

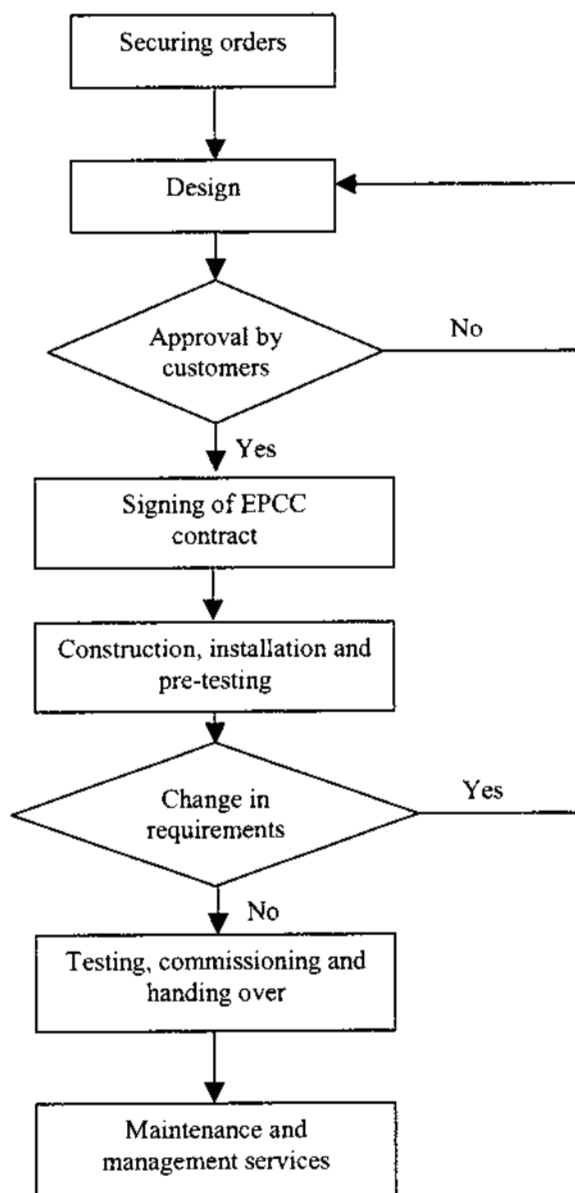
5 INFORMATION ON ABT GROUP (Cont'd)

In June 2008, Grand Inizio expanded the scope of its services to production plants for oleochemicals. Pursuant to an alliance agreement signed on 27 June 2008 with PTI, a company incorporated in the Philippines, Grand Inizio and PTI agreed to cooperate by combining their technological know-how so as to provide a more complete package to potential clients for the production of oleochemicals. PTI also agreed to assist Grand Inizio in the engineering aspects of Grand Inizio's EPCC services in relation to the construction of oleochemical plants. PTI's technology allows for the use of lower quality feedstock such as palm fatty acid distillate, a by-product of the refining of CPO into edible palm oil and sludge oil in the production of oleochemicals. The alliance agreement represents a breakthrough for our Group, as it allowed us to secure the use of technologies for the production of oleochemicals.

Grand Inizio has appointed a sponsor to advise on its plans to seek for a listing on the Catalist market of the Singapore Stock Exchange where due diligence is currently being conducted.

Business Process

The following is a diagrammatic representation of the business process for Grand Inizio in securing the Biodiesel EPCC contracts:-



5 INFORMATION ON ABT GROUP (Cont'd)

Securing orders

The EPCC projects are secured mainly through our sales and marketing efforts, referrals, or open tenders which are sourced through various channels such as newspaper advertisements, announcements by our customers or by invitation. Before entering a tender for a project, the technical support team will collect the tender information and coordinate the preparation of the tender with the design team. After conducting comprehensive studies on the project and its requirements, the design team will draft a design proposal and the technical support team will prepare and submit the comprehensive tender documents.

Design

After securing the project, management will conduct further detailed studies to assess whether the proposed design is suitable and adequate to meet the customers' needs. The design team will undertake the development activities for the projects together with the R&D team to deal with any compatibility issues that arise between the proposed design of the processing plant, the technology to be utilised, and customers' specifications. This may entail the enhancement of the existing design or technology or modifying and customising solutions to ensure compatibility with the customers' existing infrastructure or hardware, as well as to meet the customers' specific requirements.

Signing of EPCC contract

Upon the customer giving its approval for the proposed design, an EPCC contract will be drafted, and executed by us and our customer. The EPCC contract will typically contain terms relating to contract costs, plant specifications and performance.

Construction, installation and pre-testing

Once the EPCC is signed, the team will commence on the work required for the construction of the processing plant and the installation of the processing and electrical equipment. Where third party equipment is involved, the team will procure compatible equipment and integrate it into the project. Upon completion of the necessary works, the technical team will proceed to conduct system integration and functional tests to ensure that the processing plant is functional and compatible with the customer's existing infrastructure or equipment and the ability to perform the functions required by them.

Testing, commissioning and handing over

Once the EPCC project passes the assessment of the project manager, the customer is informed accordingly and thereafter, the customer will conduct an operational test to ensure that the processing plant complies with the specifications in the design. Once the customer confirms that the processing plant is in working order and complies with the specifications, the project is handed over to the customer, who can commence operations of the processing plant.

Maintenance and management services

After hand-over, Grand Inizio may be required to provide its customers with technical support and maintenance services in connection with the technology that we have installed in the processing plant. Such services may be provided to its customers during the warranty period for the processing technology, which is typically 12 months from the date of acceptance of the project by its customers. It may also be engaged by its customers to provide management services after hand-over.

5.5.2 Eco-Sponge

Eco-Sponge commenced operations in December 2007 to undertake the production and marketing of a filtration compound used in Biofuel process.

5 INFORMATION ON ABT GROUP (Cont'd)

The filtration compound is a chemical mixture of a silicate based compound and activated clay used in the Biofuel process to keep the methyl ester free from impurities. *Eco-Sponge* is to produce and market this filtration compound under the trademark name "*Eco-Sponge*".

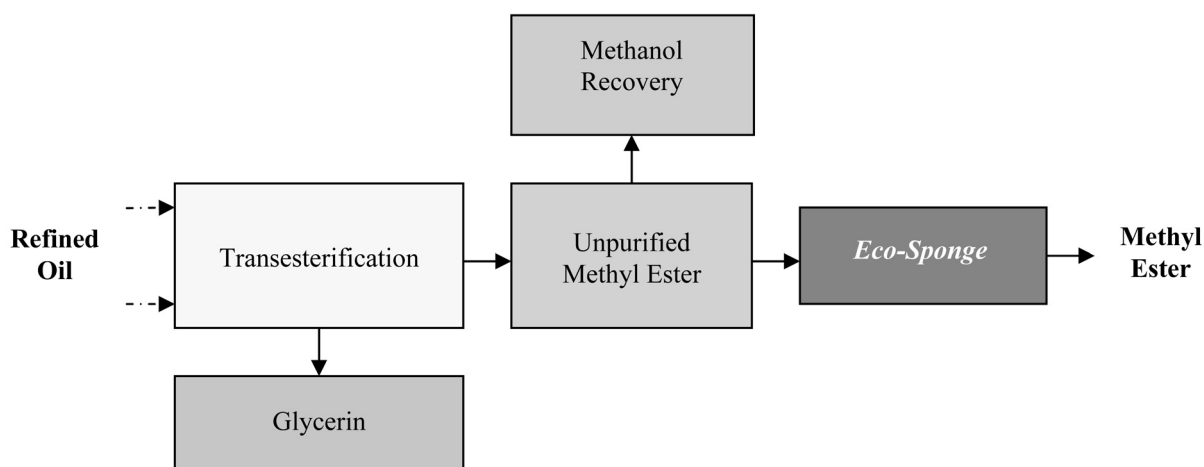
Eco-Sponge has enormous cost advantages as it is being offered at about half the price of another filtration compound imported from the US.

Eco-Sponge will first be deployed in Malaysia at plants using Grand Inizio's Biodiesel processing technology one of which is expected to begin full commercial production before end of FYE 2009. The next target market of *Eco-Sponge* is Indonesia and ultimately the US and European markets.

Applications of *Eco-Sponge*

Eco-Sponge is mainly used in the Biodiesel process to produce fuel grade methyl ester. When using the transesterification method, methyl ester is separated from the by-product, glycerine, in typically un-purified form, i.e. the methyl ester will most likely be contaminated with a mixture of free glycerine, soap, metals, excess methanol and others. Under the conventional process, the un-purified methyl ester has to go through a water wash process to separate the contaminants from the methyl ester. Once free from contaminants, the methyl ester can be considered fuel grade.

An efficient, alternative to the water wash method is the use *Eco-Sponge*, a silicate based dry wash process. Once mixed into the unpurified methyl ester, *Eco-Sponge* acts as an absorbent to trap or filter off the contaminants. These are then filtered off leaving the methyl ester to be free from contaminants and effectively fuel grade material.



When compared to the water wash method, plants utilising *Eco-Sponge* shall have the following advantages:-

- No water effluent stream
- No emulsification
- Improved Oxidation Stability (OSI)
- Minimum yield loss
- Minimal capital expenditure (Water wash requires costly centrifuge separators, whereas *Eco-Sponge* only needs inexpensive filters)
- Expedites the purification process

5 INFORMATION ON ABT GROUP (Cont'd)

5.5.3 Nexfuel**History**

Nexfuel was formed in December 2006 to undertake ABR's Bioethanol project, which involves Nexfuel building and owning a Bioethanol production plant using cassava as a raw material.

Nexfuel obtained approval from MITI vide its letter dated 23 May 2007 to undertake the Bioethanol project and on 5 July 2007 obtained approval from MIDA for pioneer status which carries a 70% tax exemption for five (5) years from production of Bioethanol and fertilizer (wet cakes).

Towards ensuring the success of Nexfuel, ABR has signed a joint venture agreement on 13 August 2007 with Thiruloga S. Singham and Lai Beng Heong wherein ABR shall ultimately own 40% equity of Nexfuel via the conversion of ABR's CPS holdings within three (3) years from 12 September 2007, being the date of the CPS issuance. The CPS carries a preferential fixed dividend rate of two (2) percent per annum. The joint venture agreement further provides Nexfuel to call upon ABR to invest up to RM5.0 million via subscription of up to 5 million CPS, of which such amount has been earmarked as part of our utilisation of listing proceeds. The call to ABR for such subscription is subject always to Nexfuel calling for a rights issue from Nexfuel's promoters such that the ratio of proceeds from the rights issue to the proceeds from the issuance of new CPS pursuant to the call is fixed at a ratio of 60 (Thiruloga S. Singham and Lai Beng Heong) : 40 (ABR). As such, the number of CPS that ABR eventually holds will be convertible to 40% equity interest in Nexfuel.

Thiruloga S. Singham, who is well experienced in various oleochemical plants have served in senior roles in various companies, including De Smet (Malaysia) Sdn Bhd, a Belgium based multinational that is active in the Biofuel technology industry. Complementary to that, ABR had in May 2008, entered in a strategic alliance agreement with Praj, a company involved in the design and manufacture of Bioethanol plants, wherein Praj shall be a technology provider for ABR's group of companies or for any Bioethanol plant contracts that ABR may secure.

Nexfuel intends to site its Bioethanol production plant in Kulim, Malaysia. The plant with an initial production capacity of 60,000 MT/annum is expected to be in commission some time end FYE 2010.

Upon commissioning of the plant, Nexfuel is expected to export its fuel grade Bioethanol to ready and growing markets in US, Europe and Japan. Closer to home, Nexfuel expects that government support and environmental pressures will soon require petrol fuel in Malaysia to have a similar renewable energy blend as those found in the developed countries. The Group believes Nexfuel will have first mover advantage in Malaysia as there are no such fuel grade Bioethanol plants in Malaysia.

In the longer term, Nexfuel is also in discussions with various parties for the planting of the feedstock for ethanol in Malaysia such as cassava and sweet sorghum.

Business Process

Ethanol, also known as grain alcohol and ethyl alcohol, is a flammable, colorless liquid. It is in widespread use as a fuel, a solvent, an intermediate for many other chemicals, and a beverage. In the context of a motor vehicle fuel, ethanol can be used neat (straight) or mixed with gasoline in any ratio; however, gasoline engines and fuel systems have to be modified to use blends of more than 10% ethanol.

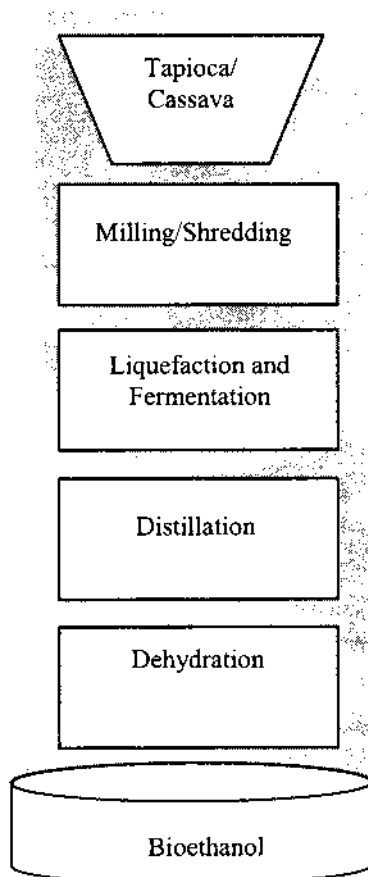
Nexfuel intends to use cassava roots as the main source of feedstock for the production of Bioethanol. The cassava roots contain very high starch content (about 70-85% dry basis weight), which can be used as an agricultural raw material for ethanol production. In the ethanol process, the harvested roots is readily transformed into dried chips in order to lengthen

5 INFORMATION ON ABT GROUP (Cont'd)

the storage time of raw material as well as to facilitate transportation. The cassava is then turned into slurry form in the pre-treatment section using enzymes (Liquefaction). Enzymes are then added to convert the cassava starch to sugars.

The sugars are then passed into fermentor units where yeast is used to convert the fermentable substrate into alcohol and carbon dioxide. The yeast is scaled up in the yeast activation vessel. Fermentors are equipped with agitators for efficient mixing and coolers for maintaining optimum temperature.

The process then goes through a distillation and dehydration whereby pure fuel grade ethanol is produced.



5.5.4 Platinum Energy

Platinum Energy was incorporated in Malaysia under the Act as a private limited company on 9 June 2006. The principal activities of Platinum Energy are in refinery of CPO and Biodiesel. Pursuant to a Strategic Alliance & Subscription Agreement dated 10 May 2007, ABR has subscribed for 579,053 ordinary shares of RM1.00 each representing 4.8% equity interest in Platinum Energy. Platinum Energy has subsequently undertaken an internal reorganization as part of its plans to seek a listing on a recognized stock exchange overseas which resulted in ABR holding 738,674 ordinary shares of RM1.00 each representing approximately 2.02% equity interest in Platinum Energy.

5 INFORMATION ON ABT GROUP (Cont'd)

5.6 LOCATION OF BUSINESS

We operate from the following premises:-

	Location	Existing Use	Gross floor area (sq. feet)	Status
1.	13A06, Lobby 1, Block A, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor	Office space	1,249	Rented
2.	13A08, Lobby 2, Block A, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor	Office space	1,249	Rented

Further information on the above properties is set out in Section 5.20 of this Prospectus.

5.7 R&D

(i) R&D Policy

One of the key advantages that we have over other technology incubators is that we have been actively involved in the R&D programmes that have been initiated or conducted by either our Incubatee Companies or by our Group with our partners. Our Group, for instance, was involved in the final stages of the development of the technology process pioneered by the technology promoters of Grand Inizio and similarly, contributed to the R&D that led to the discovery of an alternative filtration compound currently housed under Eco-Sponge. Our participation in R&D and consequently the formation of the Incubatee Companies ensure that we will jointly own the intellectual property rights with the Incubatee Companies.

(ii) Ongoing and future R&D Projects

We are presently collaborating with our partners to undertake the following R&D:-

i. Jatropha Curcas Oil Researches

The increasing interests in Biodiesel as an alternative to fossil diesel and the use of food crops as feedstock has caused concerns that land used for food crops may be used to grow fuel crops instead, and as such threaten food supplies.

Jatropha curcas is a type of plant, which can be cultivated in non-fertile/marginal land. It is resistant to a high degree of aridity and hence does not compete with food crops. It thrives on little rain and only during its first two (2) years does it need to be watered in the closing days of the dry season. Ploughing and planting are not needed regularly as this shrub has a life expectancy of approximately twenty five to thirty years. The plant also has pesticidal and fungicidal properties rendering the use of pesticides and other polluting substances redundant. As the oil from jatropha curcas seeds can be used to produce Biodiesel fuel, it is being promoted as an easily grown Biofuel crop in hundreds of projects throughout developing countries.

The Group is thus looking at various areas of research in jatropha to complement its existing Biodiesel portfolio as discussed below.

Jatropha Seedling Nursery

ABT Group has tied up with SBRC-IPB to study the viability of jatropha curcas seedling cultivation. With the support of SBRC-IPB and under the guidance of Dr. Erliza Hambali, an expert in jatropha cultivation, ABT Group is currently planning jatropha seedlings cultivation on a 2 to 3 acres plot.

5 INFORMATION ON ABT GROUP (Cont'd)

The main problem in mass cultivation of jatropha is the availability of sufficient good quality seedlings and good cultivation methodologies. Under this research programme, ABT Group plans to cultivate sufficient good quality seedlings and even look at developing a molecular map of jatropha curcas to improve oil yield and plantation methodologies.

With the above, the Group plans to venture into sales of seedlings to potential clients intending to venture into Biodiesel industry such as plantation owners with marginal lands or even for inter-cropping with cash crops. The cultivation will take some 18 months and thus is anticipated to be only available commercially by end 2009.

Jatropha Curcas Oil Extraction/Milling Technology

ABT Group also plans to develop an oil extraction and processing technology to extract and refine oil from jatropha curcas seeds. The process, when developed, will be an add-on refining process which will form an integral part of the Biodiesel processing technology that is available today. The extraction/press technology is anticipated to be commercialized early 2009. This research is being done in conjunction with our in-house experts with assistance from the members of our TAP.

This will complement well with the Group's current technology which can already process refined jatropha oil.

Medical and Pharmaceutical Applications

Apart from being used to produce Biodiesel, the jatropha curcas plant can also be cultivated for its medical and pharmaceutical properties. Studies have shown that extracts from jatropha curcas have anti-tumor activity. The seeds can be used as a remedy for constipation, wounds can be dressed with the sap, and the leaves can be boiled to obtain a malaria and fever remedy.

ABT Group together with SBRC-IPB will also be looking at the development of medical and pharmaceutical products from jatropha curcas and the viability of producing such products at a larger scale. We anticipate this project to be commercialized in two (2) years' time especially with the assistance and advice of our TAP members who have in-depth experience in the pharmaceutical industry.

ii. Development of Other New Generation Feedstock Processing Technology (such as Algae, etc)

Our joint research with SBRC-IPB also encompasses another next generation feedstock which is algae.

Whilst jatropha, a non-edible crop shows much promise due to its ability to resist high degree of aridity, another next generation feedstock is micro-algae as algae is a high energy yield vegetable oil crop. However, this technology is not anticipated to be fully commercialized until three (3) years time.

With the long term collaboration with SBRC-IPB, we hope to be able to keep abreast with new algae growing techniques and thus develop a suitable extraction technology to be commercialized later on. We are also looking into other next generation feedstocks such as cellulosic Bioethanol and biomass to fuel processing technologies.

5 INFORMATION ON ABT GROUP (Cont'd)

iii. Development of a MES processing technology within the Biodiesel production process

MES are anionic surfactants derived from natural oleochemical feedstocks. MES are used primarily as detergents and surface-active agents. MES has some advantages over other surfactants in that:

- It has good detergency characteristics in hard water
- It has excellent soil removal performance in a wide range of conditions
- Biodegrades easily and is made with renewable resources
- Ability to maintain enzyme activity

ABT Group plans to develop MES processing technologies with the assistance of our TAP. Further, Ricovest which is well established in the chemical and toiletries industry presents a ready market for the Group's MES products.

MES represents a downstream product of methyl ester, which is Biodiesel and will thus increase the product offerings of the Group to its customers.

iv. Other Applications of Glycerin

Glycerin (glycerin, glycerol) is the main by-product of making Biodiesel. It is a colourless, odourless, viscous, nontoxic liquid and has literally thousands of uses. It is used in skin moisturizers, lotions, deodorants, makeup, toothpaste, sweets and cakes, pharmaceuticals and patent medicines, in paper manufacturing, printing ink, in textiles, plastics, and electronic components.

ABT Group is working together with Ricovest to research into other potential applications in toiletries industry. Ricovest's strength in chemical products and their market intelligence will be able to point us towards introducing a product which will be able to gain market acceptance. Amongst the areas being looked into includes usage in the toiletries industry and propylene glycol, an industrial chemical found in anti-free, detergents, solvents, etc.

Again, this complements well to the Group's Incubatee Companies as apart from being a stand alone technology, the Group can approach its existing clients to add-on a glycerin processing plant to enhance its revenue model. This project is anticipated to be commercialized by early 2009.

v. Development of Bioethanol technology

Ethanol is a form of alcohol. It is a substitute product for fossil petrol and it originates from renewable resources. Ethanol is made using a process similar to brewing beer where starch crops are converted into sugars, the sugars are fermented into ethanol, and then the ethanol is distilled into its final purified form.

