

SECURITIES AND EXCHANGE COMMISSION

FORM 20-F/A

Annual and transition report of foreign private issuers pursuant to sections 13 or 15(d) [amend]

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MYCOBIOTECH LTD

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SIC: **8731** Commercial physical & biological research

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F
Amendment No. 1

(Mark one)

Registration statement pursuant to Section 12(b) or 12(g) of the Securities Exchange Act of 1934

or

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended _____

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 0-50083

MYCOBIOTECH LTD.

(Exact Name of Registrant as Specified in Its Charter)

Singapore

(Jurisdiction of Incorporation or Organization)

12 Science Park Drive, #04-01 The Mendel, Singapore Science Park 1,
Singapore 118225

(Address of Principal Executive Offices)

Please send copies of all communications to:

Hank Vanderkam, Esq.
Vanderkam & Sanders
1301 Travis, Suite 1200
Houston, Texas 77002
(713) 547-8900

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
None	None

Securities registered or to be registered pursuant to Section 12(g) of the Act: Common Stock

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

As of October 20, 2002, the Registrant had outstanding 25,593,548 ordinary shares.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. Yes No X

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 _____ Item 18 X _____

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST

FIVE YEARS.)

Indicate by check mark whether registrant has filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No N/A X
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PART I

Item 1. Identity of Directors, Senior Management and Advisers.

A. Directors and Senior Management.

Directors.

The Board of Directors is entrusted with responsibility for the overall management of MycoBiotech Ltd (the "Company"). Information regarding the Directors is listed below:

<TABLE>

Name -----	Address -----	Position -----
<S>	<C>	<C>
Dr Kok Kheng Tan	5B Bright Hill Drive, Singapore 579596	Chairman of the Board and Chief Executive Officer
Prof Chin Tiong Tan	52 Kingsmead Road, Singapore 267996	Director
Victor Ang	1 Siglap Road #04-14, Singapore 448906	Director
Dr.Alfred Wee Tiong Loh	85 Namly Place, Singapore 267237	Director
David Soo Theng Lua	442A Dunearn Road, Singapore 289616	Director
Jin Soon Tan	41 Jalan Sembilang, Singapore 576884	Director

</TABLE>

Senior Management.

The day-to-day operations of the Company are entrusted to the Chief Executive Officer and an experienced and qualified team of Executive Officers responsible for the different functions of the Group. The particulars of the Executive Officers are set out below:

<TABLE>

Name <S>	Address <C>	Position <C>
John Edward Smith	17 Queensberry Avenue, Bearsden, Glasgow G61 3LR, Scotland, UK	Chief Scientific Officer
Eugene Lim	35 Jasmine Road, Singapore 576594	Group Company Secretary and Chief Financial Officer
Yevindra Sepala Ilangakoon	17, Bicknor Close, Canterbury, Kent CT2 7UB, England	Chief Operating Officer-Europe
Richard Poh Pheng Chia	30 Cedar Avenue Singapore 349708	General Manager B Marketing (Nutraceuticals And Functional Foods)
Ronald Han Kiang Ang	77 Nim Road, #02-03 Nim Gardens, Singapore 807586	General Manager B Marketing (Mushrooms)
Franklin Leong Tian Chong	118 Serangoon North Ave 1 #03-229, Singapore 550118	Group Accounts Manager
Rajive Goonewardena	19 Seletar West Farmway 5 Singapore 798057	Senior Manager - Production & Technical Support

</TABLE>

Scientific Advisory Board.

The Company has established a Scientific Advisory Board comprising scientists and clinicians with academic and commercial experience in mycology and biotechnology especially in the area of drug discovery, development and clinical use.

The board reviews and evaluates the Company=s research and development programs, advises on scientific and clinical strategy, monitors scientific progress and helps identify and assess new project areas.

The members of our Scientific Advisory Board are:

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Prof. John Edward Smith DSc, FRSE (Chairman) Dr. Raymond Chang, MD, FACP Dr. Jong Shung-Chang, DSc Professor Gloria Lim, DSc
Dr. David Moore, DSc, FLS Professor Solomon P Wasser, DSc

B. Advisers.

Vanderkam & Sanders, 1301 Travis St. Ste. 1200, Houston, TX 77002 act as U.S. counsel for the Company.

C. Auditors.

The audits as of December 31, 2001 and 2000 and related statements for December 31, 2001, 2002 and 1999 and conversion to US GAAP were performed by Thomas Leger & Co., 1235 N. Loop W., Ste. 907, Houston, TX 77008. They are members of the American Institute of Certified Public Accountants.

Item 2. Offer Statistics and Expected Timetable.

No Disclosure Necessary.

Item 3. Key Information.

A. Selected Financial Data

<TABLE>

	Years Ended December 31,			Unaudited	
	2001	2000	1999	1998	1997
<S>	<C>	<C>	<C>	<C>	<C>
	US `000	US `000	US `000	US `000	US `000
Average Exchange Rate of Singapore Dollars	1.7917	1.7239	1.6929	1.6490	1.6490

STATEMENT OF OPERATIONS

Net Sales	3,456	3,707	1,256	2,567	3,653
Cost of Sales	(3,312)	(2,478)	(684)	(1,215)	(2,214)
Gross Profit	144	1,229	572	1,352	1,439
Operating Expenses	(3,211)	(2,992)	(1,137)	(2,117)	(1,554)
Loss from Operations	(3,067)	(1,763)	(565)	(765)	(115)
Other income / (expenses)	(732)	(37)	(72)	532	87
Net loss before taxes	(3,799)	(1,800)	(637)	(233)	(28)
Taxation	0	44	31	-	-
Net loss after tax	(3,799)	(1,844)	(668)	(233)	(28)
Comprehensive income (loss)	102	65	(62)	-	-
Comprehensive loss	(3,697)	(1,779)	(730)	(233)	(28)
Loss per common share	(0.23)	(0.14)	(.07)	(.02)	-

Basic Weighted average shares outstanding	15,768,929	13,035,298	10,706,728	10,000,000	10,000,000
	=====	=====	=====	=====	=====

Unaudited

Average Exchange Rate of Singapore Dollars	US `000	US `000	US `000	US `000	US `000
	1.8445	1.7331	1.6655	1.6490	1.6490

BALANCE SHEET DATA:

Working Capital (deficit)	(374)	(141)	(80)	(1,642)	(926)
Total assets	2,515	3,714	1,618	474	1,887
Long term debts	211	2,098	2,157	1,024	1,569
Shareholders' deficit	(49)	(734)	(1,781)	(2,656)	(2,422)

</TABLE>

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The exchange rate between the U.S. dollar and the Singapore dollar for each of the past six months is as follows:

	High	Low		High	Low
	-----	-----		-----	-----
September, 2002	1.78065	1.74545	June, 2002	1.79270	1.76374
August, 2002	1.77226	1.74723	May, 2002	1.80695	1.78706
July, 2002	1.77096	1.73029	April, 2002	1.84673	1.80481

B. Capitalization and Indebtedness.

The following table sets forth the debt and capitalization of the Company as of September 30, 2002 . The data set forth below should be read in conjunction with the other financial information included elsewhere in this Registration Statement. See "Consolidated Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	US\$
Common Stock . 54 par	\$14,865,787
Paid in Capital	3,002,782
Retained Earnings Deficit	(17,099,285)
Accumulated Other Comprehensive Income	132,124
Unsecured convertible bonds	33,785
Grant	39,847
Long-term lease obligation	8,984
Liabilities & shareholders' deficit	\$2,480,021

C. Reasons for the Offer and Use of Proceeds.

No Disclosure Necessary.

D. Risk Factors.

The Company is subject to a number of risks and uncertainties. If any of the following considerations and uncertainties develop into actual events, our business, financial condition or results of operations could be materially adversely affected.

SOUTHEAST ASIA RISKS

ECONOMIC RISK OF SOUTHEAST ASIA

The economies of Southeast Asia remain weak as a result of the currency crisis of 1999 which led to a recession in the region. In addition, with a soft US economy, and the US technology meltdown, international exports, the economic engine of the region have been significantly affected, further depressing the regions economy. Because Southeast Asia, and Singapore, in particular, is the major markets for our products, the weak economy has impacted our sales as the Company's products are more a discretionary item then a food staple. The weak economy of the region is a significant factor in the decline in our sales, and until the "economy" of the region recovers, will impact future sales.

POLITICAL RISKS OF SOUTHEAST ASIA

Although the political environment in Singapore is stable, there is significant political instability in the region. Since the fall of the government of Indonesia, the Indonesian political situation has been completely unstable. Malaysia, although reasonably stable, faces various

internal challenges. In addition, the rise of Muslim extremist has further complicated the political landscape as both Malaysia and Indonesia are Muslim countries. Because Singapore is surrounded by Muslim countries, both of whom are battling Muslim extremist, and because of the unstable political situation in Indonesia, there is no guaranty that this instability will not spill over into Singapore, our principal market. This could have a significant negative impact on our sales. Furthermore, since Indonesia and Malaysia supply the majority of our mushrooms a disruption of this supply could also significantly decrease our sales.

Financial Risks

We incurred accelerating net operating losses of \$729,834, \$1,778,838 and \$3,697,585 for FY 1999, FY 2000 and FY 2001, respectively. In addition, we have a loss of \$2,095,434 for the first nine months of 2002. Because of these losses our audit opinions have been qualified on a going concern basis. Furthermore, our revenue for the year ended December 31, 2001 declined by 6.8% from our revenues for the year ended December 31, 2000, although our revenues for the first nine months of 2002 totalled \$ 2,651,861, a slight increase from the \$2,627,344 the first nine months of 2001. In addition, our gross profit margins declined from 33.16% for the year ended December 31, 2001 to 4.18% for the year ended December 31, 2001 and to 8.98% for the nine months ended September 30, 2002.

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WE WILL REQUIRE FINANCING

Because we have been unprofitable, and we are uncertain when, if ever we will generate earnings and cash flow and we are dependent upon the proceeds of future equity offerings or other financing to implement our business plan and to finance our working capital requirements. Monthly direct operating expenses average \$268,000 and monthly indirect operating expenses average \$239,000 a month. While we have recently completed a rights issue to shareholders, we will need to seek additional financing of at least \$5,000,000. Upon completion of this registration we anticipate an offering either in Singapore or in the U.S. of our shares, as the company has insufficient liquidity to operate for the next six months. To the extent that we incur indebtedness or issue debt securities instead of a share offering, we will be subject to risks associated with incurring such indebtedness, including the risks that interest rates may fluctuate and that our cash flow may be insufficient to pay principal and interest on any such indebtedness. In addition because of our financial condition, we are uncertain if financing will be available to us on commercially reasonable terms, or at all. If we are unable to obtain financing, our ability to continue operations could be adversely affected. We also may be precluded from the equity market. If we are unable to raise additional funds, we will be unable to continue business operations or pay our current liabilities.

Business Risks

WE FACE STRONG COMPETITION IN THE SALES OF OUR PRODUCTS

The primary market for our products is Singapore where we have 40% of the mushroom market and one percent of the health food supplement market. Our mushrooms face stiff competition from the importation of Chinese grown mushrooms where the production costs are lower and from a panorama of health food supplements. Because of this competition, prices have been falling and our profit margins declining contributing to our overall loss. Our other market is the United Kingdom where we have less than a one-percent market share. Our competitors in Singapore are Kahsim, Be Fresh, Chan Kok Hong and MP Project. Our competitors in the United Kingdom are Liversey Brothers, TecFoods, Fruit of the Forest, and Smithy Mushrooms.

WE FACE RISKS RELATED TO DISTRIBUTING AND SELLING FRESH MUSHROOMS

Fresh mushrooms are perishable products which require special low-temperature handling equipment for storage and transportation. Mishandling of our fresh mushrooms can lead to spoilage and a loss of income. In a typical year, this loss amounts to approximately 5% of the mushroom cost. Furthermore, our business is executed on a credit basis. Hence the receipt of payments will depend on the creditworthiness and financial standing of our customers. While we keep our credit policies tight, we still incur losses of approximately 1% of the credit extended.

WE FACE RISKS IN OPENING OVERSEAS MARKETS

In the past, our operations have largely been confined to Singapore. As part

of our business strategy, assuming the availability of capital, we intend to expand our business into other countries particularly Malaysia, England and Canada. However, in each of these countries we face intense competition from entities which have been in these markets for some time and are familiar with the nuances of each country, whereas we have no prior history in such markets. This could significantly effect our ability to grow in such markets, or to be profitable in such markets.

WE ARE DEPENDENT ON THE PERFORMANCE OF OUR ASSOCIATED COMPANIES

An associated company is a non-subsiary in which our ownership is 50% or less but in whose financial and operating policy decisions we exercises significant influence. We enter into such arrangements because the other shareholder/investors provide the initial investment, working capital, and on site management while we contribute the technical knowhow and training. If we are unable to find partners for associated operations, we will not have the capital for expansion, or to continue to fund certain of our operations, and possibly even continue our business operations.

WE ARE SUBJECT TO VARIOUS GOVERNMENTAL REGULATIONS

Because we sell fresh food products, we are subject to the normal govermental health regulations affecting fresh food, including labelling. To the extent our products are marketed as health foods or supplements, we are subject to various regulations which control any claims or benefits made on such products. While these regulations do not impose an economic risk, should more strenuous regulations be adoped in the future which would apply to our products, such could have an adverse economic impact by increasing our costs.

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OUR NEW PRODUCTS MAY NOT GAIN WIDESPREAD ACCEPTANCE

We have developed a range of mushroom-based health foods and health food supplements for which there are no established markets. Many of our products are still under development and there can be no assurance that such products will be successfully developed or commercialized on a timely basis, or at all. Even if commercialized, there is no guarantee that such products will gain acceptance by consumers. The successful launch of our new products is dependent upon our ability to educate and create awareness of the potential benefits of such products among consumers and also the ability of our health products to suit the demands and needs of consumers. Our inability to achieve a significant level of market acceptance will negatively impact our profitability and financial position.

AVAILABILITY OF THE MAIN RAW MATERIAL WILL AFFECT OUR PRODUCTION AND PROFITABILITY

Wood sawdust is the main raw material in our production of mushrooms under an artificial environment and constitutes 45% of our total material costs. Presently, we are not dependent on any single distributor for our supply of wood sawdust and our ability to switch to alternative suppliers allows us to take advantage of favorable pricing. Nevertheless, any shortage in the supply of wood sawdust will have a negative impact on our production output and consequently our profitability.

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WE ARE RELIANT ON DISTRIBUTORS

We distribute some of our non-fresh food products through third-party distributors. Our agreements with these third-party distributors contains no minimum purchase requirements. Furthermore, these distributors were given exclusive marketing for a period of five years in a given geographic area. Because these agreements are new, they have no proven track record with the company and we are reliant on their best efforts in selling our products. Because of the exclusivity and because of the newness of these arrangements, we are unable to predict the level of their sales success, if any. Therefore, there can be no assurance that we will be able to successfully maintain marketing, distribution or sales capabilities for these products.

