

Asia Bioenergy Technologies Berhad

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

(Company No. 774628-U)

(Incorporated in Malaysia)

QUARTERLY REPORT
for the 2nd Quarter ended 31 July 2010

Asia Bioenergy Technologies Berhad

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

Quarterly report on results for the 2nd Quarter ended 31 July 2010 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Unaudited As at 31 July 2010 RM'000	Audited As at 31 January 2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,310	3,092
Investment in associated companies	1,933	1,992
Available-for-sale investments	18,685	14,631
Intangible assets	3,549	6,139
	<u>29,477</u>	<u>25,854</u>
Current assets		
Amount due from contract customers	1,333	807
Other receivables, deposit and prepayments	251	364
Cash and cash equivalents	4,823	5,354
	<u>6,407</u>	<u>6,525</u>
TOTAL ASSETS	<u>35,884</u>	<u>32,379</u>
EQUITY AND LIABILITIES		
Share capital	27,500	25,000
Retained earnings	7,021	6,162
Other Reserves	(31)	(3)
Total equity attributable to owners of the Company	<u>34,490</u>	<u>31,159</u>
Non-controlling interests	1,216	1,047
Total equity	<u>35,706</u>	<u>32,206</u>
Current liabilities		
Trade and other payables	178	156
Tax liability	-	17
Total current liabilities	<u>178</u>	<u>173</u>
Total liabilities	<u>178</u>	<u>173</u>
TOTAL EQUITY AND LIABILITIES	<u>35,884</u>	<u>32,379</u>
Net assets per share attributable to equity holders of the Company (sen)	<u>12.54</u>	<u>12.46</u>

Notes:

The condensed consolidated statement of financial position is prepared based on the consolidated results of the Group for the quarter ended 31 July 2010 and is to be read in conjunction with the audited consolidated financial statements of ABT for the financial year ended 31 January 2010.

Net assets per share is arrived at based on the total Group's net assets over the 275,000,000 ordinary shares of RM0.10 each in issue (31 January 2010 : 250,000,000 shares).

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

Asia Bioenergy Technologies Berhad

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

Quarterly report on results for the 2nd Quarter ended 31 July 2010 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter For the period 31 July 2010 RM'000	Preceding year corresponding quarter 31 July 2009 RM'000	Current year-to-date For the period 31 July 2010 RM'000	Preceding year corresponding period 31 July 2009 RM'000
Revenue	52	294	4,666	1,073
Cost of sales	(18)	(28)	(208)	(526)
Gross profit	34	266	4,458	547
Other operating income	14	36	99	65
Operating expenses	23	(227)	(3,431)	(558)
Finance cost	-	(2)	-	(3)
Share of profit of associated companies	(31)	-	(60)	251
Profit before taxation	40	73	1,066	302
Tax expense	5	(1)	5	(2)
Profit for the period	45	72	1,071	300
Other comprehensive income:				
Exchange differences on translation of foreign operations	2	-	(71)	-
Total comprehensive income for the period	47	72	1,000	300
(Loss)/Profit attributable to:				
Owners of the Company	(33)	71	859	299
Non-controlling interests	78	1	212	1
	45	72	1,071	300
Total comprehensive income attributable to:				
Owners of the Company	(32)	71	831	299
Non-controlling interests	79	1	169	1
	47	72	1,000	300
Basic Earnings Per Share attributable to equity owners of the Company (sen)	(0.01)	0.03	0.34	0.12

Notes:

The condensed consolidated statements of comprehensive income are prepared based on the consolidated results of the Group for the quarter ended 31 July 2010 and is to be read in conjunction with the audited consolidated financial statements of ABT for the financial year ended 31 January 2010.

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

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Quarterly report on results for the 2nd Quarter ended 31 July 2010

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(The figures have not been audited)