Ethanol technology is not new to the market with traditional feedstock the likes of corn, sugar cane, maize, etc. We have entered into a joint alliance agreement with Praj, a company involved in the design and manufacture of Bioethanol plants, wherein Praj shall be a technology provider for ABR's group of companies or for any Bioethanol plant contracts that ABR may secure. We intend to take this forward as a joint venture to develop this technology in the ASEAN region, however with a different feedstock i.e. cassava/tapioca or sweet sorghum.

With our strong network in the Biofuel industry in the region, we believe we are able to turn the Bioethanol project into a very lucrative model in the region especially since cassava is a widely grown crop in Indonesia. We anticipate this project to be commercialized by end of 2008.

5 INFORMATION ON ABT GROUP (Cont'd)**(iii) Achievements in R&D**

A summary of our Group including our Incubatee Companies' R&D efforts are as follows:-

Year	Milestones
2006	Grand Inizio's "Wet Trans" Biodiesel conversion process
2007	Grand Inizio – Phytonutrients (Vitamin) plant for add-on to existing Grand Inizio Biodiesel conversion process
2007	Eco-Sponge – proprietary blend of compound for use as filtration/absorbent in Biodiesel plants.

The amount incurred on R&D since our incorporation is as follows:-

	Seven (7) months FPE 31 January 2007	FYE 31 January 2008	Four (4) months FPE 31 May 2008
R&D expenditure (RM'000)	20	725	1,109
Revenue (RM'000)	381	1,392	366
% of R&D expenditure over revenue (%)	5.25	52	278

The R&D expenditure includes laboratory equipment, development of pilot plant and related assets which are readily identifiable as R&D purchases. For further clarification, total R&D expenditure includes R&D expenditure incurred by our Incubatee Companies totalling approximately RM8,000 for FPE 31 January 2007, RM709,000 in FYE 31 January 2008 and RM1,001,000 in FPE 31 May 2008. Our Group's revenues do not take into account the revenues of our Incubatee Companies which are accounted for under the equity method of accounting. As such, our total R&D expenditure of our Group may be shown to exceed the consolidated revenues of our Group.

(iv) R&D Personnel

As at the LPD, our R&D team comprises five (5) persons. The head of our R&D team is Dr. Erliza Hambali, her profile of which is set out in Section 5.4.5.1(a) above. She also sits on our TAP.

We currently conduct our R&D activities at the following facilities:-

- (i) Grand Inizio's laboratory;
- (ii) Platinum Energy's on site facilities; and
- (iii) Research facilities of our partners, eg Ricovest and SBRC-IPB.

As mentioned in Section 3.8(b) herein, we intend to utilise the listing proceeds for expansion or purchase of premises for use as our incubation and research centres, testing and research facilities as well as pilot manufacturing facilities.

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5 INFORMATION ON ABT GROUP (Cont'd)**5.8 APPROVALS, MAJOR LICENCES AND PERMITS**

The major licences and permits for our Group and Incubatee Companies are as follows:-

Type / Authority	Company	Description of License	Issue Date / Expiry Date	Major Conditions Imposed	Status of Compliance
Pioneer Certificate dated 7 January 2008 pursuant to Promotion of Investment Act 1986 / MITI	Grand Inizio	Approved the pioneer status in respect of machinery for selected industry, which entitles Grand Inizio to exemption of 100% tax on statutory income for 10 years to manufacture "Biofuel processing plant and parts thereof"	12 March 2007 to 11 March 2012	<ul style="list-style-type: none"> ▪ The "Added Value" of production should be at least 30%. "Added Value" means: total sales less cost of raw materials. ▪ The total number of management, technical and supervisory staff should be at least 15% of the total workforce of the company. ▪ Grand Inizio to enjoy a tax relief for a period of 5 years. For extension of tax relief for further period of 5 years, an application by the Licensee to MITI is required prior to 11 March 2012. 	<ul style="list-style-type: none"> ▪ Complied. ▪ Complied.
Manufacturing Licence under the Industrial Co-ordination Act 1975 dated 24 July 2007 / MITI	Grand Inizio	Licensed to act as licensed manufacturer as from 28 December 2006 as Biofuel processing plant and parts thereof	28 December 2006/ None	<ul style="list-style-type: none"> ▪ The project is to be completed within 12 months commencing from 28 December 2006. ▪ The Licensee is encouraged to ensure that its board of directors reflects its equity structure. ▪ For local sale, the Licensee shall endeavour to use the services of companies owned by Malaysian citizens with at least 30% of its sales distributed by Bumiputera distributors. ▪ The Licensee shall inform MITI of any disposal of shares. 	<ul style="list-style-type: none"> ▪ Complied. Project was completed in March 2007. ▪ Complied. ▪ Complied, where possible. Grand Inizio where possible will endeavour to meet this condition. ▪ Will be complied, if applicable.
Certification of Registration under Part VI of Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 dated 7 May 2007 / CIDB	Grand Inizio	Registration as contractor for building development, general engineering works and mechanical and electrical	7 May 2007/ 6 May 2009	None	N/A

5 INFORMATION ON ABT GROUP (Cont'd)

Type / Authority	Company	Description of License	Issue Date / Expiry Date	Major Conditions Imposed	Status of Compliance
Approval for pioneer status under Promotion of Investments Act, 1986 dated 5 July 2007 / MIDA	Nexfuel	70% tax exemption for statutory income for a period of 5 years from production of Bioethanol and fertilizer (wet cakes)	5 July 2007/ None	<ul style="list-style-type: none"> ▪ The "Added Value" of production of bio-ethanol should be at least 25%. ▪ The "Added Value" of production of fertilizer should be at least 45%. "Added Value" means total sales less cost of raw materials. ▪ The total number of management, technical and supervisory staff should be at least 15% of the total workforce of the company. ▪ The Licensee is required to apply for the pioneer status certificate within 6 months of the approval letter. 	<ul style="list-style-type: none"> ▪ Will be complied upon commencement of production. ▪ Will be complied upon commencement of production.
Approval for manufacturing licence under the Industrial Co-ordination Act 1975 dated 23 May 2007 / MITI	Nexfuel	Approval for the production of Bioethanol and fertilizer	23 May 2007/ 22 November 2007	<ul style="list-style-type: none"> ▪ The Licensee is required to lodge the requisite documents for the issue of the manufacturing licence with the Licensor within 6 months from the date of the letter, failure of which the approval shall lapse. 	<p>Nexfuel was granted approval by MITI on 7 January 2008 for an extension of time up till 22 May 2008 for the lodgement of the requisite documents. Nexfuel has further applied for a six (6) month extension of time from 22 May 2008 to lodge the relevant documents. Nexfuel was subsequently verbally informed by MITI that the extension of time approval obtained for the above license until 4 July 2009 also applies to this license.</p> <p>Nexfuel will seek written approval from the DOE after the financing and land for the plant has been secured.</p> <ul style="list-style-type: none"> ▪ To be complied.
				<ul style="list-style-type: none"> ▪ The Licensee shall obtain the approval of the Penilaian Awal Tapak and written approval of the DOE of Penang before conducting the project. ▪ Conditions attached to the manufacturing licence: <ul style="list-style-type: none"> - site location: Lot 762, Mukim Padang Cina, Daerah Kulim, Kedah - To inform MITI of disposal of shares in Nexfuel. 	

5 INFORMATION ON ABT GROUP (Cont'd)

Type / Authority	Company	Description of License	Issue Date / Expiry Date	Major Conditions Imposed	Status of Compliance
MSC status certificate dated 13 November 2003 / Ministry of Finance and MITI	STSB	Entitles STSB to the incentives, rights and privileges provided for under the Bill of Guarantees.	13 November 2003/ None	<ul style="list-style-type: none"> - To train Malaysian citizens for the transfer of technology and expertise. ▪ Complete business registration of the proposed entity as a locally incorporated company under the Companies Act 1965 within one (1) month from the date of this letter (13 November 2003), commence operations of the proposed entity within six (6) months from the date of this letter, and undertake such activities specified in the company's business plan as approved by MDeC below ("MSC- Qualifying Activities") within six (6) months from the date of this letter or by such date(s) as may be specified in the company's business plan as approved, which date(s) may be extended or modified with written consent of MDeC, and thereafter continue with such business and activities unless otherwise approved by MDeC. The MSC Qualifying Activities are as follows:- <ul style="list-style-type: none"> • Development of ERP-iLS • Development of content for ERP-iLS • Provision of training services for implementation of ERP-iLS 	<ul style="list-style-type: none"> ▪ Complied. STSB was registered on 3 November 2003 and commenced activities in April 2004.
				<p>Any changes proposed to the above MSC Qualifying Activities as detailed in the business plan must receive the prior written consent of MDeC;</p> <ul style="list-style-type: none"> ▪ Locate the implementation and operation of the MSC Qualifying Activities in Cyberjaya, within six (6) months from the date of this letter, and will seek MDeC's prior written approval in the event of any changes in the location or address of the company; ▪ Ensure that at all times at least 15% of the total number of employees (excluding support staff) of the MSC-Status Company shall be "knowledge workers" as defined by MDeC); 	<ul style="list-style-type: none"> ▪ STSB is currently searching for another location after the tenancy with an office within MSC area had recently lapsed. STSB will seek MDeC's written approval upon identifying the new location ▪ Complied.

5 INFORMATION ON ABT GROUP (Cont'd)

Type / Authority	Company	Description of License	Issue Date / Expiry Date	Major Conditions Imposed	Status of Compliance
Pioneer Certificate dated 29 January 2008 pursuant to Promotion of Investment Act 1986 / MITI	STSB	<p>To approve the following pioneer activities of STSB:</p> <ul style="list-style-type: none"> • Development of ERP interface software and learning system (ERP-iLS) • Development of content for ERP-iLS • Provision of training services for implementation of ERP-iLS; and <p>To grant STSB a tax relief for a period of five (5) years.</p>	From 10 July 2007 to 9 July 2012	<ul style="list-style-type: none"> • Continuously comply with the MSC's environmental guidelines as determined by MDeC from time to time; • Submit to MDeC a copy of the company's annual report and audited statements in parallel with submission to the Companies Commission of Malaysia; • Inform and obtain the prior approval of MDeC for any proposed change in the name of the MSC-Status company; and • Inform MDeC of any change in the equity structure or shareholding structure of the MSC-Status Company, or such other changes that may affect the direction or operation of the MSC-Status Company. MDeC must be informed of any change before steps are taken to effect such change. 	Complied.
				<ul style="list-style-type: none"> • STSB to enjoy a tax relief for a period of 5 years. For extension of tax relief for further period of 5 years, an application by the Licensee to MDeC is required prior to 9 July 2010. 	Complied.

5 INFORMATION ON ABT GROUP (Cont'd)

5.9 BUSINESS PARTNERSHIPS AND AGREEMENTS

We have entered into the following agreements of which we are highly dependent on for our operations:-

Name	Details of agreements
ABR	<ul style="list-style-type: none"> (i) Shareholders' and research agreement dated 21 October 2007 made between ABR, Ir. Tan Kiat Poh and Eco-Sponge to regulate the conduct of the business, subscription of shares and their relationship as shareholders of Eco-Sponge upon terms and subject to the conditions therein contained. (ii) Joint alliance and research agreement dated 17 September 2007 between ABR and SBRC-IPB for the appointment of SBRC-IPB to advise ABR on new developments in Biofuel feedstock on a retainer of RM18,000 per annum for a period of two (2) years commencing from 17 September 2007 upon terms and subject to the conditions therein contained. (iii) Shareholders' and joint venture agreement dated 13 August 2007 made between ABR, Thiruloga S. Singham, Lai Beng Hong and Nexfuel to regulate the conduct in Nexfuel, subscription therein and regulate their relationship inter se as shareholders of Nexfuel upon terms and subject to the conditions therein contained. (iv) R&D agreement dated 3 April 2007 made between ABR and Ricovest to collaborate on the R&D of potential applications and commercialisation of pharmaceutical grade glycerine, MES and the Biofuel related products ("Products") and on manufacturing and marketing rights of the Products for a period of two (2) years commencing from the date of the agreement upon terms and subject to the conditions therein contained. (v) Shareholders' and technology transfer agreement "Grand Inizio Sdn Bhd" dated 7 September 2006 as supplemented by a supplement letter dated 20 November 2007 made between ABR, Tan Kooi Jiu, Haw Chiew Peng, Primary Capital Sdn Bhd and Grand Inizio in respect of the operations of Grand Inizio, their subscription of shares in Grand Inizio and to regulate their relationship inter se as shareholders of Grand Inizio upon terms and subject to the conditions therein contained. (vi) Joint alliance agreement dated 7 May 2008 made between Praj and ABR wherein Praj shall be the technology provider along with proprietary and brought out process equipment supply for bioethanal plants that ABR may build under its group of companies or for Bioethanol plants contracts that the ABR group may secure. ABR shall be responsible in procurement and construction for the balance of plant or any equipmentation as may be designated by Praj for a period of two (2) years commencing on the date of the joint alliance agreement upon terms and subject to conditions therein contained.
STSB	<ul style="list-style-type: none"> (i) Letter agreement dated 3 May 2007 made between Macola and STSB whereby Macola appointed STSB as its official strategic partner to sell and promote Macola's software products in Malaysia for a commission of between 5% to 30% upon terms and subject to the conditions therein contained.

5 INFORMATION ON ABT GROUP (Cont'd)

Our Incubatee Companies (save for Platinum Energy) have entered into the following agreements in the ordinary course of business:

Name	Details of agreements
Grand Inizio	<p>(i) EPCC dated 23 April 2007 between YPJ Palm International Sdn Bhd (“YPJ”) and Grand Inizio for the proposed construction of a methyl ester (Biodiesel) conversion plant on Lot 71, Biofuel Park, Tanjung Langsat Industrial Kompleks, Johor for a contract price of RM81,600,000.00 upon terms and subject to the conditions therein contained.</p> <p>(ii) Agreement dated 9 March 2007 between Ganz Biofuels and Grand Inizio for the provision of a Biodiesel plant and equipment with a nominal capacity of 200,000 MT per annum (600 MT per day) which will be constructed as an integrated whole, including without limitation, any and all machinery computer hardware and software, apparatus, materials, appliances, articles, systems and things of all kinds and any other components, appliances, parts, instruments, appurtenances, accessories and other property that may be incorporated or installed in or attached to or otherwise become part of such plant (“Facility”), and all other permanent and temporary works of every kind required for the execution and completion of the Facility and the remedying of any defects therein (“Works”) for a contract price of RM48,262,000.00 upon terms and subject to the conditions therein contained.</p> <p>(iii) Joint alliance agreement dated 27 June 2008 made between Grand Inizio and PTI, wherein the parties agreed to collaborate in the field of oleochemical and esterification technologies by way of combining their proprietary technology for a period of two (2) years commencing on the date of the joint alliance agreement upon terms and subject to conditions therein contained.</p> <p>(iv) Memorandum of understanding dated 4 April 2008 made between Guandong Jinhao Energy Co Ltd and Grand Inizio wherein the parties agreed to co-operate with each other on the cultivation, development and commercialisation of Jathropha plantation as a Biodiesel fuel for a period of two (2) years from the date of the memorandum of understanding upon terms and subject to conditions therein contained.</p> <p>(v) Collaboration and alliance agreement dated 14 March 2008 made between Avenue Power Creation Sdn Bhd and Grand Inizio wherein the parties agreed to co-operate and working together in assisting each other in the business of development of Jathropha Biodiesel industry in Malaysia and other global markets for a period of two (2) years from the date of the collaboration and alliance agreement upon terms and subject to condition therein contained.</p>
Nexfuel	<p>(i) Memorandum of intent dated 4 July 2007 made between Eco Nova Ltd (“ENL”) and Nexfuel for the sales by ENL and purchased by Nexfuel of an estimated 50,000 MT of Bioethanol per annum when the manufacturing facilities of Nexfuel comes into operations in November 2008 for a purchase price to be agreed upon for a period of five (5) years upon terms and subject to the conditions therein contained.</p> <p>(ii) Offtake agreement dated 20 December 2007 made between Nexfuel as seller and Sukimi (M) Sdn Bhd (“Sukimi”) as buyer wherein Nexfuel agrees to sell and Sukimi agrees to purchase from Nexfuel the Bioethanol for 5,000 MT per month with an additional orreduction of 10% in Nexfuel’s option, in total 60,000 MT per annum at the purchase price of USD800 per MT for a period of five (5) years from the first delivery date of the Bioethanol upon terms and subject to conditions therein contained.</p>

5 INFORMATION ON ABT GROUP (Cont'd)

Name	Details of agreements
(iii)	Memorandum of intent dated 18 December 2007 made between Changefuels Ltd as buyer and Nexfuel as seller wherein the parties intend to collaborate on the sale and purchase of Bioethonal of estimated at 50,000 MT per annum at the current spot Bioethonal selling price of USD800 per MT for a period of five (5) years upon terms and subject to condition therein contained.

5.10 EMPLOYEES

As at the LPD, a total of 21 persons are currently employed in ABT Group, including the Directors, which is adequate for our day-to-day operations. None of our personnel are employed on a temporary or fixed term basis.

Category	No. of Employees	Average Years of Service
Management	10	1
R&D	5	1
Finance & Administration	4	1
Technical	2	1
TOTAL	21	

We believe that the working relationship between our key management and our employees are cordial. There have been no labour or industrial disputes between our employees and our management, which have had a material adverse financial impact on us. None of our employees belong to any trade union.

5.11 BRAND NAMES, PATENTS, TRADE MARKS, LICENCES, TECHNICAL ASSISTANCE AGREEMENTS, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS

As at the date of this Prospectus, we have made applications for the following intellectual property registration:-

Name of Applicant	Application No./ Class/ Date	Description	Authority	Status
Grand Inizio	<ul style="list-style-type: none"> ▪ PT/2635/Grand Inizio/07 ▪ "An improved process to produce Biofuel" ▪ 9 November 2007 	Patent application	Intellectual Property Corporation of Malaysia	Pending approval
Grand Inizio	<ul style="list-style-type: none"> ▪ 07019834 ▪ Class 42 ▪ 9 October 2007 	Trademark application	Intellectual Property Corporation of Malaysia	Pending registration
Eco-Sponge	<ul style="list-style-type: none"> ▪ 07022163 ▪ Class 1 ▪ 12 November 2007 	Trademark application	Intellectual Property Corporation of Malaysia	Pending registration

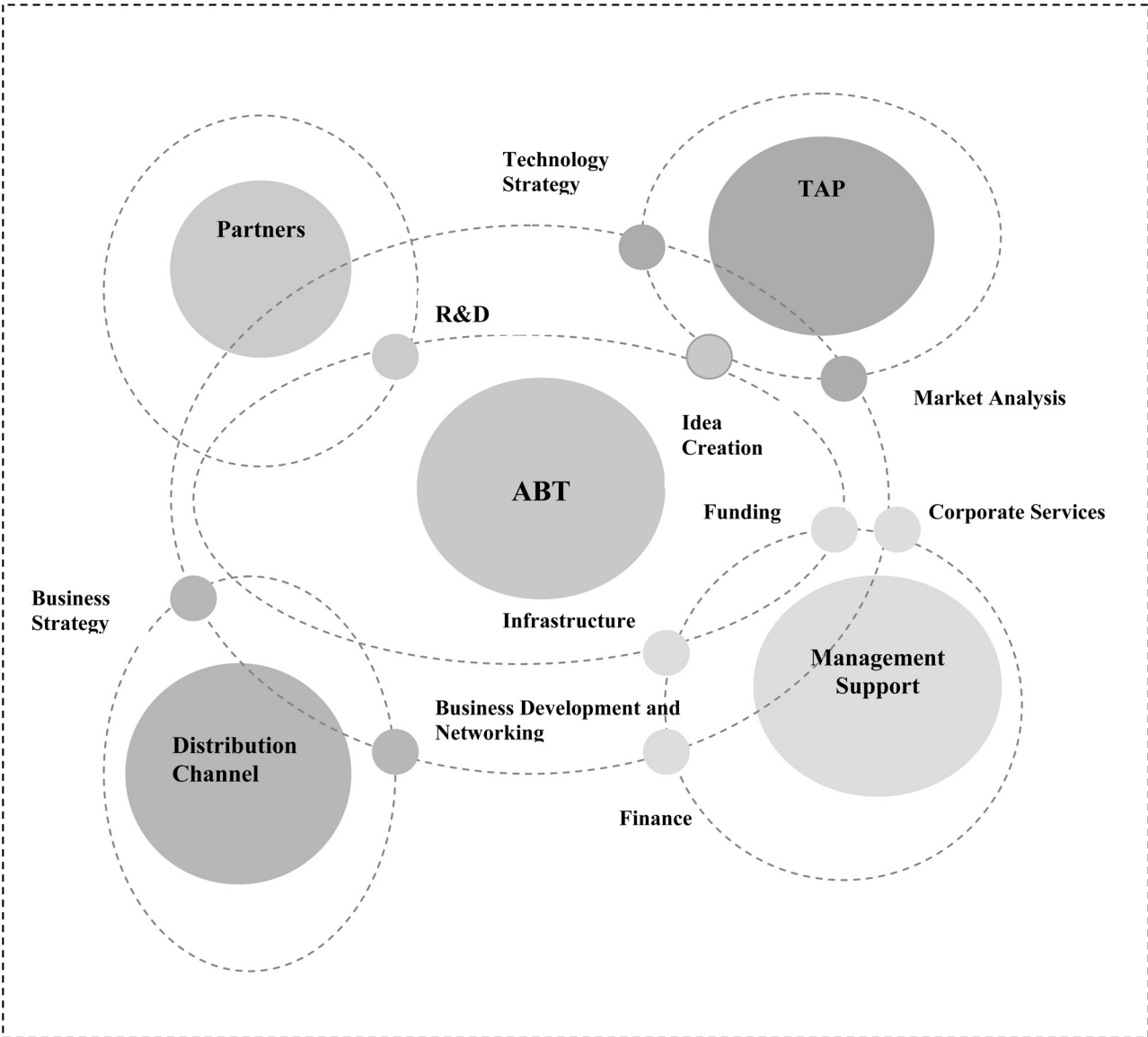
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5 INFORMATION ON ABT GROUP (Cont'd)

5.12 OUR COMPETITIVE STRENGTHS AND ADVANTAGES

Our business model is differentiated from a typical incubator, principally due to the fact that we originate ideas rather than just simply invest in ideas. Our value propositions are as follows:-

- Origination of ideas
- Active role in day to day business development of Incubatee Companies
- Cross selling or joint venture opportunities between our Incubatee Companies
- Active role in finance and funding strategies of our Incubatee Companies
- Active role in maximizing shareholders value via a listing process
- Strong knowledge in the Bioenergy industry
- Bioenergy is a growing industry with strong prospects
- Support from partners and TAP



We have the ability to not only originate business ideas but also the strength to take a business model from a conceptual stage and build it up to an actual operating business equipped with the necessary networking, technology and financial know-how to support its growth. A key to our success is the use of our TAP, which comprises several business and technology experts to assist in the screening of investments and development of new technology or businesses offered by our Incubatee Companies.