In addition we are launching a new line of MycoMed mushroom based health supplements through multi-level marketing. Our agreements with qualified distributors specifies only a low minimum purchase requirement. There is no guarantee that these distributors will actively sell the products or will

continue to sell the products in either the medium or long term. This would negatively impact future sales and profits.

WE ARE RELIANT ON CONTRACT MANUFACTURERS.

Our Linzir range of products such as Lingzhi-shiitake capsules and extracts must be approved by the Singapore Ministry of Health before they can be sold in Singapore. We have appointed Beacon Chemicals Pte Ltd, a Ministry Of Health approved manufacturing company, to produce these products. We are dependent on this third-party production facility to ensure that the contents of these products meet the requirements of the Ministry Of Health, while maintaining product quality and acceptable manufacturing costs.

Should this manufacturing relationship terminate or should any supplier not be able to satisfy our quality requirements, our supply for these goods will be affected, thus depriving us of a potential source of revenue.

IT MAY BE DIFFICULT TO SERVE US WITH LEGAL PROCESS OR ENFORCE JUDGMENTS AGAINST US OR OUR MANAGEMENT.

We are a Singapore holding company, and all or a substantial portion of our assets are located in Southeast Asia. In addition, all but one of our directors and officers are non-residents of the United States, and all or substantial portions of the assets of such individuals are located outside the United States. As a result, it may not be possible to effect service of process within the United States upon such persons. Moreover, there is doubt as to whether the courts of Singapore, Malaysia or Indonesia would enforce:

- judgements of United States courts against us, our directors or our officers based on the civil liability provisions of the securities laws of the United States or any state; or
- in original actions brought in Singapore, Malaysia or Indonesia, for liabilities against us or non-residents based upon the securities laws of the United States or any state.

SOME INFORMATION ABOUT US MAY BE UNAVAILABLE BECAUSE WE ARE NOT SUBJECT TO CERTAIN REPORTING REQUIREMENTS UNDER THE FOREIGN PRIVATE ISSUER RULES.

We are a foreign private issuer within the meaning of the rules under the Securities and Exchange Act of 1934, as amended. ("Exchange Act"). As such, we are not subject to certain provisions applicable to United States public companies, including:

- the rules under the Exchange Act requiring the filing with the Securities & Exchange Commission of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; and
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and establishing insider liability for profits realized from any "short-swing" trading transaction.

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Because of these exemptions, investors are not provided the same information which is generally available concerning public companies organized in the United States.

Southeast Asia Risks

Item 4. Information on the Company.

A. History and Development of the Company.

Mycobiotech Ltd is a group of companies involved in producing mushroom related health foods and health supplements, mushroom based food products, including fresh mushrooms, biopharmaceutical products and technology-based cultivation processes. Approximately ninety percent (90%) of our revenues are derived from the growing and marketing of fresh mushrooms.

The Company was incorporated under the Singapore Companies Act in Singapore on May 22, 1980 as a private company limited by shares under the name of Tan Mushroom Laboratories (Pte) Ltd. The name was subsequently changed to Everbloom

Mushroom (Pte) Ltd in 1981, to Everbloom Biotechnology (Pte) Ltd in 1984 and to MycoBiotech Pte Ltd in November 1999. We changed the name again to MycoBiotech Limited on September 28, 2000 and became a public limited company. Our registered office address is 12 Science Park Drive #04-01, The Mendel Singapore Science Park 1, Singapore. In 1985, we incorporated another company, Everbloom Mushroom Pte Ltd ("Everbloom Mushroom"), to undertake mushroom cultivation while Everbloom Biotechnology focused on the R&D of the mushroom cultivation process as well as the medicinal properties of Shiitake mushroom.

In 1988 we incorporated a new subsidiary, Everbloom International Technology Pte. Ltd., to handle the worldwide licensing of our patented mushroom cultivation technology, the Everbloom Process. Everbloom Biotechnology was the holding company of Everbloom International Technology Pte. Ltd., and Everbloom Mushroom Pte Ltd.

In 1989 Everbloom Health Food Pte Ltd. was formed to conduct research and development of health food products and health food supplements.

Building on our experience in the cultivation of Shiitake mushroom under artificial conditions, we started to expand overseas in 1998. In December 1998, we incorporated two companies in the U.K, MycoTechnology Ltd UK and Mycoceuticals Ltd - UK, with the intention of growing and selling of exotic mushrooms and the manufacture and trading of mushroom-based nutraceuticals and functional foods respectively in the U.K and Europe.

In July 1999 MycoPharma was incorporated with the primary purpose of undertaking research and development of biopharmaceuticals and nutraceuticals products and the clinical trials of these products.

In August 2000 we incorporated Everbloom Mushroom (Kent) Ltd to operate the mushroom facility in Kent, England.

In September 2000, we invested into MedMyco Ltd, an Israeli Biotechnology company involved in the development and manufacturing of drugs and dietary supplements from edible and medicinal mushrooms.

In June 2001, we entered a 50:50 joint venture with 936450 Ontario Ltd and Horus Capital Ltd for the right to use our Mushroom Technology in North America. Everbloom Biotechnology (Canada) Ltd, is a holding company for companies set up to grow and sell exotic mushroom in North America, as well as sell health foods and health food supplements.

In 2002, the company acquired the intellectual property relating to the isolation and characterization of fungal growth hormones called Fungiflex and Fungiflex2 from Dr David Moore and Dr Lily Novak Frazer, two fungal developmental biologists from the University of Manchester, UK. The acquisition strengthens our knowledge-based of biopharmaceuticals and will assist in our research into and development of new fungicides.

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The following chart illustrates our current organizational structure.

[chart]

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B. Business Overview

General

The Company was founded by Dr. Kok Kheng Tan to commercialize his research on technology-based production of Shiitake and other exotic mushrooms. This technology-based process uses a combination of specially formulated growing substance, principally a woodchip mixture and controlled environmental conditions.

Business and Growth Strategy

Our principal business is the cultivation and marketing of fresh mushrooms. This accounts for nearly 90% of our total sales.

Our secondary business is the promotion and sale of health foods and health

supplements. We believe that there is a long-term global trend towards preventive medicine as opposed to curative medicine. Therefore there should be a growing market in the health food and health supplement sector. The relaxation of certain labelling laws, particularly in the United States, allowing for certain health claims to be labelled on health supplements should further drive growth in the sector.

Mushrooms have a long history of use in traditional Eastern (Chinese and Japanese) medicine, We will promote the potential benefits of mushroom-based health foods and health food supplements to an increasingly health conscious global population. The health supplement market alone was worth US\$92billion in 2000.

Expansion of our business globally through joint ventures and acquisitions

To increase our customer base and expand our market, we have entered joint ventures or acquired companies that are synergistic to our mushroom related businesses in Asia. These are our English and Canadian ventures, although the Canadian businesses are not yet operational. We also hope to shift the production of mushrooms to low-cost regions in order to capitalise on the lower cost of raw material, labour and power. We will distribute mushrooms and mushroom-based products through our overseas subsidiaries or associated companies which are located in Canada, Malaysia, England, and Indonesia. Each of these companies will be responsible for the management of its profitability, geographical areas of distribution and network of distribution agents. MycoTechnology Ltd, UK is responsible for the distribution of mushrooms and Mycoceuticals Ltd, UK for health foods and health supplement in Europe. Everbloom Canada will be responsible for the Canadian and the North America markets for all products. In Malaysia the distribution of all products is undertaken by our associate company, Everbloom Nutraceuticals Malaysia. We intend to engage distributors with proven track records in the respective geographical areas to gain access to supermarkets, health specialty shops and pharmacies. Our Indonesia subsidiary, PT Randhoetatah Cemerlang will leverage on Indonesia's low cost structure to grow mushrooms and manufacture certain of our Company's products.

HEALTH FOODS AND HEALTH SUPPLEMENTS.

Overview

There are three regional markets targeted by the Company for mushroom-related health food and supplements in the year 2003; these are Singapore, Malaysia, and England. Subsequent targeted markets will include North America, Australia, Korea, Japan, Thailand and Philippines.

Current Products

Health Supplements

Presently we market three health supplements- Linzir capsules, Linzir Elixir extracts and Essence Of Shiitake. . Linzir capsules contain concentrated extracts of Lingzhi and Shiitake mushrooms. Both Lingzhi and Shiitake mushrooms contain substances which have been found to enhance the bodies well being and provide certain health benefits.

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Linzir Elixir is a liquid extract of the Lingzhi and Shiitake mushrooms blended with honey. It is targeted to consumers who prefer liquid to capsules. It essentially contains all the health benefits found in the Linzir capsules.

Essence of Shiitake is a concentrated liquid extract of Shiitake mushrooms hygienically packed, sterilised and sealed in a 2.5 oz glass bottle. It contains all the nutritional benefits of Shiitake mushrooms and has additional health benefits.

Health Foods

Our health foods may be summarised into six categories;

1. Mushroom Crunchies which are snacks made of vacuum fried mushrooms in 50gm canisters or packs and are available in four flavours.
2. Shiitake Superior Soups which are soups containing abalone, scallops and Shiitake mushrooms. Eight varieties have been formulated and commercialised for sale;
3. Shiitake Herbal Soups which contain Shiitake mushrooms and traditional

Chinese herbs doubled-boiled with chicken. Six varieties are commercially available;

4. Shiitake Mushroom Sauces are pour-over sauces which combine Shiitake mushrooms with various other oriental and western sauces. Eight varieties are available commercially;

5. Oriental Gourmet and Exotic Mushroom Soups which contain Shiitake mushrooms and other mushrooms with local flavours and ingredients. Eighteen varieties are available commercially.

6. Mushroom Pickles are mushrooms preserved as pickles that are available in three varieties.

Sales and Marketing

We promote our health foods and health supplements by participating in trade fairs such as Vitafood International in Geneva, Natural Food Expo in England and the Natural Food Expo in the United States. We intend to raise our profile and increase the market exposure of our products by participating in additional trade shows and exhibitions as well as through publication of research findings and advertisements in selected journals and magazines in the field of science and biotechnology. We hope to place advertisements through the print media and broadcast media as well as stage special events and publicity programs and through our website, www.mycobiotech.com and www.mushroom-shop.com.

Although we have executed five distribution agreements, only one is producing any material revenue. That is the agency agreement between Everbloom Mushroom PTE LTD ("EM") with BAN CHOON MARKETING PTE LTD (BAN CHOON). BAN CHOON is controlled by Chin Hian Tan, the brother of Dr. Tan, our president and is a director of Everbloom Mushroom Pte Ltd., our subsidiary.

This agency agreement provides for BAN CHOON to be the exclusive distributor of certain products in the Singapore area. The agreement also provides for BAN CHOON to be reimbursed for all costs incurred in the marketing and distribution of the products, plus 20% of the net profit.

During 2001, sales through BAN CHOON totaled approximately \$2,654,000 or approximately 77% of our total sales. Expenses reimbursed to BAN CHOON were approximately \$505,000. Net income provided to the Company was approximately \$67,700.

During 2000, sales through BAN CHOON totaled approximately \$2,352,600 or approximately 72% of total sales. Expenses reimbursed to BAN CHOON were approximately \$567,000. Net income provided to the Company was approximately \$83,000.

Future Products

The following new products are scheduled to be launched within the next twelve months.

Lingzhi-Shiitake mushroom with Honey-Emulsion for kids. This is an extension product of the Linzir capsules but will be targeted to children.

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Gano-X B. In capsule form, this is a pure Lingzhi mushroom extract product. It will be promoted as a health supplement that aids in lowering high blood pressure, fighting diabetes, and slowing the aging process.

Odorex B. In capsules form, this is an extract from the champignon mushroom. This product will be as a health supplement to eliminate body odour, bad breath and faecal smell.

Mushrooms

Overview

We are a producer of cultivated mushrooms using our patented technology called the Everbloom Process. The growing of mushrooms using traditional methods normally takes ten to twelve (12) months before harvest under natural climatic conditions. Unfortunately, the natural production method makes it difficult to control the supply year round. The process of shortening the growing period using a sawdust supplemented substrate under environmentally controlled conditions was successfully developed by Dr Tan in 1979 at the then University of Singapore under a research grant from the International Foundation for Science, Stockholm. This discovery was commercialized in 1980 by Everbloom

Biotechnology (Pte) Ltd. The Everbloom cultivation process has been patented and proven to be thirteen times more productive than the cultivation of mushrooms under natural climate condition.

Our goal is to develop the Everbloom brand and a reputation for reliability and consistency in its quality. Our business model is to license the Everbloom process to growers who will grow mushrooms using our strains and stringent cultivation standards. This model releases our capital for other purposes while maintaining our control of the mushroom quality.

Products

Our primary product is the Shiitake mushroom. However, we also grow other mushrooms such as Nameko, Monkey Head and Pink and Yellow Oyster mushrooms. The sale of fresh mushrooms provides nearly ninety percent of our revenue.

Sales & Marketing

We target our fresh mushrooms to middle and upper income groups. We will concentrate our marketing efforts on providing more exposure of the benefits of mushrooms through cooking demonstrations, tasting sessions and the distribution of recipes at grocery chains. Our marketing message will focus on the health-enhancing qualities of mushrooms.

Sales efforts will be focused on locating distributors with proven track records. And, the Company will source and develop relationships with distributors who have access to national grocery chains.