	Quarter ended 31 July 2010 RM'000	Quarter ended 31 July 2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,066	302
Adjustments for :		
Amortisation of intangible assets	1	-
Depreciation of property, plant and equipment	194	73
Intangible asset written off	40	-
Property, plant and equipment written off	168	-
Dividend income	(4,054)	(100)
Gain on disposal of property, plant and equipment	(66)	-
Goodwill on consolidation written off	2,549	-
Interest income from fixed deposits	(28)	(62)
Interest expense	-	3
Share of profit of associated companies	60	(251)
Operating loss before working capital changes	<u>(70)</u>	<u>(35)</u>
Changes in working capital:		
Increase in inventories	-	(58)
Increase in trade and other receivables	(484)	(530)
Increase/(Decrease) in trade and other payables	20	(35)
Cash used in operations	<u>(534)</u>	<u>(658)</u>
Income tax refunded/(paid)	59	(53)
Net cash used in operating activities	<u>(475)</u>	<u>(711)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	-	(78)
Purchase of property, plant and equipment	(2,813)	(357)
Proceed from disposal of property, plant and equipment	300	-
Dividend income received	-	100
Acquisition of other investments	-	(1,093)
Interest received	28	62
Net cash used in investing activities	<u>(2,485)</u>	<u>(1,366)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-	(3)
Proceed from issued of ordinary shares	2,500	-
Repayment of hire purchase	-	(27)
Net cash generated from/(used in) financing activities	<u>2,500</u>	<u>(30)</u>
Effects of exchange rate changes on cash and cash equivalents	<u>(71)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(531)	(2,107)
Cash and cash equivalents at beginning of the period	5,354	11,101
Cash and cash equivalents at end of the period	<u>4,823</u>	<u>8,994</u>
<u>Cash and cash equivalents consist of:</u>		
Cash and bank balances	3,073	2,337
Fixed deposit placements with financial institutions	1,750	6,657
	<u>4,823</u>	<u>8,994</u>

Notes:

The condensed consolidated statements of cash flow for the quarter ended 31 July 2010 is to be read in conjunction with the audited consolidated financial statements of ABT for the financial year ended 31 January 2010.

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

Asia Bioenergy Technologies Berhad

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Quarterly report on results for the 2nd Quarter ended 31 July 2010 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	-----Attributable to Owners of the Company-----				Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Exchange Reserves RM'000			
<u>Audited</u>							
Balance as at 1 February 2009	25,000	-	5,596	-	30,596	21	30,617
Acquisition of deemed subsidiary	-	-	-	-	-	682	682
Total comprehensive income for the year	-	-	566	(3)	563	344	907
Balance as at 31 January 2010	<u>25,000</u>	<u>-</u>	<u>6,162</u>	<u>(3)</u>	<u>31,159</u>	<u>1,047</u>	<u>32,206</u>
<u>Unaudited</u>							
Balance as at 1 February 2010	25,000	-	6,162	(3)	31,159	1,047	32,206
Ordinary shares issued	2,500	-	-	-	2,500	-	2,500
Total comprehensive income for the period	-	-	859	(28)	831	169	1,000
Balance as at 31 July 2010	<u>27,500</u>	<u>-</u>	<u>7,021</u>	<u>(31)</u>	<u>34,490</u>	<u>1,216</u>	<u>35,706</u>

Notes:

The condensed consolidated statement of changes in equity is prepared based on the consolidated results of the Group for the quarter ended 31 July 2010 and is to be read in conjunction with the audited consolidated financial statements of ABT for the financial year ended 31 January 2010.

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

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Quarterly report on results for the 2nd Quarter ended 31 July 2010

A NOTES TO THE INTERIM FINANCIAL REPORT

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

Basis of preparation

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

The interim financial statements should be read in conjunction with the audited consolidated financial statements of ABT for the financial year ended 31 January 2010. 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 July 2010.

Changes in Accounting Policies

The accounting policies and methods of computation adopted by ABT and its subsidiaries in the preparation of this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 January 2010 except for the effect on the adoption of new FRSs, amendments and IC interpretations that are mandatory for the Group for the financial year beginning on 1 February 2010. The adoption of these FRSs, amendments and IC Interpretations do not have a material impact on the interim financial information of the Group saved for the following:

- FRS 8 : Requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This standard does not have any material impact on the financial position and results of the Group.
- Revised FRS 101 : Separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard. This standard does not have any material impact on the financial position and results of the Group.
- FRS 139 : Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the balance sheet date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when and only when, the Company or any subsidiary becomes a party to the contractual provisions of the instruments.