5 INFORMATION ON ABT GROUP (Cont'd)

Before embarking on any technology investment, we work towards ensuring that the technology strategy must be devised to develop a product or service that are aligned to the business strategy i.e. a strategy that has both business and technology heading towards a unified direction. This is to mitigate the risk of technology failure as a result of unclear business strategy. Therefore, the distribution channels of a particular new product or services need to be devised from the onset of the idea origination stage to structure a system that is able to provide total support or momentum to the Incubatee Companies of the new product or services so that it will be able to realize its commercialization stage. In summary, we want to kick-start the incubation journey with a strategy that tries to maximise the returns that we expect from the technology investment.

5.13 COMPETITION AND BARRIERS TO ENTRY

Technology incubation

We face competition from other capital providers, venture capital companies, large corporations and incubators. Typically, technology incubators encounter reasonably low barriers of entry as any investor with the right funds and expertise can compete in this industry.

We believe our business model which involves us originating ideas rather than just merely investing in them differentiates us from other venture capital or technology incubators. Our business model generally allows us to gain entry at lower costs and consequently our potential gains may be higher. Our business model also focuses on incubating companies involved in the Bioenergy industry in which our Promoters and key management have strong knowledge and experience.

In addition, we are able to leverage on our TAP and our research partners, and together with the various backgrounds and experience of our Directors in engineering, venture capital, investment banking and finance, we are able to deliver a unique value proposition of originating ideas, which we believe can act as a barrier of entry to competitors.

Incubatee Companies

Our Incubatee Companies are involved in segments of the Bioenergy industry. The Directors and Promoters believe that this segment of the Bioenergy industry is characterised by relatively high barriers of entry due to the technical and technology requirements. The Directors and Promoters believe the following factors help act as a barrier of entry to potential competitors:

(i) Technology

Grand Inizio has made a patent application for its own Biodiesel processing technology which allows plant operators to produce Biodiesel that complies with the European EN14214 standard using any refined oil as feedstock (e.g. palm-oil, jatropha, rapeseed, etc). The technology promises low production cost as the proprietary technology boasts of energy saving features as it is able to handle high moisture throughout the production process, a trait not found in any competitor technology. The technology also caters for using off-spec feedstock whilst maintaining end product quality, thus enabling would-be producers to source for lower cost feedstock. Grand Inizio's Biodiesel processing technology is also comparatively cheaper than technologies adopted from Germany or US.

Grand Inizio has also supplied Biodiesel processing technology to three (3) palm oil Biodiesel plants. These plants will act as reference sites to showcase Grand Inizio's technical/technological capabilities.

Eco-Sponge produces a proprietary blend of filtration compound and is a chemical mixture of a silicate based compound and activated clay used in the Biofuel process to keep the methyl ester free from impurities. Eco-Sponge is to produce and market this filtration compound under the trademark name "*Eco-SpongeTM*". *Eco-SpongeTM* which is certified for use by Grand Inizio, has the advantage of being cheaper than the other dry-wash compound imported from the US and will first be deployed in Grand Inizio's Biodiesel processing technology.

5 INFORMATION ON ABT GROUP (Cont'd)

This filtration compound has enormous cost advantages as it is being offered at half the price of a similar product from the US.

(ii) Pioneer status

Grand Inizio has obtained pioneer status under the Promotion of Investments Act, 1986 whereby the entire statutory income of Grand Inizio derived from pioneer activities are exempted from taxation for ten (10) years beginning 12 March 2007.

Nexfuel has been granted pioneer approval under the Promotion of Investments Act, 1986 whereby the 70% of its statutory income derived from pioneer activities are exempted from taxation for five (5) years from the date of commercial production.

This provides some advantages in terms of barriers of entry against foreign technology providers who may not be able to obtain pioneer status.

(iii) Business Model

The Promoters and Directors of ABT come from various backgrounds in engineering, venture capital, technology incubation, investment banking and finance. In our business model, the Directors, Promoters and key management of ABT play an active role in day to day running of the Incubatee Companies, providing incubation support as well as their expertise in business development and finance.

Key to the Group's business model is the use of TAP, which comprises several business and technology experts to assist in the screening of investments and development of new technology or businesses offered by the Incubatee Companies.

5.14 MODES OF MARKETING

We leverage on our pool of existing and diverse background together with our relationship with experts from our TAP as well as our partners for pro-active idea generation and prospects identification. In addition, we can also source from our informal and extensive network and business contacts of our Promoters who were involved in, amongst others, engineering, venture capital, technology incubator, investment banking and finance.

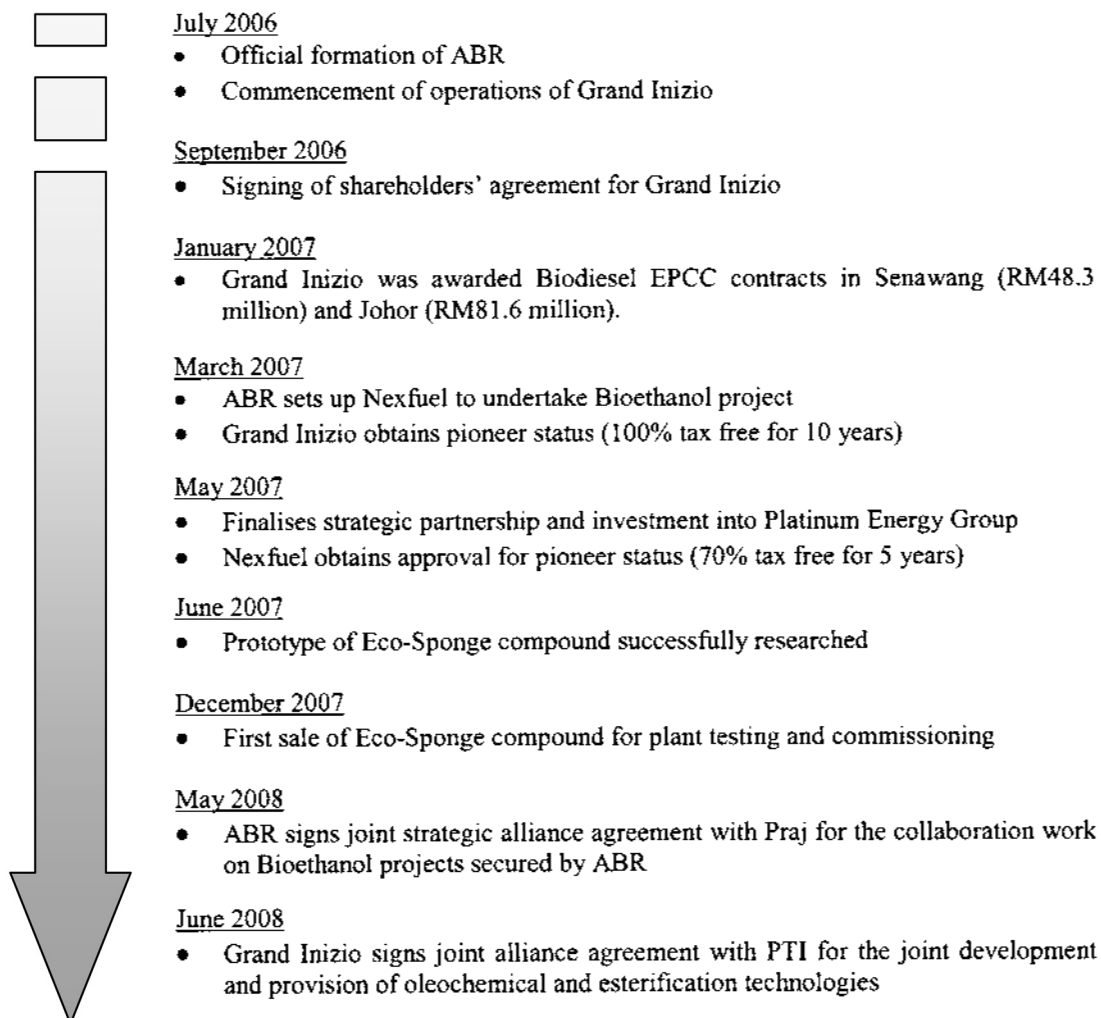
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5 INFORMATION ON ABT GROUP (Cont'd)

5.15 KEY MILESTONES, ACHIEVEMENTS AND AWARDS

Between the years 2006 and 2008, ABT Group has proceeded to incubate companies with core technologies in the Bioenergy industry.

Below outlines key historical milestones for our Group and our Incubatee Companies.



5.16 INTERRUPTIONS IN OPERATIONS DURING THE PAST TWELVE (12) MONTHS

There has been no interruption to our business or operations in the past twelve (12) months.

5.17 EXCEPTIONAL FACTORS AFFECTING THE BUSINESS

Save for the risk factors highlighted in Section 4 of this Prospectus, we do not foresee any exceptional factors, which may affect our business.

5.18 MAJOR CUSTOMERS

We are a technology incubator with our core activity being that of nurturing technology related businesses. As such, we do not have any major customers.

5 INFORMATION ON ABT GROUP (Cont'd)

5.19 MAJOR SUPPLIERS

We are a technology incubator with our core activity being that of nurturing technology related businesses. As such, we do not have any major suppliers for the business.

5.20 OWNED/ RENTED PROPERTY

As at the LPD, the details of the properties rented by the Group are as follows:-

Registered owner	Postal address	Tenure of rental	Description	Existing usage	Total built up area (sq. feet)	Date of Certificate of Fitness	Rental per month
Looi Kem Loong	13A06, Lobby 1, Block A, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor	30 months expiring 3/1/09	Office space for ABR	Office	1,249	10 November 2000	RM1
Triple Gate Marketing Sdn Bhd *	13A08, Lobby 2, Block A, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor	24 months expiring 30/11/08	Office space for ABR	Office	1,249	10 November 2000	RM1

Note:-

* owned 50% by Looi Kem Loong

We are not aware of breach of any law, rules and building regulations in relation to the use of the buildings rented by us.

5.21 OUR SUBSIDIARY AND ASSOCIATED COMPANIES

5.21.1 Information on ABR

(a) History and business

ABR was incorporated in Malaysia under the Act as a private limited company on 4 July 2006 and commenced operations in July 2006. The principal activity of ABR is that of research and strategy advisory.

(b) Share Capital

As at the LPD, the authorised share capital of ABR is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which 509,500 ordinary shares of RM1.00 each have been issued and fully paid-up

Details of the changes in issued and paid-up share capital of ABR since its incorporation is as follows:-

Date of allotment	No. of ordinary shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
4/7/2006	2	1.00	Subscribers' shares	2.00
1/8/2006	79,998	1.00	Cash	80,000.00
4/5/2007	160,000	1.00	Cash	240,000.00
7/5/2007	187,500	1.00	Cash	427,500.00
4/6/2007	50,000	1.00	Cash	477,500.00

5 INFORMATION ON ABT GROUP (Cont'd)

Date of allotment	No. of ordinary shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
5/6/2007	22,500	1.00	Cash	500,000.00
8/6/2007	9,500	1.00	Cash	509,500.00

(c) Substantial Shareholders

As at the LPD, ABR is a wholly-owned subsidiary of ABT.

(d) Subsidiary and Associated Companies

As at the LPD, the subsidiary and associated companies of ABR are as follows:

Name	Date & Place of incorporation	Equity interest	Issued and paid-up capital	Principal activity
<u>Subsidiary Companies</u>				
ALC Management	23/6/2006 Malaysia	100	2	Corporate service provider
STSB	3/11/2003 Malaysia	100	327,905	PLC, ERP systems and e-learning products and training provider
<u>Associated Companies</u>				
Grand Inizio	19/1/2006 Malaysia	20	25,000,000	Technology provider for Biodiesel and oleochemical plants (proprietary technology)
Eco-Sponge	21/8/2007 Malaysia	25	1,000	Producer of a proprietary blend of compound used in Biodiesel plants as absorbent/filtration

5.21.2 Information on ALC Management**(a) History and business**

ALC Management was incorporated in Malaysia under the Act as a private limited company on 23 June 2006 and commenced operations on August 2006. The principal activity of ALC Management is providing corporate services.

(b) Share Capital

As at the LPD, the authorised share capital of ALC Management is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 2 shares have been issued and fully paid-up.

5 INFORMATION ON ABT GROUP (Cont'd)

Details of the changes in issued and paid-up share capital of ALC Management since its incorporation is as follows:-

Date of allotment	No. of ordinary shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
23/6/2006	2	1.00	Subscribers' shares	2.00

(c) Substantial Shareholders

As at the at the LPD, ALC Management is a wholly-owned subsidiary of ABR.

(d) Subsidiary and Associated Companies

As at the LPD, ALC Management does not have any subsidiary or associated companies.

5.21.3 Information on STSB**(a) History and business**

STSB was incorporated in Malaysia under the Act as a private limited company on 3 November 2003 and commenced commercial operations on July 2007. The principal activities of STSB is PLC, ERP systems and e-learning products and training provider.

STSB obtained MSC Malaysia Status on 13 November 2003.

(b) Share capital

As at the LPD, the authorised share capital of STSB is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which 327,905 shares have been issued and fully paid-up.

Details of the changes in issued and paid-up share capital of STSB since its incorporation is as follows:-

Date of allotment	No. of ordinary shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
3/11/2003	100	1.00	Subscribers' shares	100.00
18/4/2007	327,805	1.00	Cash	327,905.00

(c) Substantial Shareholders

As at the LPD, STSB is a wholly-owned subsidiary of ABR.

(d) Subsidiary and Associated Companies

As at the LPD, STSB does not have any subsidiary or associated companies.

5.21.4 Information on Grand Inizio**(a) History and business**

Please refer to Section 5.5.1 herein.

5 INFORMATION ON ABT GROUP (Cont'd)**(b) Share capital**

As at the LPD, the authorised share capital of Grand Inizio is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each, of which 25,000,000 shares have been issued and fully paid-up.

(c) Substantial Shareholders

As at the LPD, the substantial shareholders of Grand Inizio are as follows:-

Name	Nationality/ country of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
Primary Capital Sdn Bhd	Malaysia	8,750,000	35.0	-	-
ABR	Malaysia	5,000,000	20.0	-	-
Tan Kooi Jiu	Malaysian	5,000,000	20.0	-	-
Haw Chiew Ping	Malaysian	5,000,000	20.0	-	-
Dr. Chuah Chaw Teo	Malaysian	1,250,000	5.0	-	-

(d) Subsidiary and Associated Companies

As at the LPD, Grand Inizio does not have any subsidiary or associated companies.

5.21.5 Information on Eco-Sponge**(a) History and business**

Please refer to Section 5.5.2 herein.

(b) Share capital

As at the LPD, the authorised share capital of Eco-Sponge is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 1,000 shares have been issued and fully paid-up.

(c) Substantial Shareholders

As at the date LPD, the substantial shareholders of Eco-Sponge are as follows:-

Name	Nationality/ country of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
Ir. Tan Kiat Poh	Malaysian	750	75.0	-	-
ABR	Malaysia	250	25.0	-	-

(d) Subsidiary and Associated Companies

Eco-Sponge does not have any subsidiary or associated companies.

5 INFORMATION ON ABT GROUP (Cont'd)

5.22 SUMMARY OF THE BUSINESS DEVELOPMENT PLAN

The following is a summary of our Business Development Plan prepared for the purpose of inclusion in this Prospectus.

5.22.1 Business Objectives

We are a business incubator group focused on making early stage investments in new or developing technologies and projects. Our present focus is on incubating companies in or related to the Bioenergy industry, which has been experiencing rapid growth in recent years.

We aim to steadily grow our investment fund and progressively expand our coverage of investment to encompass other exciting opportunities from within Malaysia and abroad. Ultimately, we hope to become an investment hub in business related to Bioenergy, the very first listed company in Malaysia and possibly South East Asia.

5.22.2 Business Direction

To achieve our business objective, we intend to firstly strengthen the existing businesses of our Incubatee Companies through developing their markets via participation in international exhibitions and engaging in marketing road shows. We will also seek to float our Incubatee Companies on various stock exchanges, depending on suitability, to enhance their business profile as well as to raise necessary funds for their expansion purposes.

Thereafter, we plan to commercialise our pioneer Bioethanol project through Nexfuel. We expect that the successful commissioning of the project will enable Nexfuel to take full advantage of our contacts in the Bioenergy industry to ensure high returns to our shareholders.

We also intend to invest in future projects currently researched by our R&D arm. We have identified several key areas of development of future products and technology in relation to the Bioenergy industry. Further information on our R&D initiatives is set out in Section 5.7 of this Prospectus.

Please refer to Section 6.6 of this Prospectus for further information on our future plans and strategies.

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6 INDUSTRY OVERVIEW

6.1 OVERVIEW OF THE MALAYSIAN ECONOMY

The Malaysian economy registered a growth of 6.3% (1Q 08: 7.1%) in the second quarter of 2008. Growth was supported by strong external demand while domestic demand expanded at a more moderate pace.

Growth in domestic demand moderated but remained strong at 7.8% in the second quarter (1Q 08: 10%). Private consumption increased by 9% (1Q 08: 11.7%) in an environment of higher consumer prices and softer consumer sentiment. Higher expenditure on emoluments, defence, supplies and services supported the growth in public spending (7.1%, 1Q 08: 10.5%). Investment activity was sustained at 5.6% (1Q 08: 6%), supported by continued inflow of foreign direct investment, mainly into the services and manufacturing sectors, and higher development expenditure by the government. While most investment indicators suggest continued expansion in capital spending, the higher cost of investment activities dampened investment spending in real terms.

All key sectors contributed positively to growth, except for mining. The services sector expanded by 7.6% (1Q 08: 7.9%), led by strong growth in the wholesale and retail trade, and favourable performance in the communication, transport and storage; and finance and insurance sub-sectors.

Growth in the agriculture sector (5.9%, 1Q 08: 6.3%) was underpinned by double-digit expansion in crude palm oil production. The construction sector grew at a moderate pace (3.9%, 1Q 08: 5.3%) amidst the rising cost of building materials. Meanwhile, the mining sector contracted slightly due to lower output of natural gas.

Going forward, the international economic and financial environment is expected to be more challenging. Global growth is projected to weaken further with a more protracted slowdown in a number of the developed economies and some moderation in growth in the emerging economies. While commodity and energy prices have experienced some correction in response to signs of slower global growth, prices remain elevated. Meanwhile, the international financial markets continue to remain fragile.

The domestic economy will be affected by these external developments. In addition, the impact of rising commodity and fuel prices and costs will continue to have a deflationary impact on domestic demand, as well as affecting consumer and business sentiments. Despite signs of moderating growth, the underlying fundamental strength of the Malaysian economy and the resilient banking sector provide the potential of the Malaysian economy to resume its steady growth path.

(Source: Bank Negara Malaysia, Economic and Financial Developments in Malaysia in the Second Quarter of 2008)

6.2 BIOENERGY INDUSTRY

6.2.1 Overview

Biofuel can be broadly defined as solid, liquid, or gas fuel derived from recently dead biological material. This distinguishes it from fossil fuels, which are derived from long dead biological material. Biofuel can be theoretically produced from any (biological) carbon source, though the most common by far is photosynthetic plants. Many different plants and plant-derived materials are used for Biofuel manufacture.

Biofuels offer the possibility of producing energy without a net increase of carbon into the atmosphere because the plants used to produce the fuel have removed carbon dioxide ("CO₂") from the atmosphere, unlike fossil fuels which return carbon which was stored beneath the surface for millions of years into the air. Biofuel is therefore more nearly carbon neutral and less likely to increase atmospheric concentrations of greenhouse gas. The use of Biofuels also reduces dependence on petroleum and enhances energy security.

