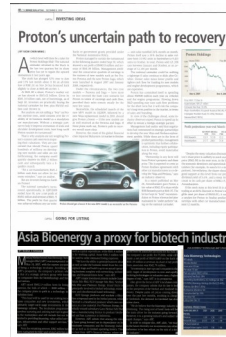


Headline Asia Bioenergy a proxy for biotech industry
Date 08. Dec 2008
Media Title The Edge
Section Corporate
Circulation 21864
Readership 100000
Language ENGLISH
Page No 40
Article Size 277 cm2
Frequency Weekly
Color Full Color
AdValue 3852.54



Asia Bioenergy a proxy for biotech industry

BY NADIA S HASSAN |

Mesdaq Market-bound Asia Bioenergy Technologies Bhd (ABT) was incorporated on May 24, 2007, with the express purpose of being a technology incubator. According to ABT's prospectus, the company's primary role is that of a strategic advisory group with focus on companies from the biotechnology and bio-fuel sectors.

ABT raised RM12.9 million from its listing exercise, the bulk of which — RM8 million — the company plans to park in a technology incubation fund.

"This fund will be used for our existing incubatee companies and new investments, which primarily target early-stage investments in the bioenergy industry. The incubation programme involves nurturing and assisting start-ups to grow in the marketplace and will include but not be limited to providing financing, value-added services, infrastructure and other support services," says ABT.

From the remaining amount, RM2 million has been earmarked for R&D and related activities as

well as capital expenditure, while RM1.4 million is for working capital. Some RM1.5 million will be used to settle estimated listing expenses.

"We have the ability to generate business ideas as well as take the business model from the conceptual stage and build it up to an actual operating business complete with networking, technology and financial know-how," says ABT.

ABT's major investment projects include Grand Inizio Sdn Bhd, ECO Sponge Sdn Bhd, Nexfuel Sdn Bhd and Platinum Energy. Grand Inizio is principally involved in biofuel technology, extraction and oleochemical-based technology.

ECO Sponge produces and markets a filtration compound used in the biofuel process, while Nexfuel is a bioethanol producer which uses cassava as a raw material. For Platinum Energy, its wholly-owned subsidiary Ganz Biofuel Sdn Bhd has a manufacturing licence to produce biodiesel and has a presence in Indonesia.

However, ABT admits that among the risks it faces going forward are its dependence on its incubatee companies and the bioenergy industry as well as its limited operating history. This is clear from ABT's financial history, where net

profit from its associates accounts for the bulk of the company's net profit. For FY2008, while ABT made a net profit of RM715,000 on the back of RM1.39 million in revenue, its share of net profit from associates was RM2.79 million.

"Investments in start-ups and companies in the early stages of development in new and rapidly evolving technologies or industries carry a higher degree of risk," says ABT in its prospectus.

Also, given the focus of ABT's incubatee companies, the company admits that its fate is tied to the prospects of the biofuel and biodiesel industry. Despite palm oil prices coming down over the past few months, resulting in cheaper feedstock, the demand for biodiesel has also come down.

"We do believe that the bioenergy industry is promising. The rising cost of fossil fuels will be the main driver for the industry going forward. However, it is a growing industry and subject to rapid changes," says ABT.

In order to mitigate this, ABT adds, "we may in the future diversify our investments into other industries to be less reliant on the risk of a single industry".

ASIA BIOENERGY TECHNOLOGIES BHD'S PROSPECTUS

Asia Bioenergy Technologies

IPO details	
Mesdaq Market	
Issue price: 43 sen	
Par value: 10 sen	
Paid-up capital: RM25 million	
Estimated free float: 29%	
Controlling shareholder(s): AC Holdings Sdn Bhd (33.76%), Bioenergy Holdings Sdn Bhd (29.44%), Platimas Sdn Bhd (7.85%)	
Bumiputera allocation: NA	
Oversubscribed by: 24%	
Fair value: NA	
Listing date: Dec 12	

EARNING PROJECTIONS

YEAR-END	JAN 31	2007	2008	2009
RM MIL				
Revenue		0.38	1.39	1.03
Net profit (loss)		(0.07)	3.39	3.98
EPS (sen) based on				
enlarged share capital		(0.03)	1.36	2.64