With the adoption of FRS 139, financial assets and financial liabilities recognised and unrecognised in the prior financial year are classed into the following categories:

No	Pre FRS 139	Post FRS 139
1	Other long term investment	Available for sale investment
2	Trade and other receivables	Loans and receivables
3	Unrecognised derivative assets	Financial assets at fair value through profit or loss
4	Unrecognised derivative liabilities	Financial Liabilities at fair value through profit or loss

The measurement bases applied to the financial assets and financial liabilities in the prior financial year are changed to conform to the measurement standards of FRS 139 in the current quarter. At initial recognition, all financial assets and financial liabilities are measured at their fair value plus in the case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments. Subsequent to their initial recognition, the financial assets and financial liabilities are measured as follows:

No	Category	Measurement basis
1	Financial instruments at fair value through profit or loss	At fair value through profit or loss
2	Held-to-maturity investments	At amortised cost effective interest method
3	Loans and receivables	At amortised cost effective interest method
4	Available for sale investments	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost
5	Loans and other financial liabilities	At amortised cost effective interest method

Financial assets and financial liabilities designated as hedged items and hedging financial derivatives are accounted for using the specified hedge accounting requirements of FRS 139. All financial assets other than those classified as at fair value through profit or loss are subject to impairment test of FRS 136. The application of FRS 139 did not have any material impact on the Group for the financial period.

A2 Auditors' report on preceding annual financial statements

There were no audit qualifications in relation to the audited consolidated financial statements of ABT for the financial year ended 31 January 2010.

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

During the financial quarter ended 31 July 2010, the Company has through a private placement issued an additional 25,000,000 ordinary shares at RM0.10 each. Other than as disclosed above, there were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares for the financial quarter ended 31 July 2010.

A7 Dividend paid

There were no dividends paid by the Company during the financial quarter ended 31 July 2010.

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A NOTES TO THE INTERIM FINANCIAL REPORT

A8 Segmental information

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

Cumulative Quarter Ended 31 July 2010

	Technology incubation RM'000	Biofuel related products RM'000	Provision of information technology training and related services and equipment RM'000	Biotechnology products RM'000	Group RM'000
Revenue	4,074	-	-	592	4,666
Results from operating activities	3,866	(224)	-	381	4,023
Share of profit of associates					(60)
Net unallocated expenses					(2,897)
Profit before taxation					1,066
Tax expense					5
Profit for the period					1,071
Segment assets	33,369	378	-	2,137	35,884
Total assets					35,884
Segment liabilities	60	7	-	111	178
Total liabilities					178

A9 Valuation of property, plant and equipment

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

A10 Material events subsequent to the end of the quarter

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

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the period under review.

A12 Contingent liabilities

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

A13 Capital commitments

As at 31 July 2010, the Group has no material capital commitments.

A14 Significant related party transactions

During the financial quarter ended 31 July 2010, 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 ACE MARKET

B1 Review of performance

The ABT Group achieved a consolidated profit after taxation of approximately RM1.07 million on the back of a consolidated revenue of RM4.66 million due mainly to dividend from its incubatees. As the Group is involved in incubation activities especially on high technology areas, it hold investments particularly in start-ups. In view thereof, its performance is subjected to various volatilities.

B2 Variation of results against immediate preceding quarter

	Current quarter 31 July 2010 RM'000	Preceding quarter 30 April 2010 RM'000
Revenue	52	4,614
Profit before taxation	40	1,026

Revenue for the current quarter and profit before taxation was lower mainly due to dividend income received from its investees in preceding quarter.

B3 Prospects for the current financial year ended 31 January 2011

Barring any unforeseen circumstances, the Directors believe that the Group's prospects are positive despite the lingering effects of the financial crisis.

B4 Profit forecast, profit guarantee and internal targets

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

B5 Income tax expense

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

B6 Unquoted investments and properties

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

B7 Quoted securities

As at 31 July 2010, the Group does not hold any investments in quoted securities.

B8 Group's borrowings and debt securities

The Group do not have any borrowings as at 31 July 2010.

B9 Off balance sheet financial instruments

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

B10 Material litigation

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

B11 Dividends

There was no dividend declared for the financial quarter ended 31 July 2010.

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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 ACE MARKET

B12 Earnings per share

	Current year quarter		Current year to date	
	31 July 2010	31 July 2009	31 July 2010	31 July 2009
(Loss)/Profit attributable to owners of the Company (RM'000)	(33)	71	859	299
Weighted average number of shares in issue ('000)	250,000	250,000	250,000	250,000
Effect of issuance of ordinary shares pursuant to private placement ('000)	2,948	-	2,948	-
Adjusted weighted average number of shares in issue ('000)	<u>252,948</u>	<u>250,000</u>	<u>252,948</u>	<u>250,000</u>
Basic earnings per share (sen)	(0.01)	0.03	0.34	0.12

Diluted earnings per share is not computed as the Company did not have any convertible financial instruments as at 31 July 2010.

B13 Status of corporate proposals

Below are the status of corporate proposals by the Company.