6 INDUSTRY OVERVIEW (Cont'd)

There are two (2) common strategies of producing Biofuels. One is to grow crops high in either sugar such as sugar cane, sugar beet, and sweet sorghum or starch (corn and cassava), and then use yeast fermentation to produce ethyl alcohol (Bioethanol). The second is to grow plants that contain high amounts of vegetable oil, such as oil palm, soybean, or jatropa. When these oils are heated, their viscosity is reduced, and they can be burned directly in a diesel engine, or the oils can be chemically processed to produce fuels such as Biodiesel.

(Source: Management)

6.2.2 Biodiesel Overview

An overview of the Bioenergy Industry as extracted from Frost & Sullivan's report entitled *Strategic Analysis of the Asia Pacific Biodiesel Industry*, P13E-39 is as follows:-

Biodiesel is a renewable fuel that is nontoxic and rapidly biodegradable. It has about 50% less life cycle CO₂ emissions than mineral diesel, and also has lower particulate exhaust emissions. These environment-friendly attributes, coupled with certain performance advantages such as high lubricity, cetane number, and flash point, have prompted many countries around the world to encourage its use, typically blended with mineral diesel. While it is primarily used as a fuel in the transportation sector, it is also used in industrial applications to power diesel generators and boilers.

Globally, the largest market for Biodiesel is the European Union. The EU's commitment to achieve a reduction in CO₂ emissions by 8.0% between 2008 and 2012 has resulted in the setting of a target of 5.75% Biofuels of all transportation fuel by December 2010, and 10% by 2020, which is calculated on the basis of energy content. Though the US is a smaller market, it is witnessing rapid growth in terms of both new Biodiesel capacities coming onstream as well as increased consumption of Biodiesel. Markets in Latin America (especially Argentina and Brazil) are also developing strongly while the Asia Pacific region is also developing strongly as a market for Biodiesel, as well as a major source of supply.

In the Asia Pacific region, although much of the early investment in Biodiesel production in the region was targeted at export markets, domestic consumption within the region is becoming more important. Many countries aim to be self-sufficient in Biodiesel, and see stimulation of domestic demand as a key to spurring investment. From consumption that was virtually negligible across the region in 2004, it is likely to reach 980,000 tonnes in 2007, with China, South Korea, Indonesia, and the Philippines being the largest markets. Going forward, government mandates and other policies are likely to drive demand to over 7 million tonnes by 2013.

Industry Status

Malaysia

Since 2004, there has been an upsurge in the Biodiesel industry in Malaysia primarily through companies planning to establish production facilities to produce Biodiesel from palm oil. This was mainly due to the encouragement provided by the Government and the Malaysian Palm Oil Board (MPOB), which view this industry as a generator of valuable export revenues and as a means to increase palm oil price, which could have a beneficial effect on the overall economy. Malaysia has, for long, been the world's largest palm oil producer, but has recently been overtaken by Indonesia. In total, MIDA has given licences to 92 Biodiesel plants, although it is very unlikely that all plants will be built. Currently, there are 11 plants that are either operational or undergoing commissioning.

At present, most of these plants are planning to export to the European Union or other export markets, where there is sizable and growing demand for Biodiesel, and where taxation advantages or other subsidies make Biodiesel cost-competitive with mineral diesel.

In terms of the domestic market, there has been practically no usage of Biodiesel as of mid-2007. Malaysia uses around 10 million tonnes of diesel per annum, which is subsidized by the Government for many users. Hence, even at prevailing mineral oil prices, palm-oil-based

6 INDUSTRY OVERVIEW (Cont'd)

Biodiesel costs more to produce than mineral diesel. The Malaysian Parliament has passed a biofuel bill that, when implemented, will mandate the introduction of a B5 blended product to replace all mineral diesel. Theoretically, this will create a market for around 500,000 tonnes of Biodiesel annually; however, the Government has held off from implementing the bill as a result of the current high palm oil prices.

In August 2006, a 'Biofuel hub' was established in Tanjung Langsat, Pasir Gudang, to promote Biofuel investments in terms of production facilities as well as technology.

Indonesia

The Biodiesel industry in Indonesia is still developing, both in terms of local consumption and production. However, as Indonesia is currently the world's largest producer of vegetable oils, it is capable of developing a sizable local industry, deriving the benefits of low-cost feedstock such as palm oil, and possibly jatropha and other vegetable oils.

In May 2006, the state-owned oil company PT Pertamina began selling a blended product branded BioSolar at some selected gas stations. This product is available in a B5 blend, and was priced the same as mineral diesel. The company plans to increase the sales of this fuel to all of its gas stations. However, in February 2007, Pertamina reduced the blending percent to 2.5%, as a result of the high palm oil price.

One of the main regulatory drivers behind Biofuels was the launch of the National Energy Policy in 2006, which aims at reducing Indonesia's dependence on fossil fuels. According to the policy, a target was set for Biofuels to achieve 1.3% share of energy consumption in 2010 and 5.0% in 2025. The National Energy Management Blueprint (BP-PEN), has set a target of replacing 2.0% of mineral diesel with Biodiesel in 2010. This is equivalent to 620,000 tonnes (720,000 kiloliters). However, in practice, it is likely that this target will be exceeded, since Pertamina is aiming for B5 or B10 blends for transport fuels and B20 blends for the industrial and power generation industries (which account for 55.0% of total diesel consumption). The Indonesian Directorate General of Oil and Gas has mandated that mineral diesel may have a FAME content of up to 10.0%.

Since it is the only main supplier of mineral diesel, Pertamina can effectively determine the take-up of Biodiesel, since it replaces standard diesel sales with BioSolar sales. Pertamina plans to replace almost all standard diesel sold in Indonesia with a Biodiesel blend. This is likely to create a substantial domestic market for FAME. However, the speed with which this target can be achieved depends on the availability of Biodiesel, and its prevailing costs.

Although a member of the Organization of Petroleum Exporting Countries (OPEC), Indonesia is a net importer of oil, as the domestic refining capacity of 136,426 tonnes (1.0 million barrels) per day is inadequate to meet domestic demand. Substituting 5.0 to 10.0% of diesel consumption with domestically produced Biofuels is expected to result in a substantial reduction in imports saving over \$100.0 million a month in foreign exchange.

The Government has also announced credit interest subsidies for Biofuel production, but details of the scheme are not yet clear.

The Philippines

The Philippines, which depends completely on imports for its fossil fuel requirements, has realized the potential of Biodiesel much earlier than other Southeast Asian countries. The Bio-Fuels Law was passed in early 2007, mandating a 1.0% Biodiesel blend from May 2007, and 2.0% from 2009. Additionally, the National Bio-Fuels Board was created in 2007 to oversee the country's Biofuels programme.

The preferred feedstock for Biodiesel production in The Philippines is coconut oil. As this is a new feedstock for Biodiesel users globally, standard operating procedures for coconut-oil-based Biodiesel are yet to be established. The Government has initiated measures to address these concerns with the help of research conducted in collaboration with the US.

6 INDUSTRY OVERVIEW (Cont'd)

From an end-user perspective, early adopters of Biodiesel in The Philippines have been small oil companies such as Flying V (operated by Trans-World Asia Inc.) and Eastern Petroleum Corporation. Some of the major oil companies feel that the market is not ready for a mandatory use of 1.0% coco-Biodiesel and that ideal usage should be on a voluntary basis.

This is the reason why service outlets offering Biodiesel currently sell pure coco-Biodiesel in bottles, instead of supplying pre-blended coco-Biodiesel. However, with the Bio-Fuels Act approved, mandatory blending is expected to come into effect shortly.

The Government is also promoting jatropha as a feedstock for Biodiesel. Shomar International Trading Corp. of Japan is planning to invest \$189.3 million in this sector in The Philippines. The company has plans for 70,000 hectares of jatropha plantations. Saudi Arabian Oil Co. is another company that is investing in jatropha oil extraction facilities. Based on these new investments, jatropha oil may become a key feedstock for The Philippines in the future.

Thailand

In 2005, demand for diesel in the transportation sector alone was 11.3 million tonnes in Thailand, which was 60.0% of the total transport fuel usage. The annual demand for diesel fuel is increasing at a rate of 3.0%. In 2011, total diesel demand across the transportation and non-transportation sectors in Thailand is expected to be 21.0 million tonnes.

The national energy strategy, which was announced in 2005, aims at reducing oil consumption in the transportation sector by 25.0% by 2009. Gasohol, which is an 'E10' ethanol blend, is targeted to replace gasoline by 2008. Euro IV emission standards are expected to be enforced in 2010. Thailand was the first Asia Pacific country to launch Biodiesel as a national agenda in 2001. Starting in early 2004, the Department of Alternative Energy Development and Efficiency conducted several trial projects in cooperation with state-owned oil companies such as PTT Plc. and The Bangchak Petroleum Public Company Limited to produce Biodiesel in a 2.0% blend for public buses in Chiang Mai. The results of these projects were positive and this has improved consumer confidence in Biodiesel. In July 2006, Toyota Motor Corporation, Kasetsart University, and PTT Plc. jointly announced the commencement of a two year research project on the viability of jatropha Biodiesel in Thailand.

Currently, there are several Biodiesel plants using feedstock ranging from palm oil to tallow and used cooking oil. Around 600 petrol stations distribute B5 in Thailand, mainly owned by the main oil companies PTT and The Bangchak Petroleum Public Company Limited. National Biodiesel standards have also been developed. The Government does not impose taxes on Biodiesel and subsidizes Biofuel through an oil fund, which comes from the surcharges from domestic retail prices of diesel and gasoline.

In 2007, the Energy Policy Management Committee announced that a 2% Biodiesel blend be introduced for all high speed diesel (HSD) from April 2008. The intention is to move eventually to a 5% blend.

Singapore

The Singapore Government is stimulating the Biodiesel industry, with the aim of establishing Singapore as a manufacturing and trading hub for Biodiesel rather than a domestic market. Diesel is not preferred in Singapore on account of particulate emissions, and the Government discourages diesel use in the country. Diesel-powered vehicles accounted for only 22.0% of total motor vehicle population in 2005 (which excluded motorcycles, taxis, and tax-exempted vehicles), while petrol-driven vehicles accounted for 78.0%.

According to the National Environment Agency (NEA) and the Land Transport and Authority (LTA), diesel vehicles in the country contribute 50.0% of the total PM2.5 emissions (particulate matter smaller than 2.5 microns). Road tax for diesel-powered passenger cars in the country used to be six times the value for petrol-driven cars until December 2005, when it was reduced to four times for diesel cars meeting Euro 4 emission standards. This factor will greatly hinder the emergence of the country as a large domestic market for Biodiesel consumption.

6 INDUSTRY OVERVIEW (Cont'd)

However, the Government is supportive of Biodiesel due to its favorable emission characteristics and is considering options to promote its consumption in the country. The 'Singapore Green Plan 2012' initiative aims at reducing carbon dioxide (CO₂) emissions in 2012, by a minimum of 25.0% of 1990 levels. The Economic Development Board (EDB) is partnering with a few stakeholders, oil companies, palm plantation companies, engine manufacturers, and automotive companies to evaluate different aspects of this fuel and the industry. One major impetus in the collaborative research program is innovation, with the aim of making Singapore the technology leader in this industry.

A small plant, Biofuel Research Pte Ltd was established in Tuas in 2006, to manufacture Biodiesel from waste cooking oil and primarily serve the local market. Apart from this, there are other plants being constructed or planned in Singapore primarily to service export markets, benefiting from Singapore's status as a major oil refining center and its key location on global shipping routes.

China

The Chinese Biodiesel market is still in its infancy stage, with 2006 production around 200,000 tonnes. China is heavily reliant on diesel fuel as opposed to gasoline. In 2005, the consumption of diesel in China was 82.0 million tonnes as against 40.0 million tonnes of gasoline. Demand for petroleum is growing at a rate of 5.77% per year as opposed to 1.67% for production. This unbalanced supply-and-demand scenario was evident from the tight fuel supply situation that the country experienced in 2005. According to the International Energy Organization, China's dependence on imports of crude oil will increase from the present 30.0% to 50.0% in 2015. It is estimated that diesel demand will exceed 100.0 million tonnes in 2010, increasing by 24.0% from 2005, and will reach 130.0 million tonnes in 2015.

Apart from some limited rapeseed-oil-based production, which is mainly for exports to Europe, and ongoing trials using jatropha and local oil-based wild seeds, the majority of Biodiesel plants use waste cooking oil (WCO) and vegetable oil offal as feedstock. Most plants use WCO, vegetable oil offal, oil sediments, and soap stocks from vegetable oil production as feedstock. These feedstocks are much cheaper than virgin vegetable oils and have enabled Chinese Biodiesel producers to sell at prices lower than mineral diesel, and still make healthy margins. In 2006, however, even prices for these feedstocks increased significantly.

The same year, China generated 1.5 to 2 million tonnes of WCO from restaurants and hotels in large cities. As it is the world's largest rapeseed producer and is among the largest soybean producers, China has an output of 700,000 tonnes per annum of vegetable oil offal. The Government has also initiated a national agricultural and forestry biomass engineering project that aims to develop plantations that are likely to be used as feedstock for Bioenergy.

Currently, there is no concrete favorable tax structure or specific capital subsidies in place. Discussions on a mandatory law for Biofuels are in progress, although no tangible legislation has yet been enacted. Though Biodiesel production has been flourishing in China recently and is likely to reach 1.5 million tonnes capacity by mid 2008, there is a lack of specific measures for uptake among consumers. The current Biodiesel market is sustained by diesel shortage in the market and the price advantage that Biodiesel has over conventional diesel as a result of the access to cheap feedstocks.

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6 INDUSTRY OVERVIEW (Cont'd)

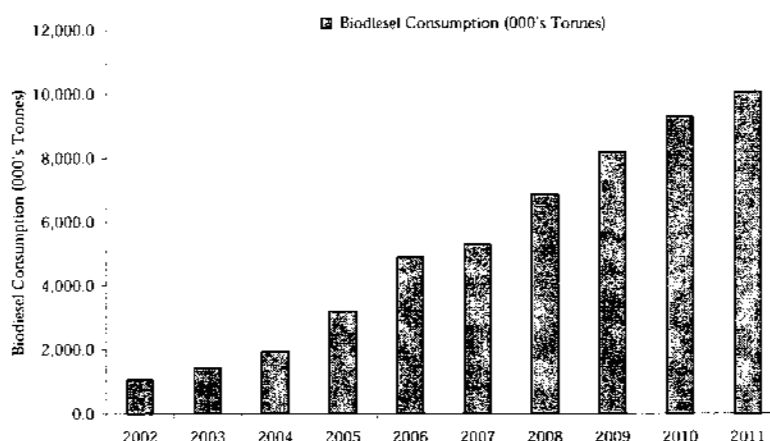
Demand Analysis**Key Export Markets****Europe****Overall Biodiesel Demand**

In the European Union, Biodiesel consumption increased from around 1.07 million tonnes in 2002 to 4.89 million tonnes in 2006. With an average price (ex works) of \$0.84 per liter (€0.61) in 2006, total revenue from the sale of Biodiesel in 2006 amounted to \$4.65 billion (€3.42 billion). Based on estimated E.U. transportation diesel consumption of 185 million tonnes, this suggests that Biodiesel accounted for over 2% of overall transportation diesel usage by volume and less by energy value.

If the E.U. directive target of 5.75% by December 2010 is to be met, then around 12 million tonnes of Biodiesel will be required. However, market estimates assume that this level will not be reached in its entirety across all member states.

The chart below provides the Biodiesel consumption forecasts in the European Union from 2002 to 2011.

Biodiesel Industry: Biodiesel Consumption Forecasts (European Union), 2002-2011



Note: All figures are rounded. Source: Frost & Sullivan

The main drivers of demand for Biodiesel in this region are the EU Directive on Biofuels which is driving several member states to introduce mandates on Biofuel use, increased penetration of diesel-powered vehicles, and the tax benefits given to Biofuels in most member states. However, the main restraints for demand are the high feedstock prices, lack of tangible support from many oil companies, and the uneven rate of progress in terms of government initiatives in the member states.

Demand for Imported Biodiesel

Not only is there a constraint in terms of availability of large areas of land for growing the crops, but there are competing end uses that cannot be ignored, especially demand from the food sector. While this may prompt EU Biodiesel producers to import lower-cost feedstock such as palm oil, not all Biodiesel plants are capable of using multiple feedstocks and not all plants have the logistical support or the plant infrastructure to keep the palm oil heated (to prevent it from solidifying in the cold) during transportation and processing in Europe. Moreover, imports of both crude and refined palm oil currently into the EU have import duties of 3.8% and 9.0%, respectively.

6 INDUSTRY OVERVIEW (Cont'd)

With domestic production unlikely to meet Biodiesel demand in the European Union, there is a strong case for imported Biodiesel in the region.

The US

Biodiesel is only just emerging as a viable alternate fuel in the US. The National Biodiesel Board (NBB) estimated that 833,000 tonnes (250 million gallons) of Biodiesel were produced in the country in 2006. While this is a small amount when compared to the European Union's 3.9 million tonnes, it represents a 300.0% growth over the previous year.

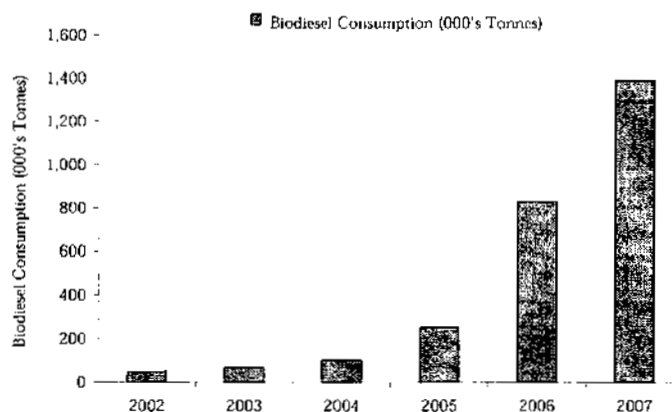
Government tax incentives, an increasing number of new plants being established, competitive pricing (when compared to mineral diesel), increased penetration of diesel vehicles, and increasing end-user awareness are combining to ensure that the US experiences Biodiesel consumption growth at a strong rate for the near future.

When compared with the total on-road diesel consumption of 120.0 million tones (37.00 billion gallons) a year, Biodiesel appears a very small market, but this fuel is becoming increasingly mainstream.

The NBB estimates that over 1,400 petroleum distributors and 450 retail filling stations supply Biodiesel. It also expects that consumption will more than double by 2008, as known new plants come onstream. Additionally, there are likely to be increased imports of Biodiesel into the U.S. market. For instance, producers from Southeast Asia have started to import into the US, as well as some from South America. Whether imports into the US will result in protectionist measures (to protect domestic vegetable oil and Biodiesel producers) remains unclear. The American Soybean Association (ASA) has called for imported Biodiesel to be exempted from federal tax benefits.

The chart below provides the Biodiesel consumption forecasts in the US from 2002 to 2007.

Biodiesel Industry: Biodiesel Consumption Forecasts (United States), 2002-2007



Note: All figures are rounded. Source: Frost & Sullivan

Malaysia

It is likely that at some point (probably when palm oil prices have fallen from their current level), the Malaysian Government will seek to enforce a 5.0% Biodiesel usage mandate. However, B5 is defined by the Government as 5.0% palm olein blended with mineral diesel, for domestic consumption, or 5.0% palm methyl ester blended with mineral diesel. While palm olein does not technically qualify as Biodiesel, there are several reasons for its use in a blend:

- This is a viable fuel, especially due to the tropical climate in Malaysia and the fact that the percent of blend is low (5.0%);

6 INDUSTRY OVERVIEW (Cont'd)

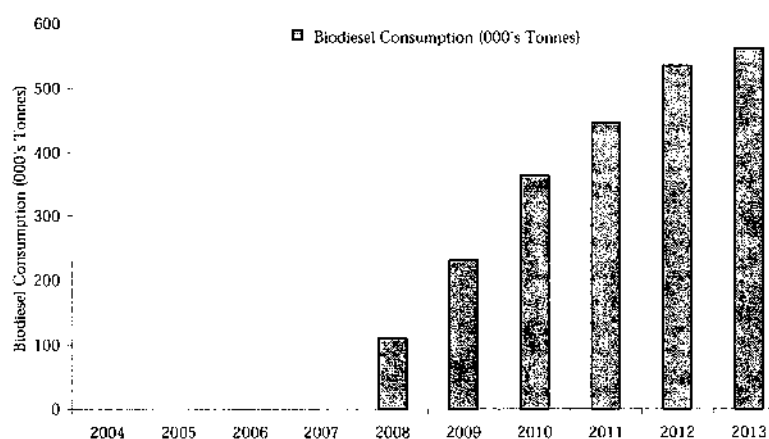
- Straight vegetable oil (SVO) is a more affordable option for domestic end users than using FAME; and
- The FAME volumes produced by many Biodiesel plants being established in Malaysia are targeted at export markets, bringing in significantly higher returns to producers than if targeted at domestic end users with lower price thresholds

Under these circumstances, any significant Biodiesel demand (FAME) in Malaysia is not expected in the near future. Any restrictions on Biodiesel import quantities into the EU or other legislative actions that may be introduced in the export markets might change the demand situation in Malaysia. For example, if the EU decides to protect its domestic industry by introducing restrictions on import quantities of palm oil-based Biodiesel or by increasing import duty, Malaysian producers may have to focus more on domestic consumption and alternate export markets, and the Government may then be expected to reconsider its definition of Biodiesel for domestic use.

Given this uncertainty, the forecasts provided for Biodiesel demand in Malaysia refer to both FAME and the refined palm oil blend that the Government is aiming to promote. It is difficult to estimate the proportion each of these two fuels would take.