Patents / Licenses / Contracts / Processes

We have developed and patented our sawdust-based mushroom cultivation process. We regard our copyrights, trade marks, trade secrets and other intellectual property as important to our success. We rely on a combination of patent, trademark laws and contractual restrictions to protect our proprietary rights in products and services. The following is the table of our patents:

A. "Mushroom Cultivation"

<TABLE>

	Country	Proprietor	Application No.	Application Date	Publn/ Grant No.	Grant Date
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1.	US	MycoBiotech(1)	536260	29/9/1983	4542608	24/9/1985
2.	Sri Lanka	MycoBiotech(2)	9769	8/6/1987	9769	24/7/87

</TABLE>

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<TABLE>

B. "Cultivation on Rubber Wood"

	Country	Proprietor	Application No.	Application Date	Publn/ Grant No.	Grant Date
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1.	US	MycoBiotech(1)	057335	2/6/1987	4833821	30/5/1989
2.	UK	MycoBiotech(2)	8923604.6	2/6/1987	2223922	5/12/1990
3.	Singapore	MycoBiotech(2)	9391282.2	1/12/1993	9391282.2	22/4/1994
4.	Malaysia	MycoBiotech(2)	PI9002102	2/6/1987	MY-104548A	30/4/1994

</TABLE>

<TABLE>

C."Cultivation with Thermal Shock"

	Country	Proprietor	Application No.	Application Date	Grant No.	Publn/ Grant Date
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1.	Singapore	MycoBiotech (2)	9391281-4	1/12/1993	9391281-4	17/5/1994
2.	US	MycoBiotech (1)	277823	30/11/1988	4987698	29/1/1991
3.	Philippines	MycoBiotech (2)	35335	2/6/1987	28576	7/11/1994
4.	Canada	MycoBiotech (2)	538736	3/6/1987	1288371	3/9/1991
5.	Australia	MycoBiotech (2)	73748/87	2/6/1987	604707	24/4/1991
6.	UK	MycoBiotech (2)	8712904.5	2/6/1987	2191074	12/12/1990
7.	New Zealand	MycoBiotech (2)	220531	2/6/1987	220531	10/7/1990
8.	Belgium	MycoBiotech (1)	87304869.8	2/6/1987	0248636	30/9/1992
9.	France	MycoBiotech (1)	87304869.8	2/6/1987	0248636	30/9/1992
10.	Germany	MycoBiotech (1)	87304869.8	2/6/1987	0248636	30/9/1992
11.	Italy	MycoBiotech (1)	87304869.8	2/6/1987	0248636	30/9/1992
12.	Netherlands	MycoBiotech (1)	87304869.8	2/6/1987	0248636	30/9/1992
13.	Spain	MycoBiotech (1)	87304869.8	2/6/1987	0248636	30/9/1992
14.	Switzerland	MycoBiotech (1)	87304869.8	2/6/1987	0248636	30/9/1992
15.	Malaysia	MycoBiotech (2)	PI8700754	2/6/1987	MY-101739A	17/1/1992

</TABLE>

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<TABLE>

D."Making Mushroom Spawn"

	Country	Proprietor	Application No.	Application Date	Publn/ Grant No.	Grant Date
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1.	Australia	Tan Kok Kheng and MycoBiotech (1)	19609/83	27/9/1983	564248	20/1/1988
2.	New Zealand	Tan Kok Kheng and MycoBiotech (1)	205746	26/9/1983	205746	26/9/1983
3.	Belgium	MycoBiotech (1)	83305709.4	26/9/1983	0107911	20/12/1989
4.	France	MycoBiotech (1)	83305709.4	26/9/1983	0107911	20/12/1989

5.	Germany	MycoBiotech(1)	83305709.4	26/9/1983	0107911	20/12/1989
6.	Netherlands	MycoBiotech(1)	83305709.4	26/9/1983	0107911	20/12/1989
7.	UK	MycoBiotech(1)	83305709.4	26/9/1983	0107911	20/12/1989
8.	Canada	Tan Kok Kheng & MycoBiotech(1)	83305709.4	28/9/1983	1207690	15/7/1986
9.	Singapore	MycoBiotech(1)	9190118.1	20/2/1991	9190118.1	12/3/1991
10.	Malaysia	MycoBiotech(2)	PI8701544	3/9/1987	MY-101013A	29/6/1991

</TABLE>

Note:-

- (1) The patent is registered in the name of Everbloom Mushroom, the former name of the Company.
- (2) The patent is registered in the name of Everbloom Biotechnology, the former name of the Company.

Patents are granted for an average period of 15 to 20 years from the application date, if periodically renewed during the life of the patents.

The Everbloom Process

We are a producer of cultivated mushrooms with our proprietary biotechnology, the Everbloom Process and an integrated producer of edible mushrooms and mushroom-based products. The Everbloom Process is used in all the mushroom farms operated by our licensees. We grow primarily Shiitake mushrooms. However, we also grow other mushrooms such as Nameko, Monkey Head and Pink and Yellow Oyster mushrooms, though in much smaller quantities.

Our sawdust logs are logistically easier to handle than those involving bed logs the traditional product. Sawdust logs are short vertical logs approximately seven to eight inches high and weigh anywhere from two to seven pounds as opposed to bed logs which are approximately four feet long and weigh more than twenty-six pounds. Bed logs cultivation must be done outdoors, thereby restricting the farm to areas where the climate is conducive to cultivation. Sawdust logs can be placed on shelves in growing houses, permitting environmental control growing area, a reduced labor cost and better utilisation of real estate. Finally, sawdust logs reduce the time to incubation and first fruiting (harvest) to months instead of years. Generally, the entire yield from the sawdust log can be obtained within a year.

Patents are granted for an average period of 15 to 20 years from the application date. Dr. Tan is named as a joint or the sole owner of a patent at the point of application due to the patent laws of certain countries. Dr. Tan has assigned all of his rights in the patents to Everbloom Biotechnology, and steps have been taken to record the Company as the sole owner.

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Four patents relating to the fermentor culture of mushroom species for cholesterol lowering and for antidiabetes have been granted in the USA. We have also filed patents for this technology in Europe, Canada, Japan and Israel.

Our patents cover the following four technologies:

1. A process for producing, methods and compositions of cholesterol lowering agents from higher Basidiomycetes mushrooms.
2. A process for higher Basidiomycetes Mushrooms grown (as biomass) in submerged culture.
3. A process for producing, methods and compositions of glucuronoxylomannan as a health food supplement from the Basidiomycetes of Mushrooms.

4. A process for higher Basidiomycetes Mushrooms grown (as one cell biomass) in a submerged culture.

TradeMarks

We own a number of trade marks worldwide, for marks comprising and including the words "EVERBLOOM", "LINZIR" (in the English and Chinese languages), "MYCOMED", "MYCOVITE", "MYCOGLUCAN" and "ELIXIR". These marks cover a variety of health foods, supplements and alternative medical products.

Our trade marks are registered and pending registration in Singapore, Malaysia, Brunei, Indonesia, Japan, Korea, the Philippines, Taiwan and Thailand.

The "LINZIR" trade marks were originally owned by Winthrop Products Inc., (except in Japan), where it is owned by Sterling Winthrop Inc. Winthrop Products was purchased by SmithKline Beecham Plc and the "LINZIR" trade marks were sold by SmithKline Beecham to Everbloom Biotechnology in 1998. Winthrop Products and SmithKline Beecham Plc are still registered as the owners of the "LINZIR" marks outside of Singapore.

Proprietary Information

Aside from patented technology, we also own certain proprietary information and know-how concerning techniques and methods relating to the patented inventions. Where proprietary information is held by Dr.Tan, such information has already been assigned by Dr.Tan to our Company.

Proprietary Information

Aside from patented technology, we also own certain proprietary information and know-how concerning techniques and methods relating to the patented inventions. Where proprietary information is held by Dr.Tan, such information has already been assigned by Dr.Tan to our Company.

License Agreements

As part of our business, we have granted various perpetual, non-exclusive licenses to other companies including companies within our company group structure to use our know-how and intellectual property rights in the production and cultivation of different types of mushrooms. These agreements are set out as follows:

- (a) A license agreement dated December 8, 1997 entered into between Everbloom International Technology Pte Ltd and Everbloom Mushroom (UK) Ltd;
 - (b) A license agreement dated May 30, 1998 entered into between Everbloom Biotechnology (Pte) Ltd and Everbloom International Technology Pte Ltd;
 - (c) A license agreement dated June 1, 1998 entered into between Everbloom Biotechnology (Pte) Ltd and Everbloom Health Food Pte Ltd;
 - (d) A license agreement dated December 9, 1998 entered into between Everbloom International Technology Pte Ltd and Everbloom Mushroom (UK) Ltd;
 - (e) A license agreement dated December 9, 1998 entered into between Everbloom Health Food Pte Ltd and Mycoceuticals Ltd;
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- (f) A license agreement dated January 21, 2000 entered into between Everbloom Health Food Pte Ltd and Ever-Bloom, Nutraceuticals (M) Sdn Bhd;
 - (g) A license agreement dated February 23, 2000 entered into between Everbloom International Technology Pte Ltd and Gulf Mushrooms Products Company (S.A.O.G.); and
 - (h) A licence agreement dated June 4, 2001 entered into between MycoBiotech Ltd and Everbloom Biotechnology (Canada) Ltd.

In consideration for the use of our know-how and intellectual property rights, we receive an ownership percentage, and/or a one time lump sum payment.

Most of these licenses are granted perpetually but may be terminated by us upon any breach of the terms of the license agreement.

We have granted an exclusive license to Ever-Bloom Nutraceuticals Malaysia for the marketing and distribution of our health food products in Malaysia, Thailand and the Philippines for an initial period of five years and thereafter to be renewed annually.

Competition

Biopharmaceutical, Health Food and Health Supplements

In the field of biopharmaceutical, health foods and supplements, we face global competition from large and well-established competitors. In addition, biopharmaceutical products also face regulatory constraints from regulatory agencies such as the Food and Drug Administration (FDA).

We face intense competition in the biopharmaceutical market from traditional drug companies and from a host of firms offering traditional eastern medicines. There are a number of small organizations with traditional Chinese alternatives for health supplements and global competition by multinationals such as GNC. In the health food sector our products face competition from other Asian firms and traditional herbal soup vendors.

Mushroom

The mushroom industry is rife with other mushroom products substitutes and alternatives, leading to pricing pressure. However, we believe that our brand name is synonymous with freshness and quality which allows us to maintain our market position in the Singapore market. Our strategy is to license our proprietary mushroom technology to markets around the world to provide the same fresh and quality product delivery.

Our international operations will face competition from domestic producers in each country, as well as imports from China. The competition in the European markets will be mainly from the French and Dutch growers as well as from relatively low priced imports from China. In North America, the competition will come from American and Canadian producers as well as from Chinese imports.

D. Facilities and Employees

The Company currently employs fifty-three people in Singapore and eighteen people in England. We have experienced no difficulty in hiring or retaining personnel. With the exception of our operation in England, which is new, most of our personnel are long time employees.

The Company has mushroom growing facilities in Singapore, England, and Malaysia.

The production of certain health supplements are subcontracted to Beacon Chemicals Pte Ltd. Health foods, such as soups and sauces are produced in the Food Process Technology Centre of the Productivity Standards Board (PSB) in Singapore.

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Description of Property

Our principal executive offices are located at 12 Science Park Drive #04-01, The Mendel, Singapore Science Park, 1 Singapore 118225. We lease approximately 4,659 square feet of office space at this location at a monthly rental rate of approximately \$5,855.

We have a retail facility in Singapore. Its address is Shop No. B1-10 Basement Floor. We have approximately 280 square feet at this location at a monthly rental of approximately \$3,195.

We also have a mushroom growing facility in Singapore of approximately 65,340 square feet and rents for approximately \$440 per month.

In Kent, England we lease a farm with growing facilities. This facility comprises thirteen (13) acres and rents for approximately \$11,667 per month.

Item 5. Operating and Financial Review and Prospects.

A. Operating Results.

Selected Financial Data

<TABLE>

Nine Months

Years Ended December 31,

	Ended			
	September 30, 2002	2001	2000	1999
	US `000	US `000	US `000	US `000
<S>	<C>	<C>	<C>	<C>
Average Exchange Rate of Singapore Dollars				
STATEMENT OF OPERATIONS		1.7917	1.7239	1.6929
Net Sales	\$2,652	3,456	3,707	1,256
Cost of Sales	2,414	(3,312)	(2,478)	(684)
Gross Profit	238	144	1,229	572
Operating Expenses	(2,150)	(3,211)	(2,992)	(1,137)
Loss from Operations	(1,912)	(3,067)	(1,763)	(565)
Other Income/(Expenses)	(210)	732	(37)	(72)
Net Loss Before Taxes	(2,122)	(3,799)	(1,800)	(637)
Taxation	0	0	44	31
Net Loss after Tax	(2,122)	(3,799)	(1,844)	(668)
Comprehensive income	27	102	65	62
Comprehensive loss	(2,095)	(3,697)	(1,779)	(730)
Loss per common share	\$(0.09)	\$(0.23)	\$(0.14)	(.07)
Number of ordinary shares at par value of approximately \$.54 contributed	22,083,645	21,109,542	14,002,000	12,206,000
Average Exchange Rate of Singapore Dollars	1.7760	1.8445	1.7331	
BALANCE SHEET DATA	US `000	US `000	US `000	
Working Capital (Deficit)	414	(374)	(141)	
Total Assets	2,840	2,515	3,714	
Long Term Debts	83	211	2,098	
Shareholders' Equity (Deficit)	901	(49)	(734)	

The following discussion and analysis should be read in conjunction with our financial statements and notes to the financial statements appearing elsewhere. The amounts reflected in the following discussion are in United States Dollars. The functional currency of our operations in the Singapore Dollar.

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Management's Discussion and Analysis and Results of Operations

Year Ended December 31, 2001 Compared With Year-Ended December 31, 2000.

Sales of Mushroom Products. Sales of mushroom products for the year ended December 31, 2001 decreased by \$251,043 or 6.8% to \$3,455,930 from \$3,706,973 for the year ended December 31, 2000. This decrease in sales resulted from a general slow down in the retail sector of the Singapore economy. Prices remained fairly constant through out the period with approximately a 1% average decrease in prices with the balances of the decreases in sales being in sales volume.

Cost of Sales. Cost of sales for the year ended December 31, 2001 increased by \$833,580 or 33.65% to \$3,311,617 from \$2,477,767 for the year ended December 31, 2000. This increase resulted from higher unit labor costs, newly designed packaging materials and additional freight cost.

Gross Profit, as a percentage of sales decreased to 4.17% for the year ended December 31, 2001 from 33.15% for the year ended December 31, 2000 due to increased competition, a weak economy, a change in the product mix and higher costs of production.

Operating Expenses. Operating expenses for the year ended December 31, 2001 increased by \$218,685 or 7.3% to \$3,211,047 from \$2,992,362 for the year ended December 31, 2000. The increase in operating expenses resulted from an increase

in professional fees of \$74,415, an increase in rent expenses of \$196,749 principally from a full year of rental expense on the English facility compared to only several months in 2000 and an increase in other expenses, principally legal fees and marketing expenses from the new English operation of \$490,353 which were partially offset by decreases in depreciation and amortization of \$30,547, a decrease in the write off of bad debts of \$168,735 and a decrease in personnel expense of \$343,550. The decrease in personnel expenses resulted from the company staffing up for an expansion which was delayed because a planned registration and fund raising in Singapore did not materialize and these additional staff persons were either terminated or resigned and not replaced.

As a result of the foregoing, the net loss from operations for the year ended December 31, 2001 increased by \$1,303,578 or 73.93% to \$3,066,734 from \$1,763,156 for the year ended December 31, 2000.

Other Income (loss). Other income (loss) consists principally of interest, changes in equity investments, impairments of investments and miscellaneous items. Other losses for the year ended December 31, 2001 increased by \$695,524 or 1887.6% to 732,567 from \$37,043 for the year ended December 31, 2000. This increase resulted from an increase of \$4,343 in interest expense, an increase of equity investment loss from the Indonesian operation to \$563,274 from \$10,726 in 2000 and a \$183,804 impairment of investments compared to zero in 2000 which were partially offset by an increase in other income of \$55,897 principally that of other farm revenue.

The impairment loss resulted from a write off of our investment in Medmyco Ltd, our Isreal operation. Written off was our investment of approximately \$40,000 and our inter company receivable as this operation no longer has commercial viability.

Income Taxes. There was no provision for income taxes for the year ended December 31, 2001. For the year ended December 31, 2000, there was a provision for income taxes of \$43,878 even though the Company had an operating loss. Income tax expense was recorded in 2000 because of profit generated from the sale of a technology license by a British Subsidiary.

Other Comprehensive Income. Other comprehensive income increased by \$36,477 or 55.91% for the year ended December 31, 2001 to \$101,716 from \$65,239 for the year ended December 31, 2000. This increase resulted principally from an exchange of bonds for equity at a different exchange rate than when sold, and a writeoff of investments at a different exchange rate than at the date of investment.