- On 12 March 2010, the Company entered into an agreement with New Ouchee Enterprise Sdn Bhd for the acquisition of all that parcel of one and half storey semi-detached factory held under issue document of title H.S. (D) No. 15720, P.T. No. 11584, Mukim Klang, Daerah Klang, Negeri Selangor measuring in area of approximately 1,532.9429 square metre (equivalent to 16,501 square feet), bearing postal address at No.12, Jalan Selat Selatan 21A, Sobena Industrial Park, 42000 Port Klang for a cash consideration of RM2,080,000. The acquisition was completed on 3 May 2010.
- On 10 May 2010, the Company announced a proposed private placement of new ordinary shares of RM0.10 each in the Company of not more than 10% of its issued and paid-up share capital to investors to be identified. The private placement was completed on 6 July 2010.
- On 18 May 2010, Asia Bioenergy Research Sdn Bhd ("ABR"), a wholly owned subsidiary of the Company entered into a conditional Sale and Purchase Agreement with MLABS, for the disposal by ABR to MLABS of its 5,000,000 ordinary shares of RM1.00 each representing 19.3% equity interest held in Grand Inizio Sdn Bhd for a total consideration sum of RM15,366,795, to be satisfied via the issuance of 153,667,950 new ordinary shares of RM0.10 each in MLABS to ABR. This proposal is pending completion.
- On 2 September 2010, the Company announced a proposed private placement of up to 118,000,000 new ordinary shares of RM0.10 each representing approximately up to 30% of the enlarged issued and paid up capital of the Company. This proposal is pending completion.

B14 Status of Utilisation of Proceeds

The Company received proceeds from the Public Issue of RM12,900,000 in the last quarter of the financial year ended 31 January 2009.

	Proposed Utilisation of Proceeds RM'000	Utilisation of proceeds RM'000	Unutilised proceeds as at 31 July 2010 RM'000	Timeframe for the utilisation of proceed
Technology incubation fund	8,000	7,892	108	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
	<u>12,900</u>	<u>12,792</u>	<u>108</u>	

Note:

* Proceeds which have been earmarked for listing expenses which are unutilised shall be utilised for working capital purposes.

Further, the Company received gross proceeds of RM2,500,000 in the current financial quarter ended 31 July 2010 pursuant to a private placement of 25,000,000 new shares, which is allocated for working capital purposes.

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 27 September 2010.

On Behalf of the Board

Wong Wei Fong
Loh Woan Fen
Company Secretaries

Date: 27 September 2010

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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 ACE 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 which is anticipated to contribute positively going forward.

Grand Inizio is held as an investment in the Group. On 18 May 2010, Asia Bioenergy Research Sdn Bhd ("ABR"), a wholly owned subsidiary of the Company entered into a conditional Sale and Purchase Agreement with MLABS, for the disposal by ABR to MLABS of its 5,000,000 ordinary shares of RM1.00 each representing 19.3% equity interest held in Grand Inizio Sdn Bhd for a total consideration sum of RM15,366,795, to be satisfied via the issuance of 153,667,950 new ordinary shares of RM0.10 each in MLABS to ABR.

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

Eco-Sponge is involved in the production and marketing of a proprietary filtration compound used in the biodiesel processing. Sales are still slow due to new technology/competing products as well as the low demand from biodiesel plants in Malaysia.

3 Nexfuel Sdn Bhd ("Nexfuel")

Nexfuel has diversified its activities into biowaste conversion technologies and have secured a contract to supply biowaste conversion technologies to a client in Indonesia.

Nexfuel Group recorded a profit of approximately RM381,000 in the current financial period.

4 Asiabio Zyme Solutions Sdn Bhd (formerly known as ALC Management Sdn Bhd) ("ZYME")

Zyme is involved in microbial propagation technology and comprise Asiabio Zyme Systems Sdn Bhd, Asiabio ZymeScience Sdn Bhd and Asiabio Zyme Engineering Sdn Bhd (formerly known as Crisiant Kouseki Seishou Sdn Bhd) ("Zyme Group" or "Group"). The Group provide a one-stop solution to all microbe propagation needs, ranging from parent material, to end microbe based organic fertilizer as well as microbe propagation systems and equipments and cellulosic composting microbe process engineering works.

Zyme Group's commercial microbe propagation plant have been commissioned and several plantation groups are currently conducting various trials and tests on the Group's products.

Zyme Group incurred slight losses in the period under review due to the gestation period of its new product line-up.