The chart below provides the Biodiesel consumption forecasts for the Malaysian Biodiesel industry from 2004 to 2013.

Biodiesel Industry: Biodiesel Consumption Forecasts (Malaysia), 2004-2013



Note: All figures are rounded. Source: Frost & Sullivan

Indonesia

Consumption of diesel has been increasing at an average of 7.0% annually over the past ten years in Indonesia to reach 27 million tonnes in 2006. Going forward, a growth rate of 5.0% per annum after 2006 has been assumed. Nearly half of diesel consumption is accounted for by transportation use and the balance by industry and power generation. Pertamina commenced selling FAME in May 2006 as a B5 blend branded 'BioSolar'. This product has been marketed in place of standard diesel at Pertamina service stations in Jakarta and Surabaya. The company plans to substitute most of its current standard diesel sales with FAME blends, either B5 or B10, going forward, with the main restriction currently being supply availability, since current supply is limited. As the effective single largest distributor of diesel in Indonesia, Pertamina has the ability to determine the uptake of Biodiesel, since it can replace standard diesel sales with the FAME blend.

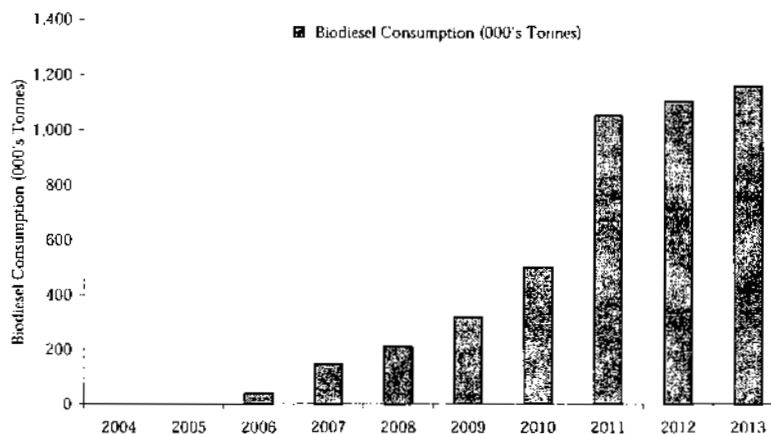
However, in early 2007, Pertamina reduced its blending to 2.5%, due to the high palm oil price. Forecasts of market size for FAME are therefore based on the rate at which domestic supply will become available and the blending percent that Pertamina uses. Additionally, the complicated logistics in the Indonesian archipelago may inhibit sales of blended Biodiesel

6 INDUSTRY OVERVIEW (Cont'd)

throughout the country. Frost & Sullivan has assumed that on an aggregate the blending percentage is likely to rise to 3.0 percent by 2013.

The chart below provides the Biodiesel consumption forecasts for the Indonesian Biodiesel industry from 2004 to 2013.

Biodiesel Industry: Biodiesel Consumption Forecasts (Indonesia), 2004-2013



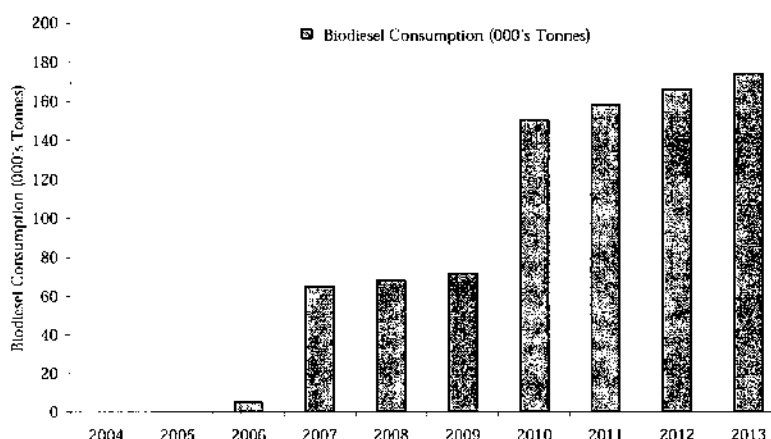
Note: All figures are rounded. Source: Frost & Sullivan

The Philippines

The forecast provided for Biodiesel consumption in the Philippines is based on the fact that the National Biofuels Act has been passed by the Government and that oil companies should commence preblending shortly so that Biodiesel is supplied at the pump, initially at 1.0% and rising to 2.0%.

The chart below provides the Biodiesel consumption forecasts for the Philippines Biodiesel industry from 2004 to 2013.

Biodiesel Industry: Biodiesel Consumption Forecasts (The Philippines), 2004-2013



Note: All figures are rounded. Source: Frost & Sullivan

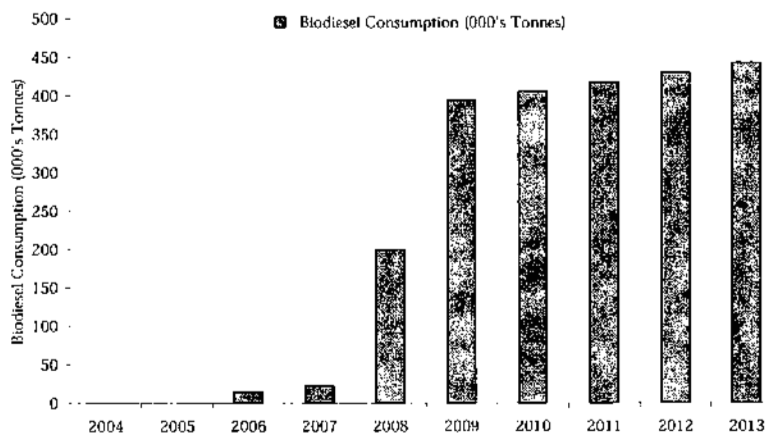
6 INDUSTRY OVERVIEW (Cont'd)

Thailand

The Government of Thailand has set a target of replacing 10.0% of diesel with Biodiesel in the transportation sector by 2012. However, this is subject to the availability of adequate supply of Biodiesel from producers in the country. From 2008, the Government plans to mandate a 2.0% blend and this has been used as the basis for consumption forecasts.

The chart below provides the Biodiesel consumption forecasts for the Thai Biodiesel industry from 2004 to 2013.

Biodiesel Industry: Biodiesel Consumption Forecasts (Thailand), 2004-2013



Note: All figures are rounded. Source: Frost & Sullivan

Apart from diesel-powered buses and trucks, significant consumption is also expected to come from fishing trawlers.

Singapore

In Singapore, diesel and diesel-powered vehicles are not preferred. The total number of diesel vehicles is 137,000 and total diesel demand is 1.4 million tonnes per annum. In fact, the Government has taken some steps to control diesel usage in the country. One such measure is the tax that diesel-powered passenger cars need to pay, which was six times the road tax for petrol-driven cars. In December 2005, this tax was reduced to four times that of petrol-driven cars for Euro 4 emission standard diesel models.

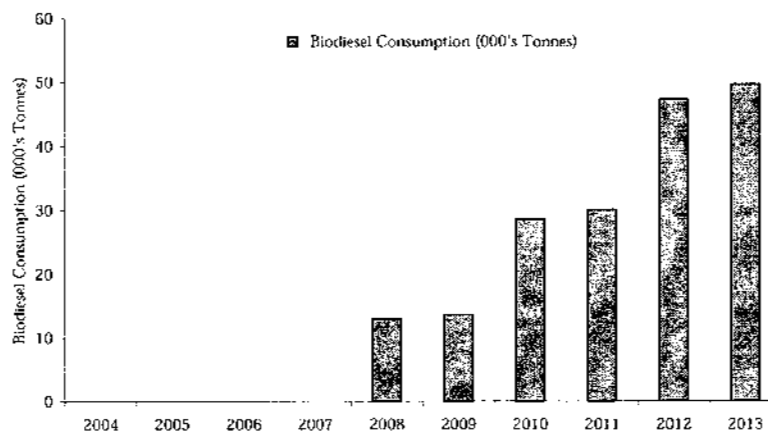
However, the Government's attitude toward Biodiesel blends is more positive, as Biodiesel has a 'greener' image. Currently, the Economic Development Board (EDB) has partnered with Robert Bosch GmbH, Royal Dutch Shell plc, Mercedes-Benz, Volkswagen, and Kuok (Singapore) Limited to try Biodiesel blends for use in existing diesel engines. It was proposed that the Biodiesel be supplied by the Peter Cremer GmbH plant to be set up in Singapore with 95.0% ultra-low sulfur diesel (ULSD) from Shell. These Biodiesel blends are reported to have less particulate matter and this is the key factor that is stimulating interest in the country. However, growth of the Biodiesel industry will depend on the EDB's study results (the trials commenced in late 2006 and are to run for a two-year period) and decisions that the Government takes based on these results.

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6 INDUSTRY OVERVIEW (Cont'd)

The chart below provides the Biodiesel consumption forecasts for the Singaporean Biodiesel industry from 2004 to 2013.

Biodiesel Industry: Biodiesel Consumption Forecasts (Singapore), 2004-2013



Note: All figures are rounded. Source: Frost & Sullivan

The forecast provided assumes that the outcomes of the Biodiesel trials are successful and that in its implementation of a mandatory blending target of an assumed 3.0%, the Government is likely to ensure almost country-wide compliance as soon as the target comes into effect, as opposed to a gradual build-up of Biodiesel blending that is assumed in most other Asia Pacific countries.

China

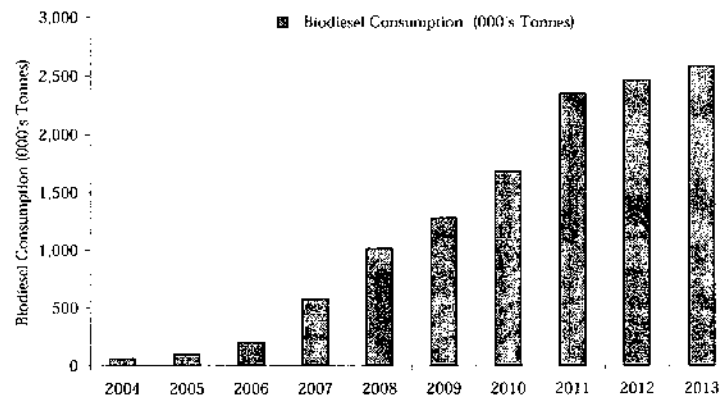
The current Biodiesel market in China is still developing due to the lack of mandatory uptake and limited blending so far from the major oil suppliers. The uptake of Biodiesel is voluntary and is mainly due to intermittent diesel shortages and the ability of Biodiesel producers to sell below the diesel price. In forecasting market demand, current supply and government plans for promoting Biofuels uptake have been assessed. The current Biodiesel consumption is based on production, while for the future market size, the implementation of the Biofuels uptake plan announced by the Government, which is to substitute 2.0 million tonnes of mineral fuel in 2010 with Biofuels, has been assumed.

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6 INDUSTRY OVERVIEW (Cont'd)

The chart below provides the Biodiesel consumption forecasts for the Chinese Biodiesel industry from 2004 to 2013.

Biodiesel Industry: Biodiesel Consumption Forecasts (China), 2004-2013



Note: All figures are rounded. Source: Frost & Sullivan

(Source: Frost & Sullivan, *Strategic Analysis of the Asia Pacific Biodiesel Industry*, P13E-39)

6.2.3 Malaysia's National Biofuel Policy ("Policy")

The Policy was introduced on 10 August 2005 by the Ministry of Plantation Industries and Commodities, Malaysia. The Policy encourages the use of Biofuels in line with the nation's five (5) fuel diversification policy. It spells out a comprehensive framework with concrete initiatives in line with the objectives of the United Nations Framework Convention on Climate Change (UNFCCC) to which Malaysia is a party.

Malaysia has the potential to lead the way in Biofuels production by capitalising on its vast production of agricultural products and by-products. The Policy sets out the platform for attainment of the following objectives:

- Supplementing the depleting supply of fossil fuels with renewable resources;
- Mobilising local resources for Biofuels;
- Exploiting local technology to generate energy for the transportation and industrial sector;
- Paving the way for exports of Biofuels; and
- Benefiting from the spin-off effect of more stable prices for palm oil.

The Policy is underpinned by five (5) strategic thrusts:

Thrust 1: Biofuel for Transport

Diesel for land and sea transport will be a blend of 5% processed palm oil and 95% petroleum diesel. This B5 diesel (diesel that contains 5% Biodiesel blend) will be made available throughout the country. As this sector is the main user of diesel which is highly subsidised, it will be given priority in this policy.

Thrust 2: Biofuel for Industry

B5 diesel will also be supplied to the industrial sector including for firing boilers in manufacturing, construction machinery, and generators.

6 INDUSTRY OVERVIEW (*Cont'd*)

Thrust 3: Biofuel Technologies

Research, development and commercialisation of Biofuel technologies (including technologies for extraction of minor components therein) will be effected and adequately funded by both the government and private sectors including venture capitalists to enable increased use of Biofuel.

Thrust 4: Biofuel for Export

Worldwide interest reflects the important role of Biofuels in energy for sustainable development. Malaysia will have an edge to supply the growing global demand for Biofuel. The establishment of plants for producing Biofuel for export will be encouraged and facilitated.

Thrust 5: Biofuel for Cleaner Environment

The use of Biofuel will reduce the use of fossil fuels, minimise the emission of greenhouse gases (carbon dioxide), carbon monoxide, sulphur dioxide and particulates. Increased use of Biofuel will enhance the quality of the environment.

The Policy will be implemented as follows:-

Short term

- The Malaysian Standard specifications for B5 diesel will be established.
- Selected Government departments with their fleets of diesel vehicles will participate in trials for using B5 diesel.
- B5 diesel pumps for the public will be established at selected stations.
- Voluntary trials on B5 diesel will be run by Malaysian Palm Oil Board for selected users in the industrial sector.
- A promotional awareness programme will educate the public on the use of B5 diesel.
- The voluntary trials will be monitored to enhance acceptance of B5 diesel.

Medium Term

- The Malaysian Standard specifications for palm oil based methyl ester Biofuel for domestic use and export will be established.
- Efforts will be made to get engine manufacturers to extend their warranties to the use of B5 diesel. Extensive B5 diesel testing shall be carried out to facilitate the granting of such engine warranties.
- Legislation to mandate the use of B5 diesel will be passed and enforced.
- To meet strategic thrust for exporting Biofuel, establishment of commercial methyl ester plants will be encouraged. In this regard, MPOB will act as a catalyst by pioneering the establishment of palm Biodiesel plants in Malaysia in collaboration with the private sector.

Long Term

- The proportion of processed palm oil in the diesel blend will be gradually increased.
- Greater uptake of Biofuels technology by Malaysian companies and foreign companies abroad.

Incentives under the Policy

Biodiesel is included in the list of products/activities that are encouraged under the Promotion of Investments Act 1986. Biodiesel projects are therefore eligible to be considered for Pioneer Status or Investment Tax Allowance.

If such projects fulfill specific criteria, they may also be considered for other incentives including:-

- i) Incentives for strategic or high technology projects; and

6 INDUSTRY OVERVIEW (Cont'd)

- ii) Incentives for commercialisation of R&D findings of the public sector in resource based industries.

(Source: National Biofuel Policy, Ministry of Plantation Industries and Commodities, Malaysia)

6.3 BARRIERS TO ENTRY

We are a technology incubator group. We face competition from other capital providers, venture capital companies, large corporations and incubators. Typically, technology incubators encounter reasonably low barriers of entry as any investor with the right funds and expertise can compete in this industry.

Our business model involves us originating ideas rather than just merely investing in them which we believe allows us to gain entry at lower costs and consequently our potential gains may be higher. Our business model also focuses on incubating companies involved in the Bioenergy industry in which our Directors and key management have strong knowledge and experience.

In addition, we are able to leverage on our TAP and our research partners, and together with the various backgrounds and experience of our Directors in engineering, venture capital, technology incubation, investment banking and finance, we are able to deliver a unique value proposition of originating ideas, which we believe can act as a barrier of entry to competitors.

We believe that the Bioenergy industry, as with most fast growing industries is characterised by relatively low barriers of entry. However, our Incubatee Companies possesses proprietary technologies which are unique and capable of delivering potential cost savings to end customers. Grand Inizio's Biodiesel processing technology is also comparatively cheaper than technologies adopted from Germany or US. Similarly, Eco-Sponge's proprietary blend of filtration compound is comparatively cheaper to similar products from the US. Further, Grand Inizio and Nexfuel have obtained pioneer status under the Promotion of Investments Act, 1986 which exempt them from taxation for certain periods as further set out in Section 5.8 of this Prospectus.

In our business model, our Directors and key management play an active role in day to day running of the Incubatee Companies, providing incubation support as well as their expertise in business development and finance. Our Directors and key management are also experienced in the Bioenergy industry. Key to the Group's business model is the use of TAP, which comprises several business and technology experts to assist in the screening of investments and development of new technology or businesses offered by the Incubatee Companies.

We believe that these factors contribute in protecting revenues and profits of our Incubatee Companies from being whittled away by new competitors.

6.4 RELEVANT LAWS AND REGULATIONS GOVERNING THE INDUSTRY AND PECULIARITIES OF THE INDUSTRY

Currently, our Directors are not aware of any laws or regulations which particularly govern the Bioenergy industry in Malaysia.

The activities of our Incubatee Companies falls under manufacturing and commercial development and are therefore subject to general licensing and other related requirements issued by MITI, MIDA, CIDB and DOE. Please refer to Section 5.8 herein for further information.

6.5 PROSPECTS AND OUTLOOK OF THE INDUSTRY

The rising cost of fossil fuel and the increasing demands for energy coupled with the recognition of many governments to reduce dependence on fossil fuels will be the main driver for the Biofuels industry. With the record prices for oil and gas in mid 2008, there is a compelling reason for countries to turn to sustainable and renewable fuels as an alternative for their energy needs. Already the present adoption of Biodiesel-friendly regulatory and government measures world wide presents a story of fast-

6 INDUSTRY OVERVIEW (Cont'd)

growing and emerging markets for Biofuels. Growths in production and demand across the world are testament to this.

To achieve the EU directive target of 5.75% energy equivalent of Biofuels in total transportation fuel in December 2010, it is estimated that 12.0 million tonnes of Biodiesel will be required. The Biodiesel industry in the EU is unlikely to meet this requirement from domestic feedstocks, as rapeseed oil supply in the EU is insufficient to meet the demand from the Biodiesel industry. In addition, with feedstock being the single largest cost component in Biodiesel production, and with Asia Pacific having the benefit of accessing low-cost feedstocks, additional Biodiesel volumes for the EU are likely to be imported from Asia Pacific producers.

This presents Asia Pacific countries the opportunity to export locally-produced Biodiesel at rates that are attractive to European buyers and which would still provide them healthy margins. When compared to the EU, the Biodiesel market in the US is only emerging; however, in the long term, this market may also present Asia Pacific Biodiesel producers an attractive export opportunity. These export markets in the EU currently and the US in the medium to long term are likely to stimulate significant Biodiesel investments in production facilities in Asia Pacific.

Further, Brazil, China and India recently started implementing their Biodiesel development plans in 2006. Their markets are in their infancy and are just starting to grow. In each of these countries, there is not yet any large-scale Biodiesel production, but there are large-scale plans underway by the governments to use Biodiesel in a big way. Each of these countries has established a "National Biodiesel Plan" with mandates and targets aimed at reducing import dependency on petroleum products with Biodiesel and ethanol. This again is likely to stimulate further growth in Biodiesel investments.

(Source: Frost & Sullivan, Strategic Analysis of the Asia Pacific Biodiesel Industry, P13E-39)

6.6 FUTURE PLANS, STRATEGIES AND PROSPECTS

6.6.1 Future plans and Strategies

The future plans and strategies set out in our Group's three (3) year Business Development Plan are summarised as follows:-

Strengthening of the Existing Businesses of Our Investments

Our future plan first involves strengthening the businesses of our Incubatee Companies such as Grand Inizio, Nexfuel and Eco-Sponge. Emphasis will be on developing their markets so that they are more exposed to the market, thereby increasing their chance of securing more contracts to build and supply Biodiesel plants, materials and related products. Our aim is mainly to broaden their base of customers to include producers from countries in and around the ASEAN region. Once we have achieved our presence in this region, we will seek to penetrate and compete in larger countries such as Europe, US and China.

We intend to take various measures to achieve our goals. We plan to, amongst others, participate in international exhibitions and engage in marketing road shows to create awareness of the technology and products that our Incubatee Companies carry. We will also seek to float the Incubatee Companies on various stock exchanges, depending on suitability, to enhance their business profile as well as to raise the necessary funds for their expansion purposes.

Commercializing Our Bioethanol Project

The next stage of our business plan involves commercializing our pioneer Bioethanol project under Nexfuel. Nexfuel has been granted pioneer status approval by MIDA to engage in the production of Bioethanol in Kulim, Kedah State of Malaysia. Nexfuel's plant, will have an annual production capacity of 60,000 MT and is expected to be ready in FYE 2010.

6 INDUSTRY OVERVIEW (Cont'd)

We have already established a joint alliance with Praj for the technology provision and engineering supplies for the building of Nexfuel's plant. At present we are seeking funding from financial institutions for the development of the plant.

Once commissioned, we expect Nexfuel to take full advantage of our contacts in the Biofuel industry. We have obtained a memorandum of intent for the offtake of Bioethanol from Eco Nova Ltd and Changefuels Ltd as well as secured an offtake agreement with Sukimi (M) Sdn Bhd which will serve to ensure that there will be an available sale outlet for Nexfuel upon commencement of operation of its Bioethanol plant.