As a result of the foregoing, the comprehensive loss for the year ended December 31, 2001 increased by \$1,918,747 or 108% to a loss of \$3,697,585 from a loss of \$1,778,838 for the year ended December 31, 2000.

Year Ended December 31, 2000 Compared With Year-Ended December 31, 1999.

Sales of Mushroom Products. Sales of mushroom products for the year ended December 31, 2000 increased by \$2,450,529 or 195% to \$3,706,973 from \$1,256,444 for the year ended December 31, 1999. This increase in sales resulted from the addition of a distributor to market the Company's products in 2000.

Cost of Sales. Cost of sales for the year ended December 31, 2000 increased by \$1,793,341 or 262.02% to \$2,477,767 from \$684,426 for the year ended December 31, 1999. This increase resulted from an increase in sales increased competition and higher production costs. Gross Profit, as a percentage of sales decreased to 33.15% for the year ended December 31, 2000 from 45.52% for the year ended December 31, 1999. The lower gross profit was due to a change in the sales mix to lower margin goods, higher production costs and increased competition.

Operating Expenses. Operating expenses for the year ended December 31, 2000 increased by \$1,855,370 or 163.2% to \$2,992,362 from \$1,136,992 for the year ended December 31, 1999. The increase in operating expenses resulted from increases in depreciation and amortization of \$44,241, an increase in bad debt allowances of \$165,029 an increase in professional fees of \$150,210, (principally from an aborted attempt to list the Company's shares in Singapore), an increase in rent expenses of \$174,677 (principally from moving to new corporate headquarters) and an increase in other expenses (principally advertising and promotion, distribution, and marketing expenses) of \$484,415 and an increase in personnel expense of \$836,798, (principally in bonuses)

The increase in allowance for bad debts resulted from the economic turn down in

the region which caused one of our customers to fail and us to write off our trade receivable from them.

As a result of the foregoing, the net loss from operations for the year ended December 31, 2000 increased by \$1,198,182 or 212.1% to \$1,763,156 from \$564,974 for the year ended December 31, 1999.

Other Income (loss). Other income (loss) consists principally of interest, changes in equity investments, impairments of investments and miscellaneous items. Other losses for the year ended December 31, 2000 decreased by \$34,619 or 48.3% to \$37,043 from \$71,662 for the year ended December 31, 1999. This decrease resulted from an increase of \$2,032 in interest expense, an increase of equity investment loss of \$10,726 from zero in 1999 which was partially offset by an increase in other income of \$47,377 principally rental income and management fee.

Income Taxes. The provision for income taxes for the year ended December 31, 2000 was \$43,878 an increase of \$15,893 or 50.5% from the year ended December 31, 1999. Even though the Company had an operating loss in both years, income tax expense was recorded in each year because of minimal profit on a separate company basis where one of the subsidiaries reported taxable income.

Other Comprehensive Income. Other comprehensive income increased by \$126,953 for the year ended December 31, 2000 to \$65,239 from a loss of \$61,714 for the year ended December 31, 1999. This resulted from a positive increase in the exchange rate from which the Company benefited in the redemption and exchange of certain bonds.

As a result of the foregoing, the comprehensive loss for the year ended December 31, 2000 increased by \$1,049,004 or 143.7% to a loss of \$1,778,838 from a loss of \$727,834 for the year ended December 31, 1999.

Nine Months Ended September 30, 2002 Compared With the Nine Months Ended September 30, 2001.

Sales of Mushroom Products. Sales of mushroom products for the nine months ended September 30, 2002 increased by \$24,517 or .9% to \$2,651,861 from \$2,627,344 for the corresponding period of the prior year. This increase in sales resulted from sales contributed by the British Subsidiary of \$248,494 which was offset by a decrease in the sale of health foods and health food supplements due to weak demand. For the nine months ended September 30, 2002, 94.73% of our revenues were from the sale of fresh mushrooms and 85.4% of our total sales were through Ban Choon, a related party. During the first nine months of 2002, we sold \$116,072 in health foods and health food supplements. We had no revenues from biopharmaceuticals.

Cost of Sales. Cost of sales for the nine months ended September 30, 2002 increased by \$577,393 or 31.4% to \$2,413,679 from \$1,836,286 for corresponding period of the prior year. This increase resulted from an increase in direct purchases, freight charges and increased production expenses. Gross profit, as a percentage of sales decreased to 8.98 % for the nine months ended September 30, 2002 from 30.10% for the corresponding period of the prior year.

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Operating Expenses. Operating expenses for the nine months ended September 30, 2002 decreased by \$4,756 or .2% to \$2,150,771 from \$2,155,527 for the corresponding period of the prior year. The decrease in operating expenses resulted from a decrease in rental expense of \$103,384 from the shuttering of the retail outlets which was partially offset by an increase in personnel expense of \$7,696, depreciation and amortization of \$791 and other expenses of \$90,141 principally because of an increase in allowance for doubtful accounts.

As a result of the foregoing, the net loss from operations for the nine months ended September 30, 2002 increased by \$548,120 or 40.17 % to a loss of \$1,912,589 from a loss of \$1,364,469 for the corresponding period of the prior year.

Other Income (loss). Other income (loss) consists principally of interest, changes in equity investments, impairments of investments and miscellaneous items. Other income for the nine months ended September 30, 2002 decreased by \$243,380 or 53.7% to a loss of \$209,727 from a loss of \$453,107 for the corresponding period of the prior year. This decrease resulted from a decrease of \$254,907 in equity investment losses and a decrease of \$51,074 in interest expenses from reduced borrowings which was partially offset by a decrease in other income of \$62,601.

Income Taxes. There was no provision for income taxes for the nine months ended

September 30, 2002 and the corresponding period of the prior year.

Other Comprehensive Income. Other comprehensive income decreased by \$82,178 or 75.4% for the nine months ended September 30, 2002 to \$26,882 from \$109,060 for the corresponding period of the prior year. This decrease resulted from less foreign currency gains in the current year compared to the foreign currency gain in the prior year.

As a result of the foregoing, the comprehensive loss for the nine months ended September 30, 2002 increased by \$386,918 or 22.64% to a loss of \$2,095,434 from a loss of \$1,708,516 for the corresponding period of the prior year.

Traditionally, inflation has had a limited impact on the Company, and management does not believe that it will have a material impact in the near future.

Liquidity and Capital Resources

As of September 30, 2002, the Company had unrestricted cash of \$231,314 and working capital of \$414,583. This compares with unrestricted cash of \$47,108 and a deficiency in working capital of \$374,097 as of December 31, 2001.

The Company has three credit facilities covering bank overdrafts and letters of credit. The credit facilities provide for bank overdraft protection of approximately \$500,000 and for irrevocable letters of credit for approximately \$400,000. The credit facilities are generally secured by cash, inventory, corporate guarantees, key-man insurances and personal guarantees of one of the Company's directors.

The credit facilities are payable on demand. Interest rates range from one percent to one and one-half percent over the banks prime rates. Interest rates ranged from 6% to 7% at December 31, 2001. Other nominal charges may also apply.

Cash flows used in operating activities increased by \$855,414 to \$2,502,455 for the nine months ended September 30, 2002 from \$1,647,041 for the corresponding period of the prior year. This increase resulted from an increased net operating loss and changes in the current accounts.

Cash used in investing activities decreased by \$55,081 to \$97,828 for the nine months ended September 30, 2002 from \$152,909 for the corresponding period of the prior year. This increase resulted from a reduction in deposits and investments on net sales of assets and an increase in restricted cash.

Cash flows from financing activities increased by \$1,072,460 to \$2,757,607 for the nine months ended September 30, 2002 from \$1,685,147 provided by financing activities for the corresponding period of the prior year. This increase resulted from a sale of \$2,960,724 of common stock and additional stock subscription of \$319,689 which was partially offset by repayments of bank borrowings and payments on long-term leases.

Because the Company has continued to generate losses from operations, it has been able to sustain itself only from the sale of its shares. However, there is no guaranty that in the future it will be able to continue to sell its shares, without which the Company will have insufficient cash to fund its operations for the next twelve months.

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Item 6. Directors, Senior Management and Employees.

The Executive Officers of the Company as of October 20, 2002 are as follows:

Name	Age	Position
Dr Kok Kheng Tan	55	Chairman of the Board, Director & Chief Executive Officer
John Edward Smith	71	Chief Scientific Officer
Eugene Lim	53	Chief Financial Officer & Secretary
Yevindra Sepala Ilangakoon	48	Chief Operating Officer - Europe
Richard Poh Pheng Chia	55	General Manager - Marketing
Ronald Han Kiang Ang	62	General Manager - Marketing
Franklin Leong Tian Chong	45	Group Accounts Manager
Rajive Goonewardena	58	Production Manager
Thye Aun Yong	67	Production Manager
Victor Ang	56	Director
Dr Alfred Wee Tiong Loh	56	Director
David Soo Theng Lua	55	Director
Chin Tiong Tan	54	Director

Information on the business and working experience of our Directors are set out below: -

Dr Kok Kheng Tan

Dr Tan is the founder and Chief Executive Officer of Mycobiotech and its subsidiaries. He was educated at the University of Singapore where he obtained his B.Sc (First Class Honours) in Botany and at the University of Manchester where he obtained a Ph.D. in Mycology. He has carried out research in the field of biochemistry specializing in physiology and biochemistry of fungal development and in the cultivation of mushroom. Dr Tan had written many papers for international journals and other publications. He was a member of the Singapore Society for Microbiology, having served as its Vice President and President during the period from 1978 to 1980. He was formerly a lecturer in Biochemistry at the National University of Singapore from 1976 to 1995.

Dr Tan was a director of Singapore Bus Services (1978) Ltd (now known as DelGro Corp), a company listed on the Stock Exchange of Singapore. He is currently director of CityCab Pte Ltd and various privately held companies. He is also a council member of the Singapore Confederation of Industries ("SCI") (formerly known as Singapore Manufacturers' Association) and serves as the Chairman of the Food & Beverage Industry Group. Dr Tan also sits on the committee of many public organizations. Among such committee include the Food Advisory Committee of Trade Development Board, Ministry of Environment and Productivity and Standards Board, the Council of National Healthy Lifestyle Committee, and the Ministry of Health's Nutrition Labeling Committee.

Victor Ang

Mr Ang is an independent Director of the Company. He is presently the Chairman and CEO of Chesapeake Technologies in Singapore and the Vice Chairman of IPP Financial Services Holding Ltd. He also sits on the board of a number of companies in the internet, multimedia, m-commerce and financial services industries. He graduated from Nottingham University, England as a Shell Scholar with first-class honours in Chemical Engineering in 1968. He was previously with Shell Singapore, IBM (U.K) and Gulf Oil Europe. He was also General Manager of International Computers Ltd in the UAE (1979 to 1983), Managing Director of Hewlett-Packard, Asia Pacific (1983 to 1993), Managing Director of ERP (1993 to 1995), Managing Director of AT & T Global Information Solution (1995 to 1997), President and CEO of ST Computer Systems and Services Ltd (1997 to 2001).

Dr. Alfred Wee Tiong Loh

Dr. Loh is an independent Director of the Company. Dr Loh is the founding partner and Senior Clinical Director of the Raffles Medical Group, a medical practice listed on the main board of the Singapore Exchange (SGX). He is also a clinical tutor in Family Medicine in the National University of Singapore's Faculty of Medicine, and a clinical examiner of the School of Postgraduate Medical Studies for the Master of Medicine (Family Medicine) Examinations. Dr. Loh is the Chief Executive Officer (CEO) of the World Organisation of Family Doctors (WONCA) which has over 150,000 Family Physicians / General Practitioners in over 85 countries worldwide as its members. As CEO he oversees the running of the Wonca Secretariat in Singapore and the various programmes of the organization globally. He is a Fellow of the College of Family Physicians in Singapore and was its President from 1991 - 1996 .. He was recently elected to the Fellowship of Royal College of General Practitioners, UK. Dr Loh also sits on various committees (including National Ethics Committee, Breast Cancer Working Committee, Medicine Advisory Committee) of the Ministry of Health, Singapore, and the Singapore Medical Association. Dr Loh is also involved in his family owned food trading business which is involved in the import and export of frozen products and grocery items to Western Malaysia, Brunei, Myanmar and Vietnam. Dr. Loh received his medical training in Singapore and graduated with the Degree of Bachelor of Medicine, Bachelor of Surgery (MBBS) from the University of Singapore in 1973. He also holds an MBA from the University of Hull (UK)

David Soo Theng Lua

Mr Lua is an independent Director of the Company. Presently he is the chairman of ACPS Investment Pte Ltd. Previously he was the Acting Chief Operating Officer of Autron Ltd, a company listed on the Singapore Exchange, Director Institutional Sales, of Ong & Co Private Limited, a securities house which is a member of the Singapore Exchange. Mr Lua has had extensive experience in the areas of finance and general management having worked in diversified industries including engineering, manufacturing, - construction, publishing and printing industries. He had, in the past, held various senior management positions and directorships in publicly listed companies in Singapore and Malaysia. He was formerly Deputy Group Managing Director of Avimo Ltd, the Chief Executive Officer of Lysaght Corrugated Pipes Pte Ltd, an Executive Director of United Engineers

Bhd and the Financial Controller of Times Publishing Bhd, among other positions. Mr Lua is a qualified accountant and holds a Degree in Bachelor of Accountancy (Honours) from the University of Singapore (now known as the National University of Singapore) -, Mr Lua is also a Fellow of the Chartered Institute of Management Accountants (UK) and is a member of the Institute of Certified Public Accountants of Singapore.

Prof Chin Tiong Tan

Prof Tan is an independent Director of the Company. He is the Provost and professor of the Singapore Management University. He was educated in University of Singapore where he graduated with a B.B.A. (Hons) and in the US where he graduated with a Ph.D. in 1977 from Pennsylvania State University. He was Assistant Professor at the University of the Pacific (USA), from 1976 to 1978 and joined the National University of Singapore ("NUS") in 1978. He has held various positions at NUS and was Professor at the Faculty of Business Administration, and Director of the NUS Office for Continuing Education. Prof Tan was the former President of the Marketing Institute of Singapore. In addition, Prof Tan provides consultation and advisory services to many companies around the world. He currently sits on the board of several listed companies including Superior Metals Ltd, Hersing Corp and HMI Ltd.

Jin Soon Tan

Mr Tan is an independent Director of the MycoBiotech. He is presently the Executive Director of Singapore Article Number Council. Previously, he served 31 years with Sime Darby Singapore Ltd in various capacities. He served as a Director, International Trading (1989-1991), Business Development Director (1985-1989), Regional Director, Microcomputer Sime Darby Systems (1984-1985), Sales Director, Consumer Division (1982-1984) and as Director and General Manager of Sime Darby Edible Products (1974-1982). He sits on many international and government organization such as the Electronic Data Interchange ("EDI") and Food Standards Committee. Mr. Tan was a member of the Executive Committee of the Singapore Manufacturer's Association from 1991-1994. Mr. Tan was also a member of the Governing Council of Singapore Institute of Management from 1984 to 1989., and a member of the Court, University of Singapore (1972-1980). Mr. Tan graduated from the University of Malaya (Singapore) with a Bachelor of Arts (B.A) and is a member of the Chartered Institute of Marketing, UK, and the Singapore Institute of Management.

