

**Conference on ‘New Business Opportunities in Downstream Palm Oil/Biomass’
Four Points By Sheraton Hotel, Sandakan
Launch of Lahad Datu Biomass JV Cluster Berhad
Address by Mark Rozario
CEO of Agensi Inovasi Malaysia (AIM)
Palmex Sandakan (22 May 2014)**

Firstly, I would like to thank the Sabah State, Ministry of Industrial Development and POIC for extending the invitation to AIM to witness the launch of the Lahad Datu Biomass JV Cluster Berhad. AIM and the 1MBAS unit have been working closely with POIC Lahad Datu for the past years to help find solutions and a platform for Sabah State to capitalise on biomass opportunities laid out in the National Biomass Strategy 2020 (NBS2020). I agree that the initial hurdle was around the large-scale mobilization of biomass so that was what we set out to overcome and today it gives us much excitement to see major progress in overcoming that hurdle.

Last year in June, we witnessed the introduction of the JV Cluster, a new innovative concept of collaboration among biomass owners that is fair, just and transparent. A concept that would help bridge the gap for downstream companies in terms of having access to sustainable long-term supplies of biomass to make investment decisions and more importantly for Malaysian biomass owners to participate in higher value added industries by leveraging their biomass resources. The signing of key terms for the model in Lahad Datu last year showed us the concept was relevant to the biomass owners.

Based on the encouraging interest from both biomass owners and downstream companies, AIM and POIC have since been working hard towards the practical implementation aspects of the model and are now in advanced stages of finalizing all contracts and the shareholding structure of the entity with participating mills. It was a rigorous process and with the close collaboration and support from all parties, we have been able to push and progress the idea from just a concept to a real operating model.

The Biomass JV Cluster has positioned Sabah to be one of the key hubs for oil palm biomass activities in the country, making the State an attractive option for biomass-based investments from both local and international companies. Over the past year, we have been receiving many formal requests and proposals from various downstream companies to form partnerships with the JV Cluster once it is fully operational, some of which are here today to support this initiative. We are confident that the serious show of support by downstream industries for an aggregation model like the JV Cluster that is based on profit sharing rather than commodity driven off-take agreements, will attract more biomass owners to participate. This will help the State and Malaysia to capture more downstream opportunities creating sustainable economic growth and high value jobs for its people.

AIM pledges its full support to Sabah State and POIC to ensure realization of its biomass potential in alignment with the NBS2020. With that, I wish Lahad Datu Biomass JV Cluster Berhad continued success. Thank you.