Investing in Future Projects Currently Being Researched by the Group

We also intend to direct some of our resources to the R&D of future products and technology in relation to the Bioenergy industry. We have identified several key areas of development and are currently performing research with our partners to possibly develop certain new products and technologies to be introduced later. These include improvements to our jatropha curcas oil processing technology, experimenting with other pharmaceutical applications of jatropha curcas and glycerin, development of a MES processing technology and others. The Group hopes to achieve similar products commercialisation success that it has achieved previously with its R&D effort and be able to start commercializing the results of its endeavours within the next few years.

Becoming a Hub for Bioenergy Related Investments

Apart from investing into ideas generated internally, we intend to very selectively invest into start-up companies whose business models or technologies show great potential in any Bioenergy or growth related industry. We intend to steadily grow our investment fund and progressively expand our coverage of investment to encompass other exciting opportunities from within Malaysia and abroad. Ultimately we hope to become an investment hub in diverse Bioenergy projects, the very first listed in Malaysia and possibly South East Asia.

We are primarily involved in the Biofuels industry. As such our growth prospects are dependent on the performance of the Biofuels industry. Please refer to Section 7.4.4 for further information on the prospects of ABT Group as well as the Biofuels industry.

6.6.2 HR Policy

Apart from the inputs from the TAP and Directors, the Company also relies on investment professionals to perform analysis on the potentials and risks before deciding on making an investment. They are also vital in the due diligence process and help ensure smooth implementation of the investment.

We believe that we have created the right environment for the investment professionals to progress and aims to keep them by continually rewarding them with attractive remuneration packages and benefits.

Nevertheless, with the additional work envisaged for the future, we believe that our workforce will eventually be stretched and thus, is planning to strengthen the team further by employing qualified and talented individuals as investment professionals. One of the key areas that we will be looking at in the selection of candidates is their knowledge and exposure to the Bioenergy industry. Our employees are put under intensive training to ensure that they are keenly aware of the developments surrounding the industries that we are active in.

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7 FINANCIAL INFORMATION

7.1 HISTORICAL FINANCIAL INFORMATION

The proforma consolidated income statements of ABT Group for the FPE 31 January 2007, FYE 31 January 2008 and FPE 31 May 2008 as well as comparative period FPE 31 May 2007, for which the Directors of ABT are solely responsible. The proforma consolidated income statements have been prepared solely for illustrative purposes only on the assumption that our Group has been in existence throughout the periods under review and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 12 of this Prospectus.

	<----- Audited ----->			Unaudited
	FPE 4.7.2006 to 31.1.2007 RM'000	FYE 1.2.2007 to 31.1.2008 RM'000	FPE 1.2.2008 to 31.5.2008 RM'000	FPE 1.2.2007 to 31.5.2007 RM'000
Revenue	381	1,392	366	426
Gross profit	181	1,200	296	426
(Loss)/ Earnings before interest, depreciation and taxation	(7)	799	154	362
Interest expense	(5)	(9)	(4)	(3)
Interest income	-	39	32	-
Depreciation	(67)	(114)	(39)	(39)
Operating (loss)/ profit	(79)	715	143	320
Share of net profit / (loss) of associates	(*)	2,792	1,251	271
(Loss)/Profit before taxation	(79)	3,507	1,394	591
Tax income/ (expense)	7	(118)	(26)	(72)
(LAT)/ PAT	(72)	3,389	1,368	519
No. of ordinary shares of RM0.10 in issue ('000)#	250,000	250,000	250,000	250,000
Basic earning per share:-				
Gross (loss)/ earnings per share (sen)	(0.03)	1.40	1.68^	0.71^
Net (loss)/ earnings per share (sen)	(0.03)	1.36	1.64^	0.62^
Gross profit margin (%)	47.51	86.21	80.87	100.00
Net profit margin (%)	n/a	243.46	373.77	121.60
Gross dividend rate (%)	-	-	-	-

7 FINANCIAL INFORMATION (Cont'd)

Notes:

- * Represents share of net loss of an associate of RM115
- # Based on the issued and paid-up share capital of 250,000,000 ABT Shares after the completion of the Flotation Scheme.
- ^ Annualised EPS
- (a) Our proforma consolidated income statements of ABT Group for the FPE 31 January 2007, FYE 31 January 2008 and FPE 31 May 2008 have been prepared for illustrative purposes only and are based on the audited financial statements of its subsidiary companies and associate companies after making such adjustments considered necessary assuming that the ABT Group had been in existence throughout the FPE/FYE under review.
- (b) The proforma consolidated income statements of ABT Group have been prepared on a basis consistent with those bases and accounting policies to be adopted by ABT and accounting policies previously adopted and disclosed in the audited financial statements of its subsidiary companies and associate companies for the FPE 31 May 2008.
- (c) There were no joint ventures, exceptional items, extraordinary items and minority interests during the FPE/FYE under review.
- (d) The GP margin is computed by dividing the GP by revenue earned in the respective FPE/FYE.
- (e) The net profit margin is computed by dividing the PAT by revenue earned in the respective FPE/FYE.
- (f) The proforma gross EPS is computed by dividing the PBT by the number of ordinary shares assumed in issue of 250,000,000 ABT Shares after completion of the Flotation Scheme.
- (g) The proforma net EPS is computed by dividing the PAT by the number of ordinary shares assumed in issue of 250,000,000 ABT Shares after completion of the Flotation Scheme.
- (h) All significant inter-company transactions are eliminated on consolidation and the consolidated results reflect external transactions only.

Our consolidated audited financial statements for the past FPE/FYE under review have not been subjected to any audit qualification.

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7 FINANCIAL INFORMATION (Cont'd)

7.2 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION
(Prepare for inclusion in the Prospectus)



BDO Binder (AF 0206)
Chartered Accountants

12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur Malaysia
Telephone : (603) 2616 2888
Telefax : (603) 2616 3190, 2616 3191
Website : www.bdobinder.com

Our ref: BDOB/NCH/KSH

30 October 2008

The Board of Directors
Asia Bioenergy Technologies Berhad
13A06 Lobby 1
Block A, Damansara Intan
No. 1 Jalan SS20/27
47400 Petaling Jaya
Selangor Darul Ehsan.

Dear Sirs

ASIA BIOENERGY TECHNOLOGIES BERHAD (“ABT” or “the Company”)
PROFORMA CONSOLIDATED FINANCIAL INFORMATION
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2008

We have reviewed the proforma consolidated financial information of ABT and its subsidiaries (“ABT Group” or “the Group”) and associates for the three (3) financial periods/year ended 31 January 2007, 31 January 2008 and 31 May 2008, together with the accompanying notes thereon (stamped by us for the purpose of identification only) prepared for illustration purpose only. These proforma consolidated financial information are prepared based on the audited financial statements of ABT, Asia Bioenergy Research Sdn. Bhd. (“ABR”), ALC Management Sdn. Bhd. (“ALC”), STSB Technology Sdn. Bhd. (“STSB”), Eco-Sponge Sdn. Bhd. (“Eco-Sponge”) and Grand Inizio Sdn. Bhd. (“GI”), after making certain assumptions and such adjustments to show the effects on:-

- (a) the consolidated financial results of ABT Group for the financial periods/year under review had ABT Group structure as of the date of the Prospectus been in existence throughout the financial periods/ year under review;
- (b) the financial position of ABT Group as at 31 May 2008 had ABT Group structure as of the date of the Prospectus been in existence on 31 May 2008; and
- (c) the consolidated cash flows of ABT Group for the financial period from 1 February 2008 to 31 May 2008 had ABT Group structure as of the date of the Prospectus been in existence throughout the financial periods.

The proforma consolidated financial information are the responsibility of the Directors of ABT and have been prepared for inclusion in the Prospectus of ABT to be dated 21 November 2008 in connection with the listing of and quotation for the entire issued and paid-up share capital of ABT on the MESDAQ Market of Bursa Malaysia Securities Berhad. Our responsibility is merely to express an opinion on the proforma consolidated financial information based on our work.

7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*



Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the proforma consolidated financial information with management of ABT Group. Our work involve no independent examination of any of the underlying financial information other than our audit of:-

- the financial statements of ABT for the financial period from 24 May 2007 (date of incorporation) to 31 January 2008 and four (4) month financial period from 1 February 2008 to 31 May 2008;
- the financial statements of ABR for the financial period from 4 July 2006 (date of incorporation) to 31 January 2007, financial year ended 31 January 2008 and four (4) months financial period from 1 February 2008 to 31 May 2008;
- the financial statements of ALC for the financial period from 23 June 2006 (date of incorporation) to 31 January 2007, financial year ended 31 January 2008, and four (4) month financial period from 1 February 2008 to 31 May 2008; and
- the financial statements of STSB for the financial period from 1 January 2007 to 31 January 2008 and four (4) months financial period from 1 February 2008 to 31 May 2008,

on which we reported to the members of the respective companies , as of the date of our audit report. The financial statements of STSB for the financial period from 3 November 2003 (date of incorporation) to 31 December 2004 and financial years ended 31 December 2005 and 2006 were audited by another firm of chartered accountants, Messrs. Wong Yin Chung & Co.

Our work have not been carried out in accordance with applicable Approved Standards on Auditing in Malaysia and accordingly, should not be relied upon as if it has been carried out in accordance with those standards.

In our opinion:-

- (i) the proforma consolidated financial information of ABT Group, which are prepared for illustrative purposes only, have been properly compiled on the bases as set out in the notes thereon, and such basis are consistent with the accounting policies to be adopted by ABT and accounting policies adopted and disclosed in the audited financial statements of its subsidiaries for the three (3) financial periods/year ended 31 January 2007, 31 January 2008 and 31 May 2008;
- (ii) the financial statements used in the preparation of the proforma consolidated financial information have been prepared in accordance with applicable approved Financial Reporting Standards in Malaysia; and
- (iii) the adjustments made to the proforma consolidated financial information are appropriate for the purpose of the preparation of the proforma consolidated financial information.

7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*



This letter has been prepared solely for the purpose stated above, in connection with the listing of and quotation for the entire issued and paid-up share capital of ABT on MESDAQ Market of Bursa Malaysia Securities Berhad. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

BDO Binder

BDO Binder
AF : 0206
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Ng Chee Hoong'.

Ng Chee Hoong
2278/10/10 (J)
Partner

7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

1. PROFORMA GROUP AND BASIS OF PREPARATION

1.1 Proforma Group

The proforma consolidated financial information of ABT and its subsidiaries ("ABT Group" or "the Group") and its associates are presented for illustrative purposes only and are arrived at by:-

(a) consolidating the audited financial statements, which were prepared in accordance with applicable approved Financial Reporting Standards in Malaysia, of:-

- (i) ABT for the financial period from 24 May 2007 (date of incorporation) to 31 January 2008 and four (4) month financial period from 1 February 2008 to 31 May 2008;
- (ii) ABR for the financial period from 4 July 2006 (date of incorporation) to 31 January 2007, financial year ended 31 January 2008 and four (4) months financial period from 1 February 2008 to 31 May 2008;
- (iii) ALC for the financial period from 23 June 2006 (date of incorporation) to 31 January 2007, financial year ended 31 January 2008, and four (4) month financial period from 1 February 2008 to 31 May 2008;
- (iv) STSB for the financial period from 1 January 2007 to 31 January 2008, after eliminating pre-acquisition results from 1 January 2007 to 17 April 2007, and four (4) months financial period from 1 February 2008 to 31 May 2008; and

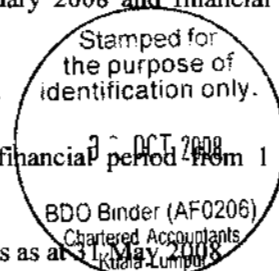
after elimination of intra-group transactions and on the assumption that ABT Group had been in existence throughout the financial period under review; and

(b) equity accounting of:-

- (i) Grand Inizio Sdn. Bhd ("GI") based on the audited financial statements of GI for the financial period from 19 January 2006 (date of incorporation) to 31 December 2006, after eliminating pre-acquisition results from 19 January 2006 to 22 October 2006, financial year ended 31 December 2007 and five (5) months financial period from 1 January 2008 to 31 May 2008; and
- (ii) Eco-Sponge Sdn. Bhd. ("Eco-Sponge") based on the audited financial statements of Eco-Sponge for the financial period from 21 August 2007 (date of incorporation) to 31 January 2008, after eliminating pre-acquisition results from 21 August 2007 to 10 October 2007, and four (4) months financial period from 1 February 2008 to 31 May 2008.

The proforma consolidated financial information comprises the following:-

- Section 4 - Proforma Consolidated Income Statements for the financial period from 4 July 2006 to 31 January 2007, financial year ended 31 January 2008 and financial period from 1 February 2008 to 31 May 2008
- Section 5 - Proforma Consolidated Balance Sheets as at 31 May 2008
- Section 6 - Proforma Consolidated Cash Flow Statements for the financial period from 1 February 2008 to 31 May 2008
- Section 7 - Proforma Consolidated Statement of Assets and Liabilities as at 31 May 2008



7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

1. PROFORMA GROUP AND BASIS OF PREPARATION (cont'd)

1.1 Proforma Group (cont'd)

The proforma consolidated financial information were prepared, together with the accompanying notes thereto, which have been prepared solely for illustrative purposes, to show the effects of the following scheme had the scheme been implemented and completed throughout the financial period from 1 February 2008 to 31 May 2008:-

Flotation Scheme

The flotation scheme of ABT comprises the following:-

- (a) Share split which will involve the sub-division of the par value of ordinary shares of RM1.00 each into ordinary shares of RM0.10 each ("ABT Shares"). To facilitate the Listing, ABT increased its authorised share capital from RM100,000 comprising 100,000 ordinary shares of RM1.00 each to RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each ("Share Split and Increase in Authorised Share Capital");
- (b) The acquisition by ABT of the entire equity interest in ABR, representing 509,500 ordinary shares of RM1.00 each for a total purchase consideration of RM12,303,103 satisfied entirely by the issuance of 119,999,980 ABT Shares of RM0.10 each at an issue price of approximately RM0.102 per share ("Acquisition of ABR");
- (c) In conjunction to ABT Listing, ABT will issue 30,000,000 new ABT Shares at an Issue Price of RM0.43 each to ABT's business associates, Malaysian public, companies, societies, co-operatives and institutions by way of private placement and public balloting ("Public Issue").

Upon completion of the Public Issue, ABT's issued and paid-up share capital will increase from RM12,000,000 comprising 120,000,000 ABT Shares to RM15,000,000 comprising 150,000,000 ABT Shares;

- (d) Immediately after the Public Issue, ABT will implement a bonus issue of 100,000,000 new ABT Shares to be issued and credited as fully paid-up on the basis of two (2) new Shares for every three (3) existing Shares held after the Public Issue ("Bonus Issue").

Upon completion of the Bonus Issue, the issued and paid-up share capital will increase from RM15,000,000 comprising 150,000,000 ABT Shares to RM25,000,000 comprising 250,000,000 ABT Shares; and

- (e) Admission to the Official List of the MESDAQ Market and the listing of and quotation for the entire enlarged issued and paid-up share capital of ABT of RM25,000,000 comprising 250,000,000 ABT Shares on the MESDAQ Market of Bursa Securities ("Listing").



7 FINANCIAL INFORMATION (Cont'd)

Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information

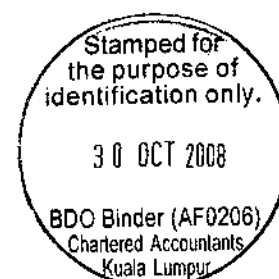
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

1. PROFORMA GROUP AND BASIS OF PREPARATION (cont'd)

1.2 Basis of preparation

The proforma consolidated financial information have been prepared in accordance with the accounting principles and bases consistent with the accounting policies to be adopted by ABT and accounting policies previously adopted and disclosed in the audited financial statements of its subsidiaries and associates for the three (3) financial periods/year ended 31 January 2007, 31 January 2008 and 31 May 2008 and after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information, to show the effects of the Listing Scheme on the assumption that they are completed on 31 May 2008.

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7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by ABT Group in the preparation of this report are as follows:-

(a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the year using the purchase method of accounting.

Under the purchase method of accounting, the cost of business combination is measured as the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets, liabilities and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

- (a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
- (b) recognise immediately in profit or loss any excess remaining after that reassessment.

Where more than one exchange transactions are involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiaries are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.



7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

Where losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and equity holders of the Company.

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the items.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

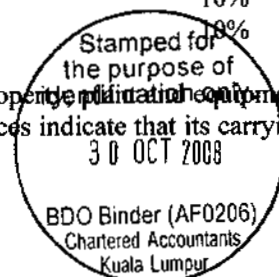
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and which have different useful lives, are depreciated separately.

Depreciation is calculated to write off the cost of the assets to its residual values on straight line basis over their estimated useful lives. The principal depreciation rates are as follows:

Computers	20%
Furniture and fittings	10%
Motor vehicle	20%
Office equipment	20%
Renovation	10%
Signboard	10%

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable.



7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Property, plant and equipment and depreciation (cont'd)

The residual values, useful life and depreciation method are reviewed at each balance sheet date to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation reserve related to those assets, if any, is transferred directly to retained earnings.

(c) Assets acquired under hire-purchase agreements

Assets acquired under hire-purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group and the Company are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

Finance charges are allocated to the income statement over the period of the agreements to give a constant periodic rate of charge on the remaining hire purchase liabilities.

(d) Investments

(i) Subsidiaries

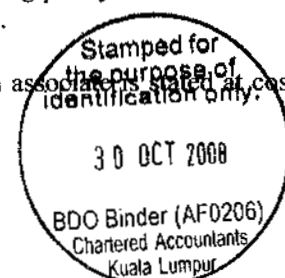
A subsidiary is an entity in which the Group and the Company has power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

(ii) Associates

An associate is an entity over which the Group and the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies.

In the Company's separate financial statements, investment in associates is stated at cost less impairment losses, if any.



7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Investments

(ii) Associates (cont'd)

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated balance sheet is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investment.

The interest in the associate is the carrying amount of the investment in the associate under the equity method together with any long-term interest that, in substance, form part of the Group's net interest in the associate.

The Group's share of the profit or loss of the associate during the financial year is recognised in the consolidated profit and loss. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

Goodwill arising on acquisition of the associates is the excess of cost of investment over the Group's share of the net fair value of net assets of the associate's identifiable assets, liability and contingent liabilities at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in the associate equals or exceeds its interest in the associate, the Group does not recognise further losses unless it has incurred legal or construction obligations or made payments on its behalf. The interest in the associate is the carrying amount of the investment in associate under the equity method together with any long-term interest that, in substance form part of the Group's net interest in the associate.

The most recent available financial statements of the associate are used by the Group in applying the equity method. Where the dates of the financial statements are not co-terminous, the share of results is arrived at using the latest audited financial statements which difference in year end is no more than three months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening period.

Upon disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

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7 FINANCIAL INFORMATION (Cont'd)

Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Investments (cont'd)

(iii) Other investments

Non-current investment other than investments in subsidiaries and associates is stated at cost and an allowance for diminution in value is made where in the opinion of the Directors, there is a decline other than temporary in the value of such investments.

Upon disposal of such investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(e) Goodwill

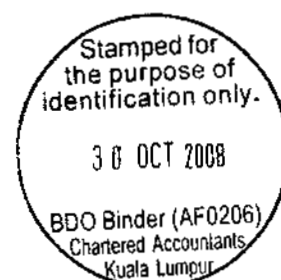
Goodwill acquired in a business combination is recognised as an asset at the acquisition date and is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets and liabilities. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

(f) Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investment in subsidiaries and associates) and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.



7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Impairment of non-financial assets (cont'd)

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

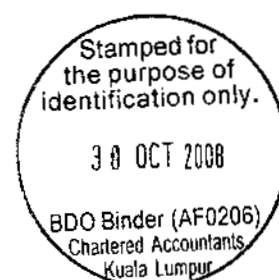
In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the income statement when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rate basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve account to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the income statement.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if and only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.



7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments

Financial instruments recognised on the balance sheets

Financial instruments are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss.

Distributions to holders of an equity instrument is debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(a) Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

Receivables are not held for trading purposes.

(b) Cash and cash equivalents

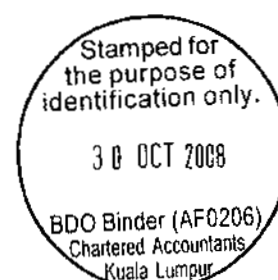
Cash and cash equivalents include cash and bank balances, deposits and other short term, highly liquid investments which are readily convertible to cash and which are subject to insignificant risk of changes in value.

(c) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(d) Interest bearing borrowings

All borrowings are recognised at the fair value of the consideration received less directly attributable transaction costs.



7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

Financial instruments recognised on the balance sheets (cont'd)

(e) Equity instruments

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared.

(h) Borrowings costs

All borrowing cost are recognised in profit or loss in the period in which they are incurred.

(i) Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

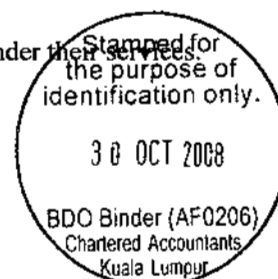
Short term accumulating compensated absences such as paid annual leave are recognised as an expense when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Group and the Company make contributions to a statutory provident fund and recognise the contribution payable:

- (i) after deducting contributions already paid as a liability; and
- (ii) as an expense in the financial year in which the employees render their services.