Senior Management

The day-to-day operations of the Company are entrusted to an experienced and qualified team of Executive Officers responsible for the different functions of the Group.

Information on the business and working experience of our Executive Officers is given below:

Dr Kok Kheng Tan

Dr Tan is the founder and Chief Executive Officer of Mycobiotech and its subsidiaries. He was educated at the University of Singapore where he obtained his B.Sc (First Class Honours) in Botany and at the University of Manchester where he obtained a Ph.D. in Mycology. He has carried out research in the field of biochemistry specialising in physiology and biochemistry of fungal development and in the cultivation of mushroom. Dr Tan had written many papers for international journals and other publications. He was a member of the Singapore Society for Microbiology, having served as its Vice President and President during the period from 1978 to 1980. He was formerly a lecturer in Biochemistry at the National University of Singapore from 1976 to 1995.

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Dr Tan was a director of Singapore Bus Services (1978) Ltd (now known as DelGro Corp), a company listed on the Stock Exchange of Singapore. He is currently director of CityCab Pte Ltd and various privately held companies. He is also a council member of the Singapore Confederation of Industries ("SCI") (formerly known as Singapore Manufacturers' Association) and serves as the Chairman of the Food & Beverage Industry Group. Dr Tan also sits on the committee of many public organisations. Among such committee include the Food Advisory Committee of Trade Development Board, Ministry of Environment and Productivity and Standards Board, the Council of National Healthy Lifestyle Committee, and the Ministry of Health's Nutrition Labeling Committee.

Prof John Edward Smith

Prof Smith is the Group's Chief Scientific Officer responsible for the research and development of the medical properties of exotic mushrooms. He is a eminent fungal biotechnologist and an Emeritus Professor of Applied Microbiology at the University of Strathclyde, UK. He is a fellow of the Royal Society of Edinburgh

and the Institute of Biology U.K. He was a professor of Applied Microbiology at the University of Strathclyde, Head of Department of Applied Microbiology from 1979-1985. He was also a member of Senate and Court of the University. Prof Smith also sits in various food and biotechnology committees in UK and Europe. Among these committees are the Advisory Committee on Novel Foods and Processes, International Scientific Panel of the Danish Research and Development Programme for Food Science and Technology. In addition, he has also served at various times on the councils of Society of General Microbiology and British Mycological Society, UK. He has authored and co-authored more than 180 scientific papers and some 20 books on fungi and fungal biotechnology including a very successful University textbook "Biotechnology" published by Cambridge University Press , and is on the editorial board of several major microbiological and biotechnology journals including International Journal of Medicinal Mushrooms.

Eugene Lim

Eugene is the Group Company Secretary and Chief Financial Officer. He is responsible for the Corporate finance and secretarial function including investor relations, finance and administration for all the companies in the Group. Mr. Lim is also responsible for the Group's corporate planning, human resource, legal and information technology and public relations activities. Mr Lim joined the Group in August 1998 as the General Manager (Finance & Administration) and is a qualified Chartered Accountant and is a Fellow of the Chartered Institute of Management Accountants (UK), the Institute of Company Accountants (UK), the Institute of Financial Accountants (UK) and the Institute of Commerce (UK). Mr Lim has over 28 years experience in financial management, administration, company secretarialship and general management. He has worked in various multinational companies and in various industries including the electronics, manufacturing, piling and civil engineering, music recording and retailing, car rental and travel industries. Mr Lim also holds various positions in community organisations. He is a member of Kampong Chai Chee Citizen Consultative Committee, and a council member of the South-East Community Development Council. He is also the Vice-President of the Chartered Institute of Management Accountants (Singapore Branch).

Yevindra Sepala Ilangakoon

Yevindra is the Chief Operating officer for Europe. He joined the Group in January 2000 and is responsible for the group companies in the U.K and Europe. He has 20 years of management experience of which 9 years was with Keels Agro Products Ltd ("KeelsAgro") which was producing Shiitake Mushrooms. During that time, the Company won the Presidential Export Award on 3 consecutive years and was placed 3rd in the National Productivity Awards. He was the Executive Director of Keels Agro for 4 years and thereafter the Managing director of Keels Agro for three years before joining Delmege Forsyth & Co. Ltd, marketing and distribution company as Deputy Managing Director where he worked for 3 years. Mr Yevindra graduated in Microbiology from the Manchester Metropolitan University in U.K. He also holds a postgraduate diploma in Business & Financial Administration from the Institute of Chartered Accountants Business School (Sri Lanka), a post graduate diploma in Marketing and a Master of Business Administration from the University of Jayawardenapura, Sri Lanka.

Richard Poh Pheng Chia

Richard is the General Manager (Marketing - Health Foods & Health Supplements). He joined the Group in November 1999. His responsibilities include the Mushroom Shop and for the strategic marketing of all health food products. Richard Chia has more than 15 years hands-on management experience in retail banking , wholesale banking, relationship management, developing new business and divisions and setting-up of joint venture companies in the food and beverages and property industries. He was the General Manager of First Ohio Food Systems Pte Ltd running the Ponderosa Chain of restaurants for 4 years and the Centre Director for KTL Properties Pte Ltd running Clarke Quay for one year. Richard Chia holds a Master in Business Administration from the University of Hull.

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Ronald Han Kiang Ang

Ronald is the General Manager (Marketing - Mushrooms) of the Company. Mr Ang joined the Group in February 1992 and is responsible for the marketing and sales of mushrooms and other fresh produces. Mr Ang has more than thirty years of experience in food business and has been involved in many areas of food business including buying, selling, marketing, warehousing, retailing and distribution. He had worked with the Primary Production Department, Fitzpatrick's Food Supplies Pte Ltd, Ben Foods (S) Pte Ltd and Jardine Matheson (S) Ltd. He was responsible in setting up the 7-Eleven chain of convenience stores when he was with Jardine. Prior to joining the Group, he was the Operations Manager of New Mart chain of fresh produces.

Franklin Leong Tian Chong

Franklin is the Group Accounts Manager and is responsible for the accounts and

financial functions of the Group. He joined the Company in January 2001. Franklin has more than 22 years of financial management experience. Prior to joining the Group, he was Regional Financial Controller for Hotel Equatorial International Ltd and worked in Asia Pacific Hotel Management Ltd, Hind Hotels International Ltd, Hotel Grand Central Ltd, Tung Mung Textile Pte Ltd and The English Pub Company Pte Ltd. Franklin has a Diploma in Accounting.

Rajive Goonewardena

Rajive is the Group's Senior Manager for production and technical support. He joined the Group in June 1996 and is responsible for the development of the mushroom growing technology. Rajive has more than twelve years of experience in mushroom growing. Prior to joining the Group he was the Production Manager of the shiitake farm of John Keells Holdings Ltd and before that the Farm Manager of the Belwood Farm. Rajive is a graduate of the National Institute of Business Management in Sri Lanka.

Thye Aun Yong

Yong is the Group's Senior Manager - mushroom production and joined the Group in July 2000. Mr Yong is responsible for running the Singapore Mushroom Farm and for R & D of mushroom production with the view of introducing new edible and medicinal mushrooms to the market. He is a graduate of Nanyang University with a B.Sc(Botany) degree and holds a Master of Science in Botany from the University of Auckland (New Zealand). Mr Yong worked in the Sembawang Field Experimental Station of the Primary Production Department for 25 years, and had been involved in mushroom and vegetable crop research since 1970. He was the Head of Mushroom Research (1985-1994), Head of Vegetable Agrotechnology Section (1989-1994), and Head of Vegetable and food Crop Section (1995). Mr Yong has also published 14 books on mushrooms and other agricultural topics.

Term for Officers and Directors

All directors are elected for a term of one-year. All officers serve at the discretion of the Board of Directors.

Committee Membership

Mr David Lua is the Chairman of the Audit Committee. The other members are Dr Alfred Loh and Victor Ang. Dr Alfred Loh is the Chairman of the Compensation Committee. The other members are Prof Chin Tiong Tan, Victor Ang and Dr. Kok Kheng Tan. Mr David Lua is the Chairman of the Nominating Committee. The other members are Dr Kok Kheng Tan and Dr Alfred Loh.

Executive Compensation.

The following table sets forth information concerning cash and non-cash compensation paid or accrued for services in all capacities to the Company during the year-ended December 31, 2001 of each person who served as the Company's Chief Executive Officer during calendar year 2001. No other executive officers total annual salary and bonus exceeded \$100,000 during the calendar year ended December 31, 2001 or for any of the two previous years.

<TABLE>

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation Stock Plans (No. of Shares)
		Salary	Bonus	Other Auto Allowance	
<S>	<C>	<C>	<C>	<C>	<C>
Dr Kok Kheng Tan, CEO	2001	97,587	8,132	18,188	125,000
	2000	103,860	8,655	19,812	125,000
	1999	91,397	6,578	15,873	125,000

</TABLE>

Stock Option Grants

Bonuses are determined at the discretion of the Board of Directors, but within the prescribed limits of the employment contract.

At an Extraordinary General Meeting on July 6, 2000, the Company changed the name of its previous option plan from the MycoBiotech Executive Share Option Scheme 1997 to the MycoBiotech Share Option Scheme for Directors and Employees and the terms of the Scheme was extended to cover all employees including non-executive Directors. The total number of share options to be issued by the Company pursuant to the Plan will not exceed 20% of the issued ordinary share capital of the Company.

Under the terms of the Plan, each share option entitles the Directors and the employees of the MycoBiotech Group to subscribe for one new ordinary share of S \$1 each in the Company. The options are granted in consideration of S \$1 each for all the shares in respect of which the option is granted. The option may be exercised at any time after the date of grant but no later than five years from the date the share option was granted. The shares under option may be exercised in full or in 1,000 shares or a multiple thereof on the payment of the exercise price. Options granted are cancelled when the option holder ceases to be a full-time employee of the Company or any corporation in the MycoBiotech Group subject to certain exceptions at the discretion of the Company.

The following table sets forth information concerning the grant of stock options made during 2001 to each officer and director:

<TABLE>

Name ----	Options Granted -----	Percent of Total Options Granted to Employees in Fiscal Year ----	Price Per Share -----	Expiration Date ----	Options Outstanding -----
<S>	<C>	<C>	<C>	<C>	<C>
Dr Kok Kheng Tan	125,000	15.15%	0.92	12-31-06	925,000
Eugene Lim	100,000	12.12%	0.92	12-31-06	510,000
Dr. Alfred Wee Tiong Loh	100,000	12.12%	0.92	12-31-06	250,000
David Soo Theng Lua	100,000	12.12%	0.92	12-31-06	320,000
Prof Chin Tiong Tan	100,000	12.12%	0.92	12-31-06	300,000
Jin Soon Tan	100,000	12.12%	0.92	12-31-06	200,000

</TABLE>

Stock Option Exercised and Year-End Option Values

Name	Shares Acquired on Exercise	(#) Exercise Price
Dr Kok Kheng Tan	200,000	0.54
Dr. Alfred Wee Tiong Loh	50,000	0.54
Jin Soon Tan	100,000	0.54

All of the shares exercised were from previous option grants at \$0.54.

Employment Contracts

On January 31, 2000, the Company entered into an employment contract with Dr Kok Kheng Tan. The contract is effective from January 1, 2000 (the "Effective Date").

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The principal terms of the service contracts are as follows:

- (i) employment will be for a period of five (5) years from the Effective Date or such later date as may be agreed in writing between the Company and the executive. The contract may be terminated by either party giving the other party not less than six months' notice in writing in salary in lieu of notice;
- (ii) he will be entitled to a monthly salary of \$8,333;
- (iii) he shall, in respect of each financial year, be entitled to a bonus of an amount equivalent to not less than 1 months' salary and not more than 6 months' salary at the discretion of the Board.
- (iv) he shall, in respect of each financial year, be eligible to participate in the performance incentive bonus for management staff and to be remunerated in such quantum as the Board of Directors shall determine.
- (v) in addition, he shall be provided with and entitled to the sole use of

a motor car. The Company shall reimburse the executive up to \$2,778 per month for the up-keep and maintenance of such motor car, inclusive of gasoline, parking fees and all fees, charges and duties relating to road usage (including but not limited to Electronic Road Pricing charges imposed by the Land Transport Authority or other regulatory body in Singapore);

- (vi) the rate of the executive's salary shall be reviewed in January of each year and shall be adjusted by such amount as may be determined by the Board.

C. Board Practices.

Audit Committee

Recognising the importance of corporate governance and the need to offer the highest standards of accountability to shareholders, the Audit Committee intends to adhere closely to the principles outlined in the Best Practices Guide issued by the Singapore Exchange and to meet periodically to perform the following functions:-

- (a) review the audit plans of the Company's external auditors;
- (b) review the external auditors' evaluation of the system of internal controls;
- (c) review the external auditors' reports;
- (d) review the co-operation given by the Company's officers to the external auditors;
- (e) review the financial statements of the Company and the Group before their submission to the board of Directors;
- (f) nominate external auditors for re-appointment; and
- (g) review interested party transactions.

Apart from the duties listed above, the Audit Committee will hire and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringements of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

Compensation Committee

The Compensation Committee of the Board of Directors establishes the general compensation policies of the Company with respect to stock options and the compensation plans and specific compensation levels for executives of the Company. The Compensation Committee consists of a majority of non-employee Directors who are not eligible to participate in any of the compensation plans or programs it administers, other than the options these individuals receive under the guidelines established for the granting of stock options to Board and Committee members.

The primary consideration of the Compensation Committee in determining overall executive compensation is to motivate, reward and retain the best management team to achieve the company's objective and thus compensation is based upon a combination of overall financial performance of the company, the meeting of long term objectives and each individuals' experience and past performance, while considering salaries of other executives in similar companies.

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The executive compensation system consists of three major components: base salary, annual incentive - consisting of participation in a cash bonus program, and long term incentive compensation-consisting of stock option grants.

Nominating Committee

The Nominating Committee is charged with recommending persons to stand for election for the Board of Directors. It is the responsibility of the Committee to investigate potential nominees and to seek the best candidate possible.

D. Facilities and Employees.

We do not experience any significant seasonal fluctuations in the number of employees. Relationship between management and staff are good and there have not been any industrial disputes in the Company or its subsidiaries. The Company currently employs fifty-three in Singapore and eighteen people in England. We have experienced no difficulty in hiring or retaining personnel. With the exception of our operation in England, which is new, most of our personnel are long time employees.

The Company has mushroom growing facilities in Singapore and England

The production of certain health supplements are subcontracted to Beacon Chemicals Pte Ltd. Health foods, such as soups and sauces are produced in the Food Process Technology Centre of the Productivity Standards Board (PSB) in Singapore.

Description of Property

Our principal executive offices are located at 12 Science Park Drive #04-01, The Mendel, Singapore Science Park, 1 Singapore 118225. We lease approximately 4,659 square feet of office space at this location at a months rental rate of approximately \$5,855.

