Current year to date	
	31 October 2008	31 October 2007	31 October 2008	31 October 2007
Profit after taxation (RM'000)	5,038	-	5,038	-
Weighted Average Number of shares in issue ('000)	21,978	-	21,978	-
Basic earnings per share (sen)	22.92	-	22.92	-

Diluted earnings per share is not computed as the Company did not have any convertible financial instruments as at 31 October 2008.

B13 Status of corporate proposals

The following corporate actions were announced via the Prospectus dated 21 November 2008 which have yet to be completed.

Public Issue

The public issue of 30,000,000 new ABT Shares credited as fully paid-up at an issue price of RM0.43 each, payable in full on application. The ABT Shares issued pursuant to the Public Issue were allotted on 4 December 2008.

Bonus Issue

The bonus issue of 100,000,000 new ABT Shares issued and credited as fully paid up on the basis of two (2) new ABT Shares for every three (3) existing ABT Shares held after the Public Issue. The ABT Shares issued pursuant to the Bonus Issue were allotted on 4 December 2008.

Listing

The listing and quotation of ABT's entire enlarged and paid up share capital comprising 250,000,000 ABT Shares on the MESDAQ Market of Bursa Malaysia Securities Berhad.

B14 Status of Utilisation of Proceeds

The Company is to receive proceeds from the Public Issue of RM12,900,000 in the last quarter of the financial year ending 31 January 2009. The proceeds are intended to be utilised in the following manner:

	Proposed Utilisation of Proceeds RM'000	Intended timeframe for utilisation from date of receipt
Technology incubation fund	8,000	Within 3 years
Research and development and related activities and capital expenditure	2,000	Within 3 years
Working Capital	1,400	Within 1 year
Listing expenses	1,500	Within 6 months
	<u>12,900</u>	

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

B15 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with the resolution of the Board of Directors' dated 9 December 2008.

On Behalf of the Board

Wong Wei Fong
Koh Joo Hian
Company Secretaries

Date: 9 December 2008

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ADDITIONAL DISCLOSURE REQUIREMENTS FOR TECHNOLOGY INCUBATORS AS SET OUT IN APPENDIX 9B OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET

C1 STATUS REPORT ON OPERATIONS OF INVESTEE COMPANIES

The status of the operations of the incubatee companies are set out as follows:

1 Grand Inizio Sdn Bhd ("Grand Inizio")

Grand Inizio is principally an engineering and technology company that specialises in providing technology and services for biodiesel processing technology, Phytonutrients extraction technology and other oleochemical based technology. Grand Inizio is currently focussing its efforts in its oleochemical technology and palm fatty acid distillate based biodiesel esterification technologies which is anticipated to contribute positively going forward.

Grand Inizio had a profit after taxation of about RM15.3 million on the back of turnover of RM47.5 million for the financial period from 1 January 2008 to 31 October 2008. Grand Inizio contributed about RM930,000 to the Group's earnings in the current financial quarter ended 31 October 2008.

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

Eco-Sponge Sdn Bhd is involved in the production and marketing of a proprietary filtration compound used in the biodiesel processing. Since the successful prototyping and commercialisation of its compound, several successful sales have been recorded. Eco-Sponge is currently concentrating its efforts in expanding its clientele base in Malaysia and Indonesia, which is anticipated to contribute positively when its clientele commences full commercial production towards the last quarter of this financial year.

Eco-Sponge has already commenced making slight profits of about RM6,000 (for the nine months period ended 31 October 2008) despite its short incubation period. Eco-Sponge contributed about RM2,000 in the current financial quarter ended 31 October 2008.

3 Nexfuel Sdn Bhd ("Nexfuel")

Nexfuel is involved in the building and owning of a Bioethanol production plant using cassava as a raw material. Nexfuel have recently commenced plant design of its proposed 60,000 mt per annum bioethanol plant in Kulim and towards that our Group have invested RM1.5 million in Nexfuel. Nexfuel's plant is anticipated to complete and commence operations by 2010.

Nexfuel did not have any material impact on the Group's earnings during the current financial quarter ended 31 October 2008.