7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Income taxes

Taxes in the income statement comprises current tax and deferred tax.

(i) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the balance sheet date.

(ii) Deferred tax

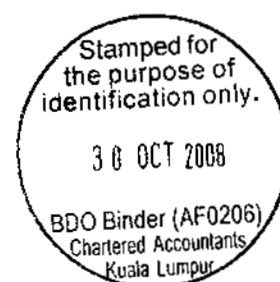
Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affect neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

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 tax assets and deferred tax liabilities relate to the same taxation authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.



7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Revenue recognition

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 Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Facilitation fees

Facilitation fees arise from the provision of services in facilitating transactions, such as joint venture arrangements, mergers, acquisitions and/or disposals. Facilitation fees are recognised in the income statement upon completion of the transactions or work performed or on a basis per agreement with the customer.

(ii) 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.

(iii) Rental income

Revenue from rental income is recognised in the income statement on accrual basis unless collectibility is in doubt.

(iv) Corporate services fees, management fee and technology information services

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

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

(v) Dividend income

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

(vi) Interest income

Interest from fixed deposit is recognised in the income statement on accrual basis unless collectibility is in doubt.



7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the accounting policies, the directors are of the opinion that there are no critical judgements involved that have a significant effect on the amount recognised in the financial statements.

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within the period as disclosed in Note 2 (b) Property, plant and equipment and depreciation. These are common life expectancies applied in the industry the Group operates. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of intangible asset

The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections based on financial budgets approved by management covering a 5-year period. The discount rate of 20% used is based on the pre-tax weighted average cost of capital determined by the management. The growth rate used in the cash flow projections are as follows:

	2009
	%
STSB Technology Sdn. Bhd.	<u>>100</u>



7 FINANCIAL INFORMATION (Cont'd)

Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information

4. PROFORMA CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL PERIOD FROM 4 JULY 2006 TO 31 JANUARY 2007, FINANCIAL YEAR ENDED 31 JANUARY 2008 AND FINANCIAL PERIOD FROM 1 FEBRUARY 2008 TO 31 MAY 2008

The proforma consolidated income statements of ABT Group for the financial period from 4 July 2006 to 31 January 2007, financial period ended 31 January 2008 and four months financial period ended 31 May 2008, for which the Directors of ABT are solely responsible, have been prepared solely for illustrative purposes only and on the basis as set out below:-

	1.2.2008 to 31.5.2008 RM'000	1.2.2007 to 31.1.2008 RM'000	4.7.2006 to 31.1.2007 RM'000
Revenue	366	1,392	381
Gross profit	296	1,200	181
Earnings/(Loss) before interest, depreciation and tax expense	154	799	(7)
Interest expense	(4)	(9)	(5)
Interest income	32	39	-
Depreciation	(39)	(114)	(67)
Operating profit	143	715	(79)
Share of net profit/(loss) of associates	1,251	2,792	*
Profit before tax	1,394	3,507	(79)
Tax (expense)/income	(26)	(118)	7
Profit/(Loss) after tax	1,368	3,389	(72)
Number of ordinary shares of RM0.10 each in issue ('000) #	250,000	250,000	250,000
Basic earning per share:-			
Gross earnings/(loss) per share (sen)	0.56	1.40	(0.03)
Net earnings/(loss) per share (sen)	0.55	1.36	(0.03)
Gross profit margin (%)	80.87	86.21	47.51
Net profit margin (%)	373.77	243.46	n/a
Gross dividend rate (%)	-	-	-

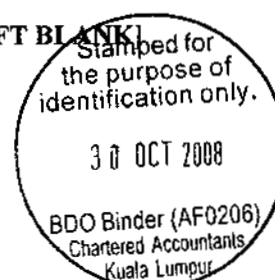
Note:

* Represents share of net loss of an associate of RM115

Based on the issued and paid-up share capital of 250,000,000 ABT share after the completion of the Flotation Scheme

n/a Not applicable

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7 FINANCIAL INFORMATION (Cont'd)

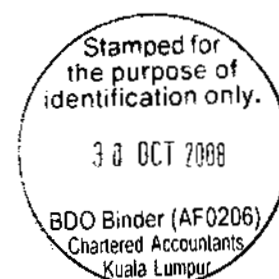
*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

4. PROFORMA CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL PERIOD FROM 4 JULY 2006 TO 31 JANUARY 2007, FINANCIAL YEAR ENDED 31 JANUARY 2008 AND FINANCIAL PERIOD FROM 1 FEBRUARY 2008 TO 31 MAY 2008 (cont'd)

NOTES TO THE PROFORMA CONSOLIDATED INCOME STATEMENT

- (a) The proforma consolidated income statement of ABT Group for the financial period from 4 July 2006 to 31 January 2007, financial year ended 31 January 2008 and financial period from 1 February 2008 to 31 May 2008 have been prepared for illustrative purposes only and are based on the audited financial statements of its subsidiaries and associates after making such adjustments considered necessary assuming that the ABT Group had been in existence throughout the financial periods under review.
- (b) The proforma consolidated income statements of ABT Group have been prepared on a basis consistent with those bases and accounting policies to be adopted by ABT and accounting policies previously adopted and disclosed in the audited financial statements of its subsidiaries and associates for the financial period from 4 July 2006 to 31 January 2007, financial year ended 31 January 2008 and financial period from 1 February 2008 to 31 May 2008.
- (c) There were no joint ventures, exceptional items, extraordinary items and minority interest during the financial periods/year under review.
- (d) The gross profit margin is computed by dividing the gross profit by revenue earned in the respective financial periods/year.
- (e) The net profit margin is computed by dividing the profit after taxation by revenue earned in the respective financial periods/year.
- (f) The proforma gross earnings per share is computed by dividing the profit before tax by 250,000,000 ordinary shares of RM0.10 each in ABT assumed in issue after completion of the Flotation Scheme.
- (g) The proforma net earnings per share is computed by dividing the profit after tax by the 250,000,000 ordinary shares of RM0.10 each in ABT assumed in issue after completion of the Flotation Scheme.
- (h) All significant inter-company transactions are eliminated on consolidation and the consolidated results reflect external transactions only.

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7 FINANCIAL INFORMATION (Cont'd)

Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information

5. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MAY 2008

The proforma consolidated balance sheets of ABT as at 31 May 2008, for which the Directors of ABT are solely responsible, are prepared for illustrative purposes only, and on the basis as set out below:-

	←-----Proforma----->				
	I	II	III	IV	
	As at 31 May 2008 (Audited) RM'000	After Share Split RM'000	After I and Acquisition of ABR RM'000	After II and Public Issue RM'000	After III, Bonus Issue, Utilisation of Proceeds and Listing RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	-	-	466	466	466
Investment in an associate	-	-	7,581	7,581	7,581
Investment	-	-	4,004	4,004	9,004
Goodwill on consolidation	-	-	26	26	26
	-	-	12,077	12,077	17,077
Current assets					
Trade receivables	-	-	6	6	6
Other receivables and prepayments	-	-	16	16	16
Amount owing by an associate	-	-	573	573	573
Fixed deposits with licensed banks	-	-	3,164	3,164	3,164
Cash and bank balances	*	*	449	13,349	6,849
	-	-	4,208	17,108	10,608
TOTAL ASSETS	*	*	16,285	29,185	27,685
EQUITY AND LIABILITIES					
EQUITY					
Share capital	*	*	12,000	15,000	25,000
Share premium	-	-	303	10,203	-
(Accumulated loss)/Retained earnings Δ	(4)	(4)	3,446	3,446	2,149
TOTAL EQUITY	(4)	(4)	15,749	28,649	27,149
LIABILITIES					
Non-current liabilities					
Hire-purchase creditor	-	-	82	82	82
Deferred tax liabilities	-	-	23	23	23
	-	-	105	105	105

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30 OCT 2008

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Kuala Lumpur

7 FINANCIAL INFORMATION (Cont'd)

Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information

5. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MAY 2008 (cont'd)

	←-----Proforma-----→			
	I	II	III	IV
As at 31 May 2008 (Audited) RM'000	After Share Split RM'000	After I and Acquisition of ABR RM'000	After II and Public Issue RM'000	After III, Bonus Issue, Utilisation of Proceeds and Listing RM'000
Current liabilities				
Trade payable	-	-	5	5
Other payables and accruals	4	4	285	285
Amount owing to a director	-	-	9	9
Hire-purchase creditor	-	-	55	55
Tax payables	-	-	77	77
	4	4	431	431
TOTAL LIABILITIES	4	4	536	536
TOTAL EQUITY AND LIABILITIES	*	*	16,285	29,185
Number of ordinary shares ('000)	^	#	120,000	150,000
Net (liabilities)/ tangible assets (RM'000)	(4)	(4)	15,723	28,623
Net (liabilities)/tangible assets attributable to equity holders of RM1.00 each (RM)	(2,000)	n/r	n/r	n/r
Net (liabilities)/tangible assets attributable to equity holders of RM0.10 each (RM)	n/r	(200)	0.131	0.191

Notes:-

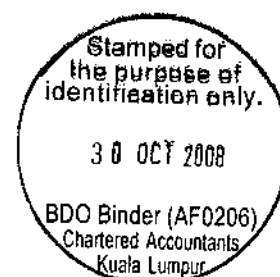
* Represents RM2.00

^ Represents 2 ordinary shares of RM1.00 each

Represents 20 ordinary shares of RM0.10 each

Δ Included excess of ABT's interest in the net fair value of ABR's identifiable assets and liabilities over cost of business combination of approximately RM3,450,000

n/r Not relevant

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7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

5. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MAY 2008 (cont'd)

5.1 PROFORMA ADJUSTMENTS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

(A) PROFORMA I

Share Split

The proforma I is stated after incorporating the subdivision of every one (1) existing ordinary share of RM1.00 each in ABT into ten (10) ordinary shares of RM0.10 each in ABT ("ABT Shares"). As at 31 May 2008, the share capital of ABT was RM2, comprising 2 ordinary shares of RM1.00 each. Upon completion of the Share Split, the share capital of ABT would still be RM2, comprising 20 ABT Shares.

(B) PROFORMA II

The proforma II is stated after Proforma I and incorporating the following:

Acquisition of ABR

(a) ABT entered into a Share Sale Agreement ("SSA") with the shareholders of ABR for the acquisition of the entire equity interest in ABR for a purchase consideration of RM12,303,103, satisfied by the issuance of 119,999,980 new ABT Shares of RM0.10 each at an issue price of approximately RM0.102 per share resulting in share premium of RM303,105.

(b) Basis of Purchase Consideration

The purchase consideration of RM12,303,103 was arrived at based on the audited consolidated net assets ("NA") of ABR as at 31 July 2007 of RM12,303,103.

The negative goodwill on consolidation arising from the acquisition of ABR amounted to RM3,452,000. In accordance with FRS 3 – Business Combinations, negative goodwill is recognised immediately in income statements.

(C) PROFORMA III

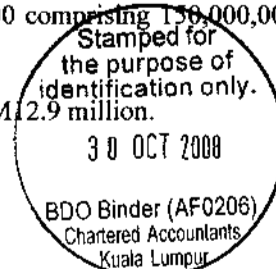
The proforma III is stated after proforma II and incorporating the following:

Public Issue

Public issue of 30,000,000 new ABT Shares at an indicative Issue Price of RM0.43 each to ABT's business associates, Malaysian public, companies, societies, co-operatives and institutions by way of private placement and public balloting ("Public Issue").

Upon completion of the Public Issue, ABT issued and paid-up share capital will increase from RM12,000,000 comprising 120,000,000 ABT Shares to RM15,000,000 comprising 150,000,000 ABT Shares.

The gross proceeds expected to be raised through the Public Issue is RM12.9 million.



7 FINANCIAL INFORMATION (Cont'd)

Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information

5. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MAY 2008 (cont'd)**5.1 PROFORMA ADJUSTMENTS TO THE PROFORMA CONSOLIDATED BALANCE SHEET (cont'd)****(D) PROFORMA IV**

The proforma IV is stated after proforma III and incorporating the following:

(i) Bonus Issue

Implementation of a bonus issue of 100,000,000 new ABT Shares to be 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, by way of capitalising the share premium arising from the Proposed Public Issue.

Upon completion of the Bonus Issue, the issued and paid-up share capital of ABT will increase from RM15,000,000 comprising 150,000,000 ordinary shares of RM0.10 each to RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each.

(ii) Utilisation of Proceeds

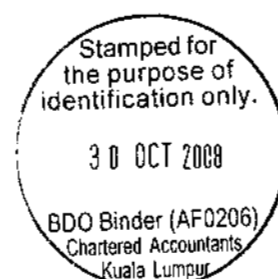
The gross proceeds raised from the public issue of RM12.9 million will be utilised in the following manner:-

	RM'000
Technology incubation fund	8,000
R&D and related activities, and capital expenditure	2,000
Working capital	1,400
Estimated listing expenses	1,500
	<u>12,900</u>

The utilisation of the gross proceeds of RM12.9 million have been reflected in the proforma consolidated balance sheets as follows:-

	RM'000
(a) Amount identified to be utilised to acquire convertible preference shares (CPS) in Nexfuel	5,000
(b) Estimated listing expenses*	1,500
(c) Balance is assumed to be credited to cash and bank balances pending utilisation	6,400
	<u>12,900</u>

* The estimated listing expenses of RM203,000 are net off against the share premium arising from the Public Issue and RM1,297,000 are charged to income statement.



7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

5. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MAY 2008 (cont'd)**5.1 PROFORMA ADJUSTMENTS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (cont'd)****(D) PROFORMA IV (cont'd)****(iii) Listing**

Listing of and quotation for its entire enlarged issued and paid-up share capital of RM25,000,000 comprising 250,000,000 ABT Shares on the MESDAQ Market of Bursa Malaysia Securities Berhad.

(E) SHARE CAPITAL AND RESERVES

The movements in share capital and reserves of ABT are as follows:-

	No. of Shares '000	Share capital RM'000	Share premium RM'000	(Accumulated loss)/Retained earnings RM'000	Total RM'000
As at 31 May 2008	*	*	-	(4)	(4)
Share Split	-	-	-	-	-
Proforma I	^	^	-	(4)	(4)
Acquisition of ABR	#120,000	#12,000	303	✱ 3,450	15,753
Proforma II	120,000	12,000	303	3,446	15,749
Public Issue	30,000	3,000	9,900	-	12,900
Proforma III	150,000	15,000	10,203	3,446	28,649
Bonus Issue, Utilisation of Proceeds and Listing	100,000	10,000	(10,203)	Δ (1,297)	(1,500)
Proforma IV	250,000	25,000	-	2,149	27,149

Notes:-

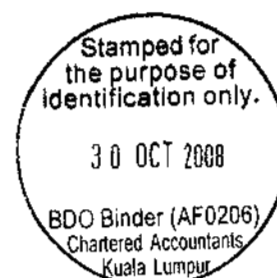
* Represents RM2, comprising 2 ordinary shares of RM1.00 each

^ Represents RM2, comprising 20 ordinary shares of RM0.10 each

Included RM11,999,998, comprising 119,999,980 ordinary shares of RM0.10 each

Δ Represents the remaining estimated listing expenses of RM1,297,000

✱ Represents excess of ABT's interest in the net fair value of ABR's identifiable assets and liabilities over cost of business combination of approximately RM3,450,000



7 FINANCIAL INFORMATION (Cont'd)

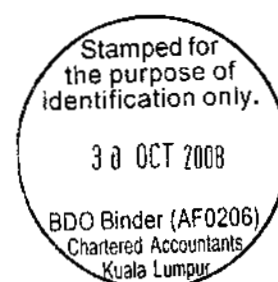
Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information

5. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MAY 2008 (cont'd)**5.1 PROFORMA ADJUSTMENTS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (cont'd)****(F) INVESTMENTS**

The movements in investments of ABT are as follows:-

	Other investments RM'000
As at 31 May 2008/ Proforma I	-
Acquisition of ABR	4,004
Proforma II	4,004
Public Issue	-
Proforma III	4,004
Bonus Issuc, Utilisation of Proceeds and Listing - Subscription of CPS in Nexfuel Sdn. Bhd. (Section (D)(ii)(a))	5,000
Proforma IV	9,004

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7 FINANCIAL INFORMATION (Cont'd)

Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information

6. PROFORMA CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2008 TO 31 MAY 2008

The proforma consolidated cash flow statement for the financial period from 1 February 2008 to 31 May 2008, for which the Directors of ABT are solely responsible, are prepared for illustrative purposes only and is based on the audited financial statements of the Company and its subsidiaries after making such adjustments deemed necessary assuming that ABT Group had been in existence.

	Note	1.2.2008 to 31.5.2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		1,394
Adjustments for:-		
Depreciation of property, plant and equipment		39
Interest expenses		4
Interest income		(32)
Share of profit of associates		(1,251)
Operating profit before working capital changes		154
Decrease in trade receivables		122
Decrease in other receivables and prepayments		14
Increase in trade payable		5
Increase in amount owing by associates		(132)
Decrease in other payables and accruals		(81)
Operating profit before working capital changes		82
Interest received		32
Tax paid		(32)
Net cash from operating activities		82
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of other investment		(5,000)
Purchase of property, plant and equipment		(8)
Dividend received from an associate		608
Net cash used in investing activities		(4,400)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid		(4)
Proceeds from Public Issue		12,900
Listing expenses		(1,500)
Repayment to a Director		(23)
Repayment of hire-purchase liabilities		(26)
Net cash from financing activities		11,347
Net increase in cash and cash equivalents		7,029
Cash and cash equivalents at beginning of financial period		2,984
Cash and cash equivalents at end of financial period		10,013

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30 OCT 2008

BDO Binder (AF0206)
Chartered Accountants
Kuala Lumpur

7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

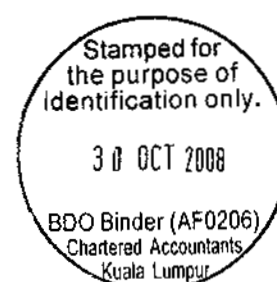
6. PROFORMA CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRAURY 2008 TO 31 MAY 2008 (cont'd)

6.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	31.5.2008 RM'000
Fixed deposits with a licensed bank	3,164
Cash and bank balances	<u>6,849</u>
	<u><u>10,013</u></u>

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7 FINANCIAL INFORMATION (Cont'd)

Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information

7. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MAY 2008

The proforma consolidated statement of assets and liabilities of ABT Group as at 31 May 2008 for which the Directors of ABT are solely responsible, are prepared for illustrative purposes only and is based on the audited financial statements of its subsidiaries after making such adjustments considered necessary assuming the listing scheme had been completed on 31 May 2008. The proforma consolidated statement of assets and liabilities should be read in conjunction with the notes thereon:-

	NOTE	As at 31 May 2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7.1.1	466
Investment in associates	7.1.2	7,581
Investments	7.1.3	9,004
Goodwill on consolidation	7.1.4	26
		17,077
Current assets		
Trade receivables	7.1.5	6
Other receivables and prepayments	7.1.6	16
Amount owing by an associate	7.1.7	573
Fixed deposits with licensed banks	7.1.8	3,164
Cash and bank balances		6,849
		10,608
TOTAL ASSETS		27,685
EQUITY AND LIABILITIES		
EQUITY		
Share capital	7.1.9	25,000
Retained earning		2,149
TOTAL EQUITY		27,149
LIABILITIES		
Non-current liabilities		
Hire-purchase creditor	7.1.10	82
Deferred tax liabilities	7.1.11	23
		105



7 FINANCIAL INFORMATION (Cont'd)

Asia Bioenergy Technologies Berhad (Company No. 774628-U)
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7. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MAY 2008 (cont'd)

	NOTE	As at 31 May 2008 RM'000
Current liabilities		
Trade payables	7.1.12	5
Other payable and accruals	7.1.13	285
Amount owing to a Director	7.1.14	9
Hire-purchase creditor	7.1.10	55
Tax payables		77
		431
TOTAL LIABILITIES		536
TOTAL EQUITY AND LIABILITIES		27,685
Proforma net tangible assets attributable to equity holders	7.1.15	0.108

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7 FINANCIAL INFORMATION (Cont'd)

Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information

7.1 NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MAY 2008**7.1.1 PROPERTY, PLANT AND EQUIPMENT**

As at 31 May 2008	At cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
Computers	56	(18)	38
Furniture and fittings	151	(29)	122
Motor vehicle	365	(140)	225
Office equipment	59	(22)	37
Renovation	50	(9)	41
Signboard	4	(1)	3
	685	(219)	466

The net book value of the property, plant and equipment, which has been acquired by way of hire-purchase arrangements and is held in trust by a Director of the Company, is as follows:-

	As at 31 May 2008 RM'000
Motor vehicle	225

7.1.2 INVESTMENT IN ASSOCIATES

	As at 31 May 2008 RM'000
Unquoted shares - at cost	*
Share of post acquisition reserves	7,581
	7,581

* Represents RM450

The associates, which are incorporated in Malaysia, is as follows:

Name of company	Effective equity interest 31.5.2008 %	Principal activity
Grand Inizio Sdn. Bhd.	20	Provision of technology, engineering, procurement and construction works for the bio-diesel and related industries.
Eco-Sponge Sdn. Bhd.	25	Engage in the manufacturing and trading of absorbent chemical compound and other related services.