We also have a mushroom growing facility in Singapore of approximately 65,340 square feet and rents for approximately \$440 per month.

In Kent, England we lease a farm with growing facilities. This facility comprises thirteen (13) acres and rents for approximately \$11,667 per month.

Item 7. Major Shareholders and Related Party Transactions.

A. Major Shareholders.

The following table sets out, as of October 20, 2002, the beneficial ownership of shares of the Company's common stock by each shareholder of the company who is known by the Company to be a beneficial owner of more than 5% of the Company's common stock and all officers and directors of the company. The company has only one class of stock and all shareholders have equal per share voting rights.

<TABLE>

Name ----	Amount of Beneficial Ownership -----	Percent -----	Changes in Prior Three Years -----
<S>	<C>	<C>	<C>
Dr. Koh Kheng Tan	5,373,389(1)	21.00%	630,811
Professor Chin Tiong Tan	211,891	.83%	211,890
Dr. Alfred Wee Tiong Loh	191,011	.75%	191,010
Jin Soon Tan	120,000	.47	120,000
David Soo Theng Lua	63,001	.24	63,000
Victor Ang	5,000	-	5,000
Eugene Lim	153,239	.60	153,238
Dr. Poon Liat Ang (2)	2,216,990	8.73	1,915,049
All officers and directors as a group (7 persons)	8,334,521	32.56	

</TABLE>

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1. Include shares held by Dr. Irene Hwee Kwee Chua, his wife and Everbloom Investment Pte Ltd. And Everbloom Holdings Pte Ltd, entities controlled by the Tan family.
2. Include shares held by Dr. Eu Li Wu, his wife.

B. Related Party Transactions.

Save as disclosed below, none of our Directors, substantial shareholders of the Company and the Executive Officers has any interest in any material transactions undertaken by the Group in the past three financial years.

(a) Sale and Purchase of Goods

Since 1983, Everbloom Mushroom, a subsidiary of the Company, has been buying various types of mushrooms from Ban Choon Marketing Pte Ltd. Since 1998, Everbloom Mushroom also sells Shiitake mushrooms to Ban

Choon. Mr Chin Hian Tan who holds 91.0 per cent. of the issued and paid up capital of Ban Choon Marketing Pte Ltd. Mr Tan is an outside Director of Everbloom Mushroom, a subsidiary of the Company, and a brother of Dr Kok Kheng Tan.

The agency agreement provides for BAN CHOON to be the exclusive distributor of certain products in the Singapore area. The agreement also provides for BAN CHOON to be paid for all the costs incurred in the marketing and distribution of the products plus 20% of the net profit. EM owes BAN CHOON approximately \$141,500 net of a commission owed to EM from BAN CHOON from prior years at December 31, 2001.

During 2001, sales through BAN CHOON totalled approximately \$2,645,000 or approximately 77% of total sales. Expenses paid by BAN CHOON were approximately \$505,000. Net income provided to the Company was approximately \$67,700.

During 2000, sales through BAN CHOON totalled approximately \$2,352,600 or approximately 72% of total sales. Expenses paid by BAN CHOON were approximately \$567,000. Net income provided to the Company was approximately \$83,000.

The remaining amounts owed to related parties, approximately \$137,000 as of December 31, 2001, is owed to Everbloom Holding Ltd. and Everbloom Investments Ltd. for advances to the Company. These entities are owned and controlled by the Tan Family.

C. Interests of Experts and Counsel.

None

Item 8. Financial Information.

- A. Consolidated Statements and other Financial Information The consolidated financial statements are filed in this Report as Item 18.
- B. Significant Changes
Not applicable

Item 9. The Offer and Listing.

- A. Offer and Listing Details
Because our shares are neither listed nor publicly trade, this provision is not applicable.
- B. Plan of Distribution
Not applicable. However, when shares are registered, they will be issued as American Depository Receipts (ADR's) An ADR is a receipt for the shares of a foreign based corporation held in the vault of a U.S. bank, in this case the Bank of New York, entitling the shareholder to all dividends and capital gains; instead of buying shares of foreign based companies in overseas markets, Americans can buy shares in the U.S. in the form of an ADR.

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- C. Market
Because our shares are not yet registered in the United States, there is no current market for the shares nor are they listed on any exchange.
- D. Selling Shareholders Not applicable
- E. Dilution Not applicable
- F. Expenses of the Issuer Not applicable.

Item 10. Additional Information.

A. Share Capital.

The Company is authorized to issue 50,000,000 shares of common stock at a par value of \$1.00 (Singapore) (US\$0.54). All shares are a single class. As of October 31, 2002, 25,593,548 shares of the Company's common stock had been issued and were outstanding. In addition 2,692,570 options for the purchase of shares were outstanding as of October 31, 2002. All of the outstanding shares have been fully paid and are non-assessable.

As of December 31, 2001, the Company had 21,109,542 shares issued and outstanding. During the current year, options have been exercised for 304,930 shares and 4,324,006 shares have been sold for cash.

B. Memorandum and Articles of Association.

Corporate Powers. We have been registered under the Company's act in the Republic of Singapore since May 22, 1980. Our Memorandum of Association states that the object for which we are established are in essence to engage in any business which is not prohibited by law, enforced in the Republic of Singapore.

Share Capital. The share capital of the Company is \$50,000,000 Singapore Dollars (US\$27,000,000) divided into 50,000,000 shares of common stock having a par value of \$1.00 Singapore (US\$0.54). All shares have the same rights with regards to dividends or distributions upon liquidation. The Company has the power to increase or reduce its capital to divide its shares into several classes and to attach to any class preferential, differed, special rights, privileges or conditions. At present all shares have the same or equal rights and are entitled to one vote per share. The directors of the Company may convene meetings of the shareholders upon 14 days written notice. The general meeting shall be held at least once a year and special meetings may be held at any time. Measures should be passed by a majority of the shares entitled to vote.

Restrictions on Rights to Own Securities. There are no limitations on the right to own securities of the Company.

Change in Control Provisions. There are no provisions of our Memorandum of Association and Articles of Association that would have an effect of delaying, deferring or preventing a change in our control and that would operate only with respect to a merger, acquisition or corporate restructuring involving us.

Disclosure of Share Ownership. There are no provisions governing the ownership threshold above which shareholder ownership must be disclosed.

Applicable Law. Under the laws of most jurisdictions in the U.S., majority and controlling shareholders generally have certain "fiduciary" responsibilities to the minority shareholders. Shareholder action must be taken in good faith and actions by controlling shareholders which are obviously unreasonable may be declared null and void. Singapore law protecting the interest of minority shareholders may not be as protective in all circumstances as the law protecting minority shareholders in the US jurisdictions.

While Singapore law does permit a shareholder of a Singapore company to sue its directors derivatively, that is, in the name of and for the benefit of our company and to sue a company and its directors for his benefit and for the benefit of others similarly situated, the circumstances in which any such action may be brought, and the procedures and defenses that may be available in respect of any such action, may result in the rights of shareholders of a Singapore company being more limited than those of shareholders of a company organized in the U.S.

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Our directors have the power to take certain actions without shareholder approval, including an amendment of our Memorandum of Association or Articles of Association or an increase or reduction in our authorized capital, which would require shareholder approval under the laws of most U.S. jurisdictions. In addition, the directors of a Singapore corporation, subject in certain cases to court approval but without shareholder approval, may, among other things, implement a reorganization, certain mergers or consolidations, the sale, transfer, exchange or disposition of any assets, property, part of the business, or securities of the corporation, or any combination, if they determine it is in the best interest of the corporation, its creditors, or its shareholders. Our ability to amend our Memorandum of Association and Articles of Association without shareholder approval could have the effect of delaying, deterring or preventing a change in our control without any further action by the shareholders, including a tender offer to purchase our common stock at a premium over then current market prices.

As in most US jurisdictions, the board of directors of a Singapore corporation is charged with the management of the affairs of the corporation. In most US jurisdictions, directors owe a fiduciary duty to the corporation and its shareholders, including a duty of care, under which directors must properly apprise themselves of all reasonably available information, and a duty of loyalty, under which they must protect the interests of the corporation and refrain from conduct that injures the corporation or its shareholders or that deprives the corporation or its shareholders of any profit or advantage. Many US jurisdictions have enacted various statutory provisions which permit the monetary liability of directors to be eliminated or limited. Under Singapore law, liability of a corporate director to the corporation is primarily limited to cases of willful malfeasance in the performance of his duties or to cases where the director has not acted honestly and in good faith and with a view to the best interests of the corporation. However, under our Articles of

Association, we are authorized to indemnify any director or officer who is made or threatened to be made a party to a legal or administrative proceeding by virtue of being one of our directors or officers, provided such person acted honestly and in good faith and with a view to our best interests and, in the case of a criminal proceeding, such person had no reasonable cause to believe that his conduct was unlawful. Our Articles of Association also enables us to indemnify any director or officer who is successful in such a proceeding against expense and judgements; fines and amounts paid in settlement and reasonably incurred in connection with the proceeding.

The above description of certain differences between Singapore and US corporate laws is only a summary and does not purport to be complete or to address every applicable aspect of such laws. However, we believe that all material differences are disclosed above.

Changes in Capital. Requirements to effect changes in capital are not more stringent than is required by law.

C. Material Contracts.

We generally have two types of contracts; marketing and distribution agreements which are described under Item 4, "Sale and Marketing" and license agreements which are listed under Item 4, "License Agreements". The company generates revenues from only one Sales and Marketing or Agency Agreement, the Contract, with Ban Choon Marketing Ptd. Ltd. a related party. The company does not generate revenue from any of its current license agreements. Generally each license agreement provides for the license to provide the capital, the management of the licensed operations and payment of a fee in exchange for our providing the mushroom growing technology and training. The license generally are for a specific geographic area, and are for a five year period.

D. Exchange Controls.

There are no material Singapore laws that impose foreign exchange controls on us or that effect our payment of dividends, interest or other payments to non resident holders of our capital stock. Singapore law and our Memorandum of Association and Articles of Association impose no limitations on the right of non-resident of foreign owners to hold or vote our common stock.

E. Taxation.

The following is a summary of anticipated material U.S. federal income and Singapore tax consequences of an investment in our common stock. The summary does not deal with all possible tax consequences relating to an investment in our common stock and does not purport to deal with the tax consequences applicable to all categories of investors, some of which, such as dealers in securities, insurance companies and tax-exempt entities, may be subject to special rules. In particular, the discussion does not address the tax consequences under state, local and other non-U.S. and non-Singapore tax laws. Accordingly, each prospective investor should consult its own tax advisor regarding the particular tax consequences to it of any investment in the common stock. The discussion below is based upon laws and relevant interpretations in effect as of the date of this annual report, all of which are subject to change.

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United States Federal Income Taxation

The following discussion addresses only the material U.S. federal income tax consequences to a U.S. person, defined as a U.S. citizen or resident, a U.S. corporation, or an estate or trust subject to U.S. federal income tax on all of its income regardless of source, making an investment in the common stock. For taxable years beginning after December 31, 1996, a trust will be a U.S. person only if:

- a court within the U.S. is able to exercise primary supervision over its administration; and
- one or more U.S. persons have the authority to control all of its substantial decisions.

In addition, the following discussion does not address the tax consequences to a person who holds or will hold, directly or indirectly, 10% or more of our common stock, which we refer to as a "10% Shareholder". Non-U.S. persons and 10% Shareholders are advised to consult their own tax advisors regarding the tax considerations incident to an investment in our common stock.

There are no withholding taxes on dividends paid by a Singapore Company to a

non-Singapore resident. Therefore, a U.S. taxpayer would include in his/her/its taxable income the full amount of the dividend paid and pay the tax without offset or credit. There is no foreign tax credit as there was no withholding at source.

Gain or loss on the sale or exchange of our common stock will be treated as capital gain or loss if our common stock is held as a capital asset by the U.S. investor. Such capital gain or loss will be long-term capital gain or loss if the U.S. investor has held our common stock for more than one year at the time of the sale or exchange. There is no Singapore tax to a non-Singapore resident on the sale or exchange of common stock.

F. Dividends and Paying Agents.

Not applicable

G. Statement by Experts.

Not applicable

H. Documents On Display.

The documents concerning our company which are referred to in this Report may be inspected at our principal executive offices at 12 Science Park Drive #04-01, The Mendel, Singapore, Science Park 1, Singapore 118225.

I. Subsidiary Information.

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 12. Description of Securities Other than Equity Securities.

Not applicable.

Part II

Item 13. Defaults, Dividend Arrearages and Delinquencies.

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

Not applicable.

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Part III

Item 17. Financial Statements.

Not applicable.

Item 18. Financial Statements.

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MYCOBIOTECH, LTD AND SUBSIDIARIES
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Item 19. Exhibits.

- 3.1 Articles and Memorandum of Association of MycoBiotech Ltd.
- 10.1 Service Contract with Dr. Koh Kheng Tan
- 10.2 MycoBiotech Share Option Scheme for Directors & Employees
- 10.3 A license agreement dated December 8, 1997 entered into between
Everbloom International Technology Pte Ltd
and Everbloom Mushroom (UK) Ltd;
- 10.4 A license agreement dated May 30, 1998 entered into between
Everbloom Biotechnology (Pte) Ltd and Everbloom International
Technology Pte Ltd;
- 10.5 A license agreement dated June 1, 1998 entered into between
Everbloom Biotechnology (Pte) Ltd and Everbloom Health Food Pte Ltd;
- 10.6 A license agreement dated December 9, 1998 entered into between
Everbloom International Technology Pte Ltd and Everbloom Mushroom
(UK) Ltd;
- 10.7 A license agreement dated December 9, 1998 entered into between
Everbloom Health Food Pte Ltd and Mycoceuticals Ltd;
- 10.8 A license agreement dated February 23, 2000 entered into between
Everbloom International Technology Pte Ltd and Gulf Mushrooms
Products Company (S.A.O.G.); and
- 10.9 A license agreement dated June 4, 2001 entered into between
MycoBiotech Ltd and Everbloom Biotechnology (Canada) Ltd.
- 10.10 A license agreement dated January 21, 2000 entered into between
Everbloom Health Food Pte Ltd and Ever-Bloom, Nutraceuticals (M)
Sdn Bhd;
- 10.11 Marketing & Distribution Agreement - Everbloom Health Food P/L &
Ever-Bloom Nutraceuticals (M) Sdn Bhd
- 10.12 Marketing & Distribution Agreement - Everbloom Health Food P/L &
Latin Asia Inc.
- 10.13 Distributorship Agreement - Everbloom Health Food P/L & Diethlem
Singapore P/L
- 10.14 Distributorship Agreement - MycoBitech Ltd. and A. Clouet, Pty Ltd.
- 10.15 Distributorship Agreement - Everbloom Health Food P/L & Everbloom
Biotechnology (Canada) Ltd.
- 10.16 Agency Agreement Everbloom Mushroom Pte Ltd. and BanChoon Marketing
Pte Ltd.
- 10.17 Sale & Purchase Agreement - Everbloom International Technology P/L &
P.T. Bank Paribas - BBD Indonesia
- 10.18 Assignment Agreement - Everbloom International Technology P/L & P.T
Bank Paribas - BBD Inidonesia
- 10.19 Sale & Purchase Agreement - Everbloom International Technology P/L &
P.T Rabobank Duta Indonesia
- 10.20 Assignment Agreement - Everbloom International Technology P/L & P.T
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- 10.21 Investor Relations Agreement - MycoBiotech Ltd. & Stoneside
Development Limited
- 10.22 Banking Facility with Southern Bank Berhad
- 23.1 Consent of Certified Public Accountants

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SIGNATURES

MYCOBIOTECH LTD.

By: /s/ Dr. Kok Kheng Tan

Dr. Kok Kheng Tan, Chief Executive
Officer

Pursuant to the requirements of the Securities Act of 1933, this
registration statement has been signed by the following persons in the

capacities and on the dates indicated.

Signatures	Title	Date
/s/ Dr Kok Kheng Tan ----- Dr Kok Kheng Tan	Chairman of the Board and Chief Executive Officer	February 10, 2003
/s/ Victor Ang ----- Victor Ang	Director	February 10, 2003
Dr Alfred Wee Tiong Loh ----- Dr Alfred Wee Tiong Loh	Director	February 10, 2003
/s/ David Soo Theng Lua ----- David Soo Theng Lua	Director	February 10, 2003
Professor Chin Tiong Tan ----- Professor Chin Tiong Tan	Director	February 10, 2003
/s/ Jin Soon Tan ----- Jin Soon Tan	Director	February 10, 2003
/s/ Eugene Lim Eugene Lim	Chief Financial Officer and Secretary	February 10, 2003

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MYCOBIOTECH, LTD AND SUBSIDIARIES

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Independent Auditor's Report

To the Board of Directors,
MYCOBIOTECH, LTD
Singapore

We have audited the accompanying consolidated balance sheet of MYCOBIOTECH, LTD and subsidiaries as of December 31, 2001 and 2000 and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended December 31, 2001, 2000 and 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of MYCOBIOTECH, LTD and subsidiaries, as of December 31, 2001 and 2000 and the results of its operations and its cash flows for the years ended December 31, 2001, 2000 and 1999, in conformity with generally accepted accounting principles accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered recurring losses from operations and has a net working capital deficiency, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are described in Note 3. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

THOMAS LEGER & CO., L.L.P.

Houston, Texas
October 7, 2002

MYCOBIOTECH, LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNITED STATES DOLLARS)

ASSETS	December 31,	
	2001	2000
	----	----
CURRENT ASSETS		
Cash and cash equivalents	\$ 47,108	\$ 74,755
Cash and bank balances - restricted	328,958	173,100
Trade receivables net of provision of \$23,162 and \$0 at December 31, 2001 and 2000	497,646	1,022,394
Stock subscription receivable	319,689	-
Inventory	605,683	664,176
Prepaid expenses and deposits	68,366	270,546
Deferred offering expense	71,775	-
Other	39,778	3,428
	-----	-----
TOTAL CURRENT ASSETS	1,979,003	2,208,399
PROPERTY, PLANT AND EQUIPMENT	300,668	477,496
INVESTMENTS	38,368	807,122

INTANGIBLE	108,430	138,480
DEPOSIT TO SUPPLIER	88,255	82,642
	-----	-----
TOTAL ASSETS	\$ 2,514,724	\$ 3,714,139
	=====	=====

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MYCOBIOTECH, LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNITED STATES DOLLARS)

LIABILITIES AND SHAREHOLDERS' DEFICIT

<TABLE>

	December 31,	
	2001	2000
	----	----
<S>	<C>	<C>
CURRENT LIABILITIES		
Bank overdraft secured	\$ 352,110	\$ 322,931
Short-term debt unsecured interest free	108,430	115,400
Open letters of credit	159,569	29,428
Trade payables	647,228	746,438
Other payables and accrued expenses	775,507	549,653
Income tax payable	31,700	127,964
Related parties	278,556	457,686
	-----	-----
TOTAL CURRENT LIABILITIES	2,353,100	2,349,500
	-----	-----
LONG-TERM LIABILITIES		
Unsecured convertible bonds	119,274	1,996,423
Grant	38,366	-
Long-term lease obligations	53,356	102,198
	-----	-----
TOTAL LONG-TERM LIABILITIES	210,996	2,098,621
	-----	-----
SHAREHOLDERS' EQUITY		
Common stock , \$ \$1.00 par value, 25,000,000 authorized; 21,109,542 and 14,002,000 issued and outstanding at December 31, 2001 and 2000	12,307,813	8,417,452
Paid-in capital	2,514,543	2,271,649
Retained deficit	(14,976,969)	(11,177,668)
Treasury stock	-	(248,940)
Accumulated other comprehensive income	105,241	3,525
	-----	-----
Total Shareholders' Deficit	(49,372)	(733,982)
	-----	-----
Total Liabilities and Shareholders' Deficit	\$ 2,514,724	\$ 3,714,139
	=====	=====

</TABLE>

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MYCOBIOTECH, LTD AND SUBSIDIARIES
CONSOLIDATED LOSS STATEMENTS
AND COMPREHENSIVE LOSS
(UNITED STATES DOLLARS)

<TABLE>

	December 31,		
	2001	2000	1999
	----	----	----
<S>	<C>	<C>	<C>
SALE OF MUSHROOM PRODUCTS	\$ 3,455,930	\$ 3,706,973	\$ 1,256,444
COST OF SALES	3,311,617	2,477,767	684,426
	-----	-----	-----
GROSS PROFIT	144,313	1,229,206	572,018
DEPRECIATION AND AMORTIZATION	118,965	149,512	105,271
GENERAL AND ADMINISTRATIVE EXPENSES			
Bad debt	122,970	291,705	126,676
Personnel expense	1,138,961	1,482,511	645,713
Professional fees	258,084	183,669	33,459
Rent expense	407,757	211,008	36,331

Other	1,164,310	673,957	189,542
LOSS FROM OPERATIONS	(3,066,734)	(1,763,156)	(564,974)
OTHER INCOME (LOSS)			
Interest expense	(145,174)	(140,831)	(138,799)
Equity investment loss	(574,000)	(10,726)	-
Impairment of investments	(183,804)	-	-
Other	170,411	114,514	67,137
LOSS BEFORE TAXATION	(3,799,301)	(1,800,199)	(636,636)
PROVISION FOR INCOME TAXES	-	(43,878)	(31,484)
NET LOSS	(3,799,301)	(1,844,077)	(668,120)
OTHER COMPREHENSIVE INCOME			
Foreign currency translation	101,716	65,239	(61,714)
COMPREHENSIVE LOSS	\$ (3,697,585)	\$ (1,778,838)	\$ (729,834)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.23)	\$ (0.14)	\$ (0.07)
BASIC WEIGHTED AVERAGE SHARES	15,768,929	13,035,298	10,706,728

</TABLE>

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MYCOBIOTECH, LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES
IN SHAREHOLDERS' DEFICIT
YEARS ENDED DECEMBER 31, 2001 AND 2000
(UNITED STATES DOLLARS)

<TABLE>

	Common Shares	Common Stock	Paid-in capital	Retained deficit	Accumulative other comprehensive income	Treasury stock	Total Shareholder's deficit
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance December 31, 1998	10,000,001	\$ 6,064,208	\$ 22,741	\$ (8,665,471)	\$ -	\$ -	\$ (2,578,522)
Issue shares for cash	2,205,999	1,303,089	224,470	-	-	-	1,527,559
Foreign currency translation	-	-	-	-	(61,714)	-	(61,714)
Net loss December 31, 1999	-	-	-	(668,120)	-	-	(668,120)
Balance December 31, 1999	12,206,000	7,367,297	247,211	(9,333,591)	(61,714)	-	(1,780,797)
Issue shares for cash	1,350,000	783,902	2,024,438	-	-	-	2,808,340
Issue shares for investment	416,000	248,940	-	-	-	(248,940)	-
Exchange shares for bonds	30,000	17,310	-	-	-	-	17,310
Foreign currency translation	-	-	-	-	65,239	-	65,239
Net loss December 31, 2000	-	-	-	(1,844,077)	-	-	(1,844,077)
Adjustment	-	3	-	-	-	-	3
Balance December 31, 2000	14,002,000	8,417,452	2,271,649	(11,177,668)	3,525	(248,940)	(733,982)
Issue shares for cash	3,749,246	2,071,933	211,252	-	-	-	2,283,185
Issue shares for services	12,239	6,715	6,715	-	-	-	13,430
Issue shares for investment - PTRC	64,000	11,060	-	-	-	248,940	260,000
Issue shares for investment in Medmyco	22,057	12,101	24,927	-	-	-	37,028
Exchange shares for bonds	3,260,000	1,788,555	-	-	-	-	1,788,555
Foreign currency translation	-	-	-	-	101,716	-	101,716
Net loss December 31, 2001	-	-	-	(3,799,301)	-	-	(3,799,301)
Adjustment	-	(3)	-	-	-	-	(3)
Balance December 31, 2001	21,109,542	\$12,307,813	\$ 2,514,543	\$ (14,976,969)	\$ 105,241	\$ -	\$ (49,372)

</TABLE>

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MYCOBIOTECH, LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>

	Year Ended December 31,		
	2001	2000	1999
	----	----	----
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (3,799,301)	\$ (1,844,077)	\$ (668,120)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Depreciation and amortization	118,965	149,512	105,271
Issuance of stock for expenses	13,430	-	-
Impairment of investment	183,804	-	-
Equity investment loss	574,000	10,726	-
(INCREASE) DECREASE IN ASSETS:			
Trade receivables	524,748	(629,057)	(179,485)
Inventory	58,493	(273,612)	(146,748)
Prepaid expenses and deposits	202,180	(162,308)	-
Deferred offering expenses	(71,775)	-	-
Other	(36,350)	12,516	(124,182)
INCREASE (DECREASE) IN LIABILITIES:			
Trade payables	(99,210)	263,838	(495,044)
Other payables and accrued expenses	225,854	220,898	(351,895)
Related parties	(179,130)	442,675	15,011
Income tax payable	(96,264)	(6,910)	30,974
Net cash used by operating activities	(2,380,556)	(1,815,799)	(1,814,218)

</TABLE>

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MYCOBIOTECH, LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNITED STATES DOLLARS)

<TABLE>

	Year Ended December 31,		
	2001	2000	1999
	----	----	----
<S>	<C>	<C>	<C>
CASH FLOWS FROM INVESTING ACTIVITIES			
Deposit to supplier	(5,613)	(82,642)	-
Investment	-	(805,786)	(1,336)
Intangible	-	-	(168,118)
Purchase of fixed assets	-	(310,670)	(304,411)
Increase in restricted cash	(155,858)	(173,100)	-
Cash provided for investing activities	(161,471)	(1,372,198)	(473,865)
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank overdraft - net	29,179	228,186	34,683
Short-term unsecured	(6,970)	(70,903)	(937,744)
Letters of credit - net	130,141	29,428	180,126
Grant	38,366	-	-
Long-term leases	48,842	46,935	55,264
Bonds	-	-	1,737,619
Sale of common stock	2,283,185	2,808,340	1,527,559
	2,522,743	3,041,986	2,597,507
NET INCREASE (DECREASE) IN CASH AND BANK BALANCES			
Effects of exchange rate changes	(8,363)	(33,223)	(61,714)
Cash and bank balances, at beginning of period	74,755	253,989	6,279
Cash and bank balances, at end of period	\$ 47,108	\$ 74,755	\$ 192,275
SUPPLEMENTARY CASH FLOWS DISCLOSURES			
1. Interest paid	\$ 145,172	\$ 140,831	\$ 107,099
2. Taxes paid	\$ 91,144	\$ 45,043	\$ -

3. Stock subscription receivables totaling \$319,689 were collected and deposited into the Company's accounts in January, 2002.

4. Effective December 31, 2001 approximately \$1,788,555 of unsecured convertible bonds were exchanged for 3,240,000 shares of S \$1 par value common stock.

5. Treasury stock (416,000 shares) for \$248,940 and additional issue of 64,000 shares valued at \$11,060 totaling 480,000 shares for \$260,000 (combined value at par) were issued for the Company's investment in PT Randhoetatah Camerlangin July, 2001. See Note 7.

6. 22,057 shares of stock were issued at a value of \$37,028 for the company's investment in Medmyco, Ltd.

7. 12,239 shares of stock were issued at a value of \$13,430 for services.

8. Shares were issued in 2000 for approximately \$248,940 and the transaction was rescinded during 2000. The shares were held in treasury until July, 2001.

9. Approximately \$17,310 of unsecured convertible bonds were exchanged for 30,000 shares of S \$1 par value common stock during 2000.

</TABLE>

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MYCOBIOTECH, LTD AND SUBSIDIARIES
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2001

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Mycobiotech Ltd. ("Company") is a public limited company domiciled and incorporated in Singapore in 1980.

The current principal activity of the Company is the sale of fresh mushroom products. The Company also licenses mushroom cultivation technology and know-how on production of health food and health food supplements.

2. BASIS OF PRESENTATION

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). This basis of accounting differs from that used in the statutory financial statements of subsidiaries which are prepared in accordance with the accounting principles generally accepted in Singapore.

The following material adjustments were made to present the consolidated financial statements to conform with US GAAP: (Rounded to nearest \$1,000)

Increase (decrease)	December 31,		
	2001	2000	1999
Trade receivable	(220,000)	(450,000)	-
Inventory	(413,000)	-	-
Fixed Assets	-	(222,000)	(269,000)
Intangibles	-	(1,117,000)	(998,000)
Goodwill	-	(480,000)	(531,000)
Investments	(1,050,000)	(1,200,000)	-
Paid-in capital	(1,116,000)	(967,000)	-
Retained deficit	(1,843,000)	(1,569,000)	(1,798,000)
Sales	-	(450,000)	(591,000)
Inventory write-off	413,000	-	-
Other expense	-	(133,000)	(591,000)
Amortization	-	(142,000)	(139,000)
Research and development	-	(271,000)	-

Consolidated Companies

Domicile

Ownership

Everbloom Health Food Pte Ltd	Singapore	100%
Everbloom International Technology Pte Ltd	Singapore	100%
Everbloom Mushroom (Kent) Ltd	United Kingdom	100%
Everbloom Mushroom Pte Ltd	Singapore	100%
Mycococeuticals Ltd	United Kingdom	100%
MycoPharma Pte Ltd	Singapore	100%
MycoTechnology Ltd	United Kingdom	100%

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Associated company is defined as a Company, not being a subsidiary, in which the ownership is 50% or less and in whose financial and operating policy decisions, the Company exercises significant influence.

Associated companies are accounted for under the equity method whereby the Company's share of profits and losses of these companies are included in the consolidated profit and loss account and the Company's investment account adjusted accordingly. Losses, of an associated company, in excess of the Company's investment are not recorded unless there is a legal obligation to commit additional funds (See Note 7 Investments for further discussion). Intercompany profits and losses are eliminated until realized by the Company as if the Company were consolidated.