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Chartered Accountants
Kuala Lumpur

7 FINANCIAL INFORMATION (Cont'd)

Asia Bioenergy Technologies Berhad (Company No. 774628-U)
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7.1 NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MAY 2008 (cont'd)**7.1.2 INVESTMENT IN ASSOCIATES (cont'd)**

Except for Grand Inizo Sdn. Bhd. which has a financial year end of 31 December, the financial year end of the other associate is coterminous with those of the Group. In applying the equity method of accounting, the financial statements of Grand Inizo Sdn. Bhd. for the financial period from 1 January 2008 to 31 May 2008 have been used and there were no significant transactions between 1 January 2008 and 31 January 2008 which require adjustments to the financial statements.

The summarised financial information of the associates is as follows:

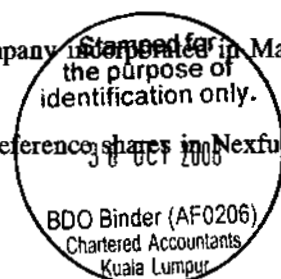
	As at 31 May 2008 RM'000
Assets	
Current assets	21,558
Non-current assets	<u>25,934</u>
Total assets	<u>47,492</u>
Liabilities	
Current liabilities	<u>9,605</u>
	1.2.2008 to 31.5.2008 RM'000
Results	
Revenue	22,467
Profit for the period	<u>6,237</u>

7.1.3 INVESTMENTS

	As at 31 May 2008 RM'000
Unquoted shares in Malaysia- at cost	<u>9,004</u>

The investment represents investments in the following companies:-

- (a) 2.02% equity interest in Platinum Energy Sdn. Bhd., a company incorporated in Malaysia; and
- (b) planned investment of up to RM5,000,000 of convertible preference shares in Nexfuel Sdn. Bhd., a company incorporated in Malaysia.



7 FINANCIAL INFORMATION (Cont'd)

Asia Bioenergy Technologies Berhad (Company No. 774628-U)
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7.1 NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MAY 2008 (cont'd)**7.1.4 GOODWILL ON CONSOLIDATION**

	As at 31 May 2008 RM'000
As at beginning of financial period	26
Additions	-
	<hr/>
As at end of financial period	<u>26</u>

Impairment test for goodwillKey assumptions used in value in use calculations

The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The discount rate of 20% used is based on the pre-tax weighted average cost of capital determined by the management. The growth rate used in the cash flow projections are as follows:

	2008 %	2009 %
STSB Technology Sdn. Bhd.	<u>>100</u>	<u>>100</u>

7.1.5 TRADE RECEIVABLES

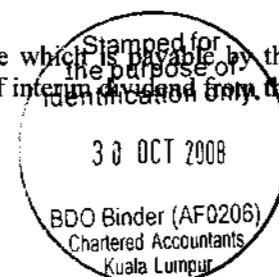
The credit term of trade receivables is 14 days from date of invoice.

7.1.6 OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 May 2008 RM'000
Other receivables	9
Prepayments	<u>7</u>
	<u>16</u>

7.1.7 AMOUNT OWING BY AN ASSOCIATE

The amount owing by an associate mainly represents originators' fee which is payable by the associate at the end of each contract, or proportionally upon payment of interim dividend from the cash flow of the contract.



7 FINANCIAL INFORMATION (Cont'd)

*Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information*

7.1 NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MAY 2008 (cont'd)**7.1.8 FIXED DEPOSITS WITH LICENSED BANKS**

The fixed deposits as at 31 May 2008 have maturity periods of 1 month with interest rate ranging from 3.1% to 3.4% per annum.

7.1.9 SHARE CAPITAL

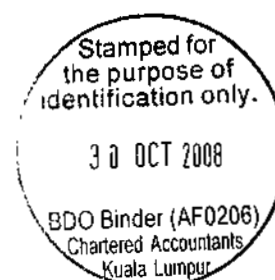
	As at 31 May 2008	
Issued and fully paid:-	Shares of RM1.00 each	RM'000
As at 31 May 2008	*	*
	-----	-----
	Shares of RM0.10 each '000	RM'000
Share split	^	^
Pursuant to the Acquisition	#120,000	#12,000
Public issue	30,000	3,000
Bonus issue	100,000	10,000
	-----	-----
Enlarged issued and paid-up share capital	250,000	25,000
	-----	-----

Notes:-

* Represents RM2, comprising 2 ordinary shares of RM1.00 each

^ Represents RM2, comprising 20 ordinary shares of RM0.10 each

Represents RM11,999,998, comprising 119,999,980 ordinary shares of RM0.10 each



7 FINANCIAL INFORMATION (Cont'd)

Asia Bioenergy Technologies Berhad (Company No. 774628-U)
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7.1 NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MAY 2008 (cont'd)**7.1.10 HIRE-PURCHASE CREDITOR**

	As at 31 May 2008 RM'000
Minimum hire-purchase payment:-	
- not later than one year	60
- later than one year and not later than five years	85
	<u>145</u>
Less: Future interest charges	<u>(9)</u>
Present value of hire purchase liabilities	<u><u>137</u></u>
Repayable as follows:-	
Current liabilities:-	
- not later than one year	55
Non-current liabilities:-	
- later than one year and not later than five years	<u>82</u>
	<u><u>137</u></u>

7.1.11 DEFERRED TAX LIABILITIES

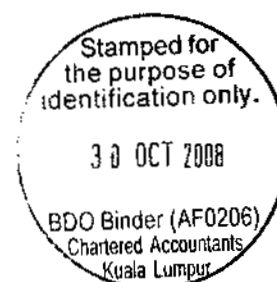
(a) The movement of deferred tax liabilities during the period are as follows:

	As at 31 May 2008 RM'000
Balance as at 1 February 2008/31 May 2008	<u>23</u>

(b) The components of deferred tax liabilities as at the end of the financial period represent the tax effect of excess of capital allowances over corresponding depreciation.

7.1.12 TRADE PAYABLE

The credit term of trade payable is 60 days from date of invoice.



7 FINANCIAL INFORMATION (Cont'd)

Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information

7.1 NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MAY 2008 (cont'd)**7.1.13 OTHER PAYABLES AND ACCRUALS**

	As at 31 May 2008 RM'000
Other payables	153
Accruals	32
Deferred income	100
	<u>285</u>

7.1.14 AMOUNT OWING TO A DIRECTOR

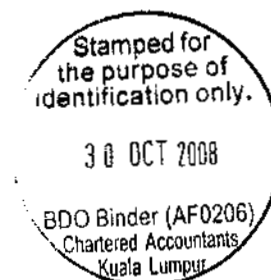
The amount owing to a director represents advances and payments made on behalf which is unsecured, interest-free and repayable on demand.

7.1.15 PROFORMA NET TANGIBLE ASSETS

Based on the proforma consolidated statement of assets and liabilities of ABT Group as at 31 May 2008, the proforma net tangible assets per ordinary share of RM0.10 each is as follows:-

	As at 31 May 2008
Proforma net tangible assets (RM'000)	<u>27,123</u>
Number of ordinary shares in issue ('000)	<u>250,000</u>
Proforma net tangible assets attributable to equity holders per ordinary share of RM0.10 each (RM)	<u>0.108</u>

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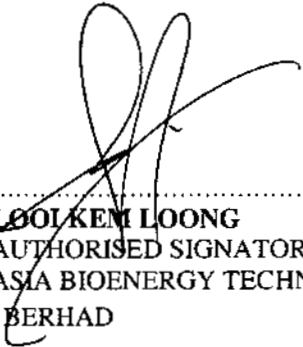


7 FINANCIAL INFORMATION (Cont'd)

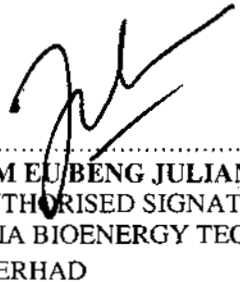
Asia Bioenergy Technologies Berhad (Company No. 774628-U)
Proforma Consolidated Financial Information

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 23 September 2008.



.....
LOOI KEM LOONG
AUTHORISED SIGNATORY
ASIA BIOENERGY TECHNOLOGIES
BERHAD



.....
LIM EU BENG JULIAN
AUTHORISED SIGNATORY
ASIA BIOENERGY TECHNOLOGIES
BERHAD

7 FINANCIAL INFORMATION (Cont'd)

7.3 CAPITALISATION AND INDEBTEDNESS

The following table sets out our cash and cash equivalents, capitalisation and indebtedness:-

- (i) as at 31 May 2008 based on our proforma consolidated financial statements after the Acquisition of ABR; and
- (ii) adjusted for the listing proceeds arising from the issue of the 30,000,000 Public Issue Shares pursuant to our Listing scheme and the utilisation of proceeds as set out in Section 2.3 of this Prospectus.

	Proforma as at 31 May 2008 after the Acquisition of ABR RM' 000	After the Listing and utilisation of proceeds RM' 000
Cash and cash equivalents	3,613	10,013
Indebtedness		
Short term indebtedness – hire purchase	55	55
Long term indebtedness – hire purchase	82	82
Total indebtedness	<u>137</u>	<u>137</u>
Capitalisation		
Total shareholders' equity	15,723	27,149
Total capitalisation	<u>15,723</u>	<u>27,149</u>
Total capitalisation and indebtedness	<u>15,860</u>	<u>27,286</u>

None of our indebtedness are guaranteed or secured. The indirect and contingent liabilities of our Group are set out in Section 7.7(b) of this Prospectus.

7.4 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

The following management's discussion and analysis of our Group's past financial performances and results of operations should be read in conjunction with the proforma consolidated financial information and the related notes thereon for the audited seven (7) months FPE 31 January 2007, FYE 31 January 2008 and four (4) months FPE 31 May 2008 as well as unaudited four (4) months FPE 31 May 2007 included in Section 7.1 and 7.2 of this Prospectus.

The discussion and analysis contains data derived from our audited financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors set out in Section 4 of this Prospectus.

7.4.1 Overview of Operations

(a) Revenue

Our revenue in the past was mainly contributed by ABR and includes facilitation fees, originators fees and management advisory fees.

Through our subsidiary ALC Management, we also derive revenue from providing corporate services predominantly to our Associate Companies.

7 FINANCIAL INFORMATION (Cont'd)

Our subsidiary STSB, is involved in the customisation of PLC software and provision of training and other related services for both the Bioenergy industry and other industrial entities.

As we hold less than 50% in all our Incubatee Companies, we do not recognise the revenue of our Incubatee Companies. Our revenue in the future is expected to come mainly from providing support services to our Incubatee Companies as well as introductory or facilitation fees from providing advisory and introductory services in the Bioenergy industry.

An analysis of our segmental revenue is as follows:-

(i) Revenue analysis by Company

	←----- Audited ----->						Unaudited	
	Approximately Seven (7) months FPE 31 January 2007		FYE 31 January 2008		Four (4) months FPE 31 May 2008		Four (4) months FPE 31 May 2007	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
ABR	350	91.9	882	63.4	229	62.6	422	99.1
ALC Management	31	8.1	12	0.8	1	0.3	4	0.9
STSB	n/a	n/a	498	35.8	136	37.1	-	-
Total	381	100.0	1,392	100.0	366	100.0	426	100.0

ABR

In FPE 31 January 2007, ABR's revenue was mainly derived from facilitation fees of RM350,000 arising from the provision of services in facilitating the joint venture between Ganz Biofuels and Platinum Energy.

For FYE 31 January 2008, ABR's revenue stream was more diverse and included facilitation fees of RM270,000, origination fees from the securing of a contract for Grand Inizio of about RM530,000 and management fees from Grand Inizio of about RM82,000.

In FPE 31 May 2008, ABR continued to recognise originators fees of about RM187,000 from Grand Inizio for the project it introduced in the last financial year, and management fees derived from Grand Inizio of RM42,000. As a comparison, ABR had total revenues of about RM422,000 in the FPE 31 May 2007 which was mainly facilitation fees of RM270,000 and originators fees from the securing of a contract for Grand Inizio of about RM152,000.

ALC Management

ALC Management had revenues of RM31,000 in FPE 31 January 2007 and approximately RM12,000 in FYE 31 January 2008 mainly through the provision of corporate services. ALC Management was not particularly active in the pursuit of corporate services activities as the Group moved to a more strategic incubation services model.

ALC Management provided corporate services to some of the Group's Incubatee Companies in the FPE 31 May 2008 for total revenues of RM400 while in FPE 31 May 2007, it generated revenues of RM4,000 through some corporate services work performed.

7 FINANCIAL INFORMATION (Cont'd)**STSB**

During FYE 31 January 2008, ABR acquired STSB which provided our Group with an additional revenue stream. STSB contributed RM498,000 in revenue during FYE 31 January 2008 through sales of ERP-iLS training suite and sale of PLC hardware and software. In FPE 31 May 2008, STSB continued to recognise RM136,000 of revenue mainly through a contract for the provision of IT training and support which began in FYE 31 January 2008. STSB did not generate for the Group any revenues in FPE 31 May 2007 as STSB was only acquired in April 2007.

(ii) Revenue analysis by services

	←----- Audited ----->						Unaudited	
	Approximately Seven (7) months FPE 31 January 2007		FYE 31 January 2008		Four (4) months FPE 31 May 2008		Four (4) months FPE 31 May 2007	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Technology incubation	350	91.8	799	57.4	188	51.4	422	99.1
Management and corporate	31	8.2	95	6.8	42	11.5	4	0.9
Provision of IT training and related services and equipment	n/a	n/a	498	35.8	136	37.1	-	-
Total	381	100.0	1,392	100.0	366	100.0	426	100.0

Throughout the entire financial periods/year under review, technology incubation activities represented the majority of our income source.

Technology incubation

Our technology incubation activities cover a wide spectrum of services. Our revenues are derived from facilitation fees and originator fees which are activities we perform for our Incubatee Companies which aids in their commercialisation.

In FPE 31 January 2007, our technology incubation revenue was mainly derived from facilitation fees of RM350,000. For the FYE 31 January 2008, the technology incubation revenue of RM799,000 comprised of facilitation fees of RM270,000, and origination fees from the securing of a contract for Grand Inizio of about RM529,000.

In FPE 31 May 2008, technology incubation activities comprised of originators fees of about RM188,000 from Grand Inizio for the project we introduced to Grand Inizio that began work in FYE 31 January 2007. As a comparison, in FPE 31 May 2007 technology incubation fees were RM422,000, which was mainly facilitation fees of RM270,000 and originators fees from the securing of a contract for Grand Inizio of about RM152,000.

Management and Corporate Services

In FPE 31 January 2007, our revenue derived from management and corporate services of about RM31,000 was contributed mostly by ALC Management.

In FYE 31 January 2008, this increased to about RM95,000 as we began to provide management services to Grand Inizio as it began full operations. This has continued on into FPE 31 May 2008 as we received revenues of about RM42,000 from the same provision of services. Our revenues for FPE 31 May 2007 was about RM4,000 contributed by ALC Management's corporate service activities.

7 FINANCIAL INFORMATION (Cont'd)**Provision of IT training and related services and equipment**

In April 2007 (during the FYE 31 January 2008) ABR acquired STSB which provided our Group with an additional revenue stream. Provision of IT related services contributed RM498,000 in revenue during the FYE 31 January 2008 through a combination of training and sale of PLC and ERP hardware and software.

In FPE 31 May 2008, we continued to recognise RM136,000 of IT related revenue mainly through a contract for the provision of IT training and support which began in FYE 31 January 2008. No IT related service revenues were generated in FPE 31 May 2007.

(b) Earnings before interest, depreciation and taxation ("EBIDT")

	----- Audited -----			Unaudited
	Approximately Seven (7) months FPE 31 January 2007 RM'000	FYE 31 January 2008 RM'000	Four (4) months FPE 31 May 2008 RM'000	Four (4) months FPE 31 May 2007 RM'000
(Loss)/Earnings before interest, depreciation and taxation	(7)	799	154	362

Our EBIDT is arrived after taking into account principally our administration, distribution and other operating expenses which consists mainly of staff related expenses which include salaries of our administrative staff as well as Employee Provident Fund contribution, benefits and training for all staff. Other significant components of our operating expenses include depreciation of our fixed assets, claims, office rentals and office overheads.

In FYE 31 January 2007, we made a loss before interest depreciation and taxation as this was our maiden year of operations with our revenues being more or less equal to our expenditures. Our revenues was about RM381,000 while our GP achieved was about RM181,000. Our total expenses before interest and depreciation was approximately RM194,000 mainly comprising staff and overhead expenses which was supplemented slightly with rental income from Grand Inizio of RM6,000.

Our financial performance improved in FYE 31 January 2008 as our revenues increased to RM1.39 million resulting in a GP of about RM1.2 million. Total expenses amounted to approximately RM436,000 before depreciation and interest charges, again comprised mostly of staff and overhead expenses. We were supplemented with rental income of RM36,000 from the sub-letting of our rented property and interest income of about RM39,000 from the placement of our cash reserves in fixed deposits.

As disclosed in Section 5.20, we currently rent our properties at a nominal value of RM1 per month, the tenancy agreements of which will expire soon. We expect to renew the tenancy agreements at the same terms as before. Notwithstanding that, rental expenses to be incurred going forward are not expected to materially affect our EBIDT.

Our performance in FPE 31 May 2008 showed an EBIDT of RM154,000. Expenses were approximately RM143,000 before depreciation and interest, during this four (4) month period, again mostly arising from staff and overhead expenses. Our rental income stood at only RM3,000 as Grand Inizio secured tenancy of its own premises due to its expansion and interest income was about RM33,000 from our placement of

7 FINANCIAL INFORMATION (Cont'd)

cash reserves in fixed deposits. The corresponding four (4) month period in FPE 31 May 2007 showed a RM362,000 EBIDT as our revenues during the same period was higher.

(c) Operating Profit

	←----- Audited ----->			Unaudited
	Approximately Seven (7) months FPE 31 January 2007 RM'000	FYE 31 January 2008 RM'000	Four (4) months FPE 31 May 2008 RM'000	Four (4) months FPE 31 May 2007 RM'000
Operating (loss)/ profit	(79)	715	143	320

For a discussion on our operating profit, please refer to discussion on EBIDT in Section 6 (b) above. Operating loss or profit is derived at after charging depreciation, interest and taxation.

(d) Contribution from Associated Companies

Contribution from Associated Companies represents our most important source of income as the Group is a technology incubator in which we generally do not hold more than 50% equity in the companies we incubate.

We do not consolidate the financial statements of Associated Companies but recognise our share of their profits in our consolidated financial statements. The breakdown of contribution from our Associated Companies is set out below.

	←----- Audited ----->						Unaudited	
	Approximately Seven (7) months FPE 31 January 2007 RM'000		FYE 31 January 2008 RM'000		Four (4) months FPE 31 May 2008 RM'000		Four (4) months FPE 31 May 2007 RM'000	
	*	%	#	%	@	%	%	%
Grand Inizio	*	100.0	2,792	100.0	1,251	100.0	271	100.0
Eco-Sponge	-	-	#	-	@	-	-	-
Total	*	100.0	2,792	100.0	1,251	100.0	271	100.0

Notes:-

* Represent share of net loss of RM115 arising from expenses incurred as it was Grand Inizio's first year of operations

Represents share of net profit of RM217

@ Represents share of net loss of RM467 arising from expenses incurred as there were low sales recorded in the period under review

Grand Inizio, as shown above, represented nearly all the income from associated companies during the FPE/FYEs analysed. The main revenue of Grand Inizio was derived from the commencement of construction of three (3) projects which commenced construction in FYE 31 January 2008. This enabled us to recognize a share of profit of about RM2.79 million from Grand Inizio.

This recognition of the income from the three (3) projects continued in the FPE 31 May 2008, resulting in the recognition of RM1.25 million of net profit from Grand Inizio. In the corresponding period of FPE 31 May 2007, Grand Inizio contributed

7 FINANCIAL INFORMATION (Cont'd)

RM271,000 to our Group with the income derived from the commencement of three (3) new projects during that corresponding period.

Eco-Sponge commenced operations during the FYE/FPE under review by sale of its filtration products to its customers in FYE 31 January 2008 and FYE 31 May 2008:

(e) PAT

	←----- Audited ----->			Unaudited
	Approximately Seven (7) months FPE 31 January 2007 RM'000	FYE 31 January 2008 RM'000	Four (4) months FPE 31 May 2008 RM'000	Four (4) months FPE 31 May 2007 RM'000
(LAT)/PAT	(72)	3,389	1,368	519

The seven (7) months FPE 31 January 2007, represents the maiden year of our operations with earnings coming predominantly from facilitation fees. During this financial period, we were actively involved in the planning, business development and implementation of the commercial strategies of our Associated Companies where expenses were limited to mainly administrative expenses. Our Group recorded a LAT of about RM72,000 primarily due to administrative expenses.

In FYE 31 January 2008, we established better streams of revenues through our technology association activities. STSB provided us with an additional source of activity and income. The main increase in our PAT was through our main incubatee company, Grand Inizio, which contributed a net profit of about RM2.79 million to our Group resulting in a strong PAT of RM3.39 million. Our operating expenses including depreciation expenses were about RM550,000 for the financial year which increased in line with our expansion and staff head counts.

In FPE 31 May 2008, the main contributor was again Grand Inizio, which contributed a net profit of about RM1.25 million resulting in a total PAT of about RM1.37 million. The corresponding period of FPE 31 May 2007 only showed RM519,000 with net profit contributions of RM271,000 from Grand Inizio and the remaining from our technology incubation activities.

(f) Tax Consideration

The amount of provision for taxation was adequate to cover all known current tax liabilities due to Inland Revenue Board. The tax submission for our Group has been made up to the year of assessment 2008 for our Subsidiary Companies.

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