The Company reviews its investments periodically and an impairment loss, if any, is recorded.

Associated Companies	Domicile	Ownership
Everbloom Biotechnology (Canada) Ltd	Canada	50%
Ever-Bloom Nutraceuticals Sdn Bhd	Malaysia	30%
Medmyco. Ltd	Israel	25%
PT Randhoetatah Cemerlang	Indonesia	50%

3. GOING CONCERN

The Company has repeatedly suffered recurring losses from operations. The Company has been successful in the past raising working capital through the sale of stock and corporate borrowings. The Company raised approximately \$2,050,000 in August and September of 2002 to fund operations for the remainder of the year and to implement the Company's business plan. Management believes sufficient funding will be available to meet operating needs and for the Company's business plan.

4. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements of the Company include the Company and its subsidiaries. All material intercompany balances have been eliminated.

Economic and political risks

The company faces a number of risks and challenges since its primary operations are in Singapore, Malaysia, Indonesia, and the United Kingdom.

The financial statements have been prepared assuming the Company will continue as a going concern.

Cash and cash equivalents

The Company considers cash and cash equivalents to include cash on hand and demand deposits with banks with maturity dates of three months or less.

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Cash restricted

The Company has restricted cash as a function of collateral for its bank debt.

Inventory

Inventories are stated at lower of cost or market on the first-in,

first-out basis, and includes finished goods, raw materials, packaging material and product merchandise. Finished goods include costs of raw materials, packaging and labor used in production. The Company reviews its inventory quarterly to identify slow-moving, obsolete or otherwise impaired inventory. The Company's estimates for inventory write-downs are based on the best estimates of product sales prices and customer demand patterns, and/or its plans to transition its products.

Property, plant and equipment

Property, plant and equipment are carried at cost. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized.

When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income in the year of disposition.

In accordance with Statement of Financial Accounting Standards, (SFAS) No. 144, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of", the Company examines the possibility of decreases in the value of fixed assets when events or changes in circumstances reflect the fact that their recorded value may not be recoverable. The Company does not believe the adoption of SFAS 144 will have a material effect on the Company's financial statements.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The percentages applied are:

Leasehold improvements	10%
Machines and equipment	20%-33%
Vehicles	20%
Office equipment	20%

Intangible

Intangibles, such as brand names, are amortized over their estimated useful life in accordance with SFAS 142, "Goodwill and Other Intangible Assets." The adoption of SFAS 142 did not effect the useful life or the amortization of intangibles.

Income taxes

Taxes are calculated in accordance with taxation principles currently effective in the individual company's domicile. Deferred income taxes are determined under the liability method as required by Statement of Financial Accounting Standard No. 109 "Accounting for Income Taxes".

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Foreign currency translation

Conversion of currency from a Singapore dollar ("S \$") into a United States dollar ("US\$") has been made at the respective applicable rates of exchange. Assets and liabilities denominated in foreign currencies are converted into US\$ at the applicable rate of exchange at the balance sheet date. Income and expense amounts are converted at the average rate of exchange.

Conversion of currency from S \$ into US \$ has been made at the rate of exchange on December 31, 2001 and 2000: at US\$1.00: S \$1.8445: and US\$1.00: S \$1.7331, respectively. No representation is made that the S \$ amounts could have been, or could be, converted into US\$ at that rate. Income and expense items were converted at the average rates for the year.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results when ultimately realized could differ from those estimates.

Employee benefits

Share Option Scheme -

The Company has in place the MycoBiotech Share Option Scheme for granting of share options to Directors (including non-executive

Directors) and full-time employees of the Company to subscribe for ordinary shares in the Company. The total number of share options to be issued by the Company pursuant to the scheme shall not exceed 20% of the issued ordinary share capital of the Company.

The Company accounts for stock-based employee compensation arrangements in accordance with the provisions of Accounting Principles Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees", and complies with the disclosure provisions of SFAS No.123, "Accounting for Stock-Based Compensation". The Company accounts for stock-based compensation using the intrinsic value method, whereby, compensation cost is recognized when the exercise price at the date of grant is less than fair market value of the Company's common stock.

Under the plan, the option exercise price for stock options may not be less than the fair market value of the Company's common stock at the date of grant as determined by the Board of Directors. No compensation cost has been recorded in the accompanying financial statements. Options expire no later than five years from the date of grant. See Note 15 for further information.

It is intended that this scheme will lapse when the Company's shares are listed on the Singapore Exchange or any other exchange and another scheme would be introduced to comply with the requirements of that exchange.

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Mandatory contributions -

Mandatory contributions are made by the Company and its subsidiaries to the respective Government's Central Provident Fund schemes at the statutory rates in force during the period, based on gross salary payments. The cost of these payments is charged to the statement of income in the same period as the related salary cost.

Revenue recognition

Revenue is recognized upon passage of title to the customer which generally coincides with delivery of the products. All exports require an irrevocable letter of credit. The letter of credit is realized by the Company upon presenting the relevant shipping documents to the bank and then the revenue is recognized. The Company has no significant sales returns or allowances.

The sale of a license is recognized when the terms of the sale are complete. There were no sales to third parties for the three year period ended December 31, 2001. All related company sales of licenses have been eliminated.

Accounts Receivable

The Company extends credit to various customers and establishes an allowance for doubtful accounts that it determines to have significant risk.

Research and development

Research and development expenditures are charged to expense as incurred. There were no significant research and development expenses incurred.

Loss per share

The company follows the statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings Per Share". Under SFAS 128, basic loss per share is computed by dividing loss available to common shareholders by the weighted-average number of common share assumed to be outstanding during the period of computation.

Recent pronouncements

In July 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. SFAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force ("EITF") Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain costs Incurred in a Restructuring). SFAS 146 requires recognition of a liability for a cost associated with an exit or disposal activity when the liability is incurred, as opposed to when the entity commits to an exit plan under EITF No. 94-3. SFAS 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. The

Company does not believe that the adoption of SFAS 146 will have a material effect on the Company's financial position, results of operations, or cash flows.

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5. INVENTORIES

Inventories are summarized as follows:

	December 31,	
	2001	2000
Raw Materials	\$396,075	\$347,469
Finished products	209,608	316,707
	\$605,683	\$664,176

Certain inventory is pledged as collateral for loans.

6. PROPERTY, PLANT AND EQUIPMENT

	December 31,	
	2001	2000
Leasehold improvements	\$ 996,678	\$996,678
Machinery and equipment	1,315,914	1,516,165
Other	131,824	188,438
	2,444,416	2,701,281
Less accumulated depreciation	(2,143,748)	(2,223,785)
	\$ 300,668	\$ 477,496

7. INVESTMENTS

The Company acquired a 50% equity interest in PT Randhoetatah Cemerlang ("PTRC"), in Indonesia, during July, 2001. The Company's original investment was represented by the issuance of 480,000 shares of common stock recorded at approximately \$260,000 or par value. The Company made non-refundable payments to banks during 2000 and 2001 totaling \$232,000 which the Company recorded as a receivable and subsequently reclassified as additional investment. The Company also made additional advances of \$55,000. These amounts totaled \$574,000.

The Company entered into agreements with two banks during August 2000 to acquire outstanding loans, penalties and interest payable aggregating approximately \$10,000,000 for approximately \$1,500,000 payable in 90 days. The Company does not have any legal obligation to perform and its potential loss is limited to the cash paid. The Company renegotiated the agreements in February and July, 2002, and the Company continues to renegotiate the agreements. The Company paid an additional amount of \$20,000 in July, 2002. These payments are non-refundable pursuant to the agreements. There can be no assurance the Company will be able to complete the transactions with the banks. The Company has no legal obligation to complete the transactions with the banks. The Company does not have sufficient working capital to complete the transaction under the current terms. The Company's investment of \$574,000 was expensed during 2001 as Equity investment loss. The PTRC unaudited net loss for 2001 is approximately \$2,500,000. The Company's portion would have been \$1,250,000. The company did not record its prorata share of the loss since it has no legal obligation to advance any additional sums of money to either PTRC or to the banks.

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8. INTANGIBLE

The Company acquired the brand name Linzir and currently markets certain products under this name. The Company paid approximately \$240,000 and is amortizing the cost over a ten-year period.

	December 31,	
	2001	2000
Linzir Brand Name	\$ 216,860	\$ 230,800
Accumulated Amortization	(108,430)	(92,320)
	\$ 108,430	\$ 138,480

9. DEFERRED EXPENSES

Deferred expenses are expenses incurred in the Company's public offering. The amount will be written off in the period the public offering becomes effective or is abandoned.

10. RELATED PARTY TRANSACTIONS

Everbloom Mushroom PTE LTD ("EM") has an exclusive agency agreement dated January 2000 with BAN CHOON MARKETING PTE LTD (BAN CHOON). BAN CHOON is controlled by Chin Hian Tan, a shareholder of the Company and a director of Everbloom Mushroom Pte Ltd.

The agency agreement provides for BAN CHOON to be the exclusive distributor of certain products in the Singapore area. The agreement also provides for BAN CHOON to be paid for all the costs incurred in the marketing and distribution of the products plus 20% of the net profit. EM owes BAN CHOON approximately \$141,500 net of a commission owed to EM from BAN CHOON from prior years at December 31, 2001.

During 2001, sales through BAN CHOON totaled approximately \$2,645,000 or approximately 77% of total sales. Expenses paid by BAN CHOON were approximately \$505,000. Net income provided to the Company was approximately \$67,700.

During 2000, sales through BAN CHOON totaled approximately \$2,352,600 or approximately 72% of total sales. Expenses paid by BAN CHOON were approximately \$567,000. Net income provided to the Company was approximately \$83,000.

The remaining amounts owed to related parties, approximately \$137,000 as of December 31, 2001, is owed to Everbloom Holding Ltd. and Everbloom Investments Ltd. for advances to the Company. These entities are owned and controlled by the Tan Family.

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11. UNSECURED CONVERTIBLE BONDS

During 2001, unsecured convertible bonds of \$1,788,555 were converted into ordinary shares of S \$1 each in the capital of the Company. Each bond has an option to subscribe for one ordinary share of S \$1 in the Company's common stock at an exercise price of S \$1 exercisable at any time within five years from the date of issue or the date the Company receives in-principle approval from The Singapore Exchange Limited for a proposed listing of the shares of the Company, whichever is earlier. The shares under option may be exercised in blocks of 10,000 shares or an integral multiple thereof. The option expires at the end of five years from the date of issue of the bond. On maturity of the bonds, being five years from the date of issue, the face amount of the bonds and all unpaid interest accrued shall be repaid by the Company in full. The bonds bear interest at 5-6% per annum. Interest expense for the bonds for 2001, 2000 and 1999 was \$108,000, \$121,000, and \$109,000, respectively.

12. GRANT

Included in non-current liabilities is a grant received of \$38,366 approved and funded by Singapore-Israel Industrial Research and Development Foundation ("SIIRDF") to a subsidiary company, Mycopharma Pte Ltd in respect of a project for the development and cultivation of medicinal mushrooms culture for nutraceuticals and biopharmaceuticals. This project is being undertaken by its associated company, MedMyco Ltd, in Israel.

Under the terms of the agreement dated March 26, 2001 between SIIRDF, MedMyco Ltd and Mycopharma Pte Ltd (where Medmyco Ltd and Mycopharma Pte Ltd are collectively know as the "participants") SIIRDF agrees to fund the project by providing a grant of 50% of the actual expenses incurred for each qualifying item up to 50% of the qualifying cost for such qualifying items. The aggregate amount of the grant shall not exceed US\$358,738 or 22% of the total "cost to project", i.e. US\$1,161,825 and US\$496,650 under the approved project budget of MedMyco Ltd and Mycopharma Pte Ltd respectively, whichever is lower.

SIIRDF has the right to revoke the award of the grant and/or terminate the agreement at any time if there are any adverse material changes in the implementation of the project. It is agreed between parties under the agreement that participants shall, jointly or severally, repay SIIRDF such grants obtained based on gross sales derived from the sale, leasing or other marketing or commercial exploitation of such innovation, including service or maintenance contract, commencing with the first such commercial transaction and on the repayment schedules as stipulated in the agreement, free of interest.

13. BANK DEBT

The Company has three credit facilities covering bank overdrafts and letters of credit. The credit facilities provide for bank overdraft protection of approximately \$500,000 and for irrevocable letters of credit for approximately \$400,000. The credit facilities are generally secured by cash, inventory, corporate guarantees, key-man insurance and personal guarantees of one of the Company's directors.

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The Company has restricted deposits with the banks as collateral totaling \$328,958 and \$173,100 at December 31, 2001 and 2000, respectively.

The credit facilities are payable on demand. Interest rates range from one percent to one and one-half percent over the banks prime rates. Interest rates ranged from 6% to 7% at December 31, 2001. Other nominal charges may also apply. Interest expense to the banks was \$20,822 and \$8,888 for December 31, 2001 and 2000, respectively. No interest was paid to banks under these agreements in 1999.

14. FINANCE LEASE CREDITORS

Obligations under finance lease contract are as follow:

	2001	2000
	-----	-----
Minimum lease installments payable	\$46,290	\$ 54,450
within one financial year		
after one financial year but within		
five financial years	51,615	115,217
	-----	-----
	97,905	169,667
Finance charges allocated to future		
periods	(13,605)	(18,492)
	-----	-----
Present value of finance lease liabilities	\$84,300	\$151,175
Due within 12 months	\$30,944	\$ 48,978
Due after 12 months	\$53,356	\$102,197

15. THE MYCOBIOTECH SHARE OPTION SCHEME FOR DIRECTORS AND EMPLOYEES ("SCHEME")

The Company adopted a share option scheme in 1997 and amended the plan in 2000 to cover all employees including non-executive Directors.

Share options are offered for a period of thirty days to the directors and employees. The directors and employees have to pay the Company one S \$ (approximately \$.54) upon acceptance of the offer. The date of acceptance is considered the grant date for purposes of evaluating compensation to be recognized by the Company. The option may be exercised at any time after the date of grant but no later than five years from the date the share option was granted. The shares under option may be exercised in full or in 1,000 shares or a multiple thereof on the payment of the exercise price. Options granted are

cancelled when the option holder ceases to be a full-time employee of the Company or any corporation in the MycoBiotech Group subject to certain exceptions at the discretion of the Company.

It is intended that this scheme will lapse when the Company's shares are listed on an Exchange and another scheme would be introduced to comply with the requirements of the Exchange.

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A summary of the status of the company's share options as of December 31, 2001, 2000, and 1999 and the changes during the years ended on those dates are presented below:

	Shares	Weighted Average Exercise Price Per Share
	-----	-----
Outstanding and exercisable at		
January 1, 1999	170,000	S\$1.00
Granted	240,000	S\$1.00
Exercised	-	-
Forfeited	(10,000)	-
Expired	-	-

Outstanding and exercisable at		
December 31, 1999	400,000	S\$1.00
Granted	1,070,000	S\$1.00
Exercised	-	-
Forfeited	(63,500)	-
Expired	-	-

Outstanding and exercisable at		
December 31, 2000	1,406,500	S\$1.00
Granted	2,191,000	S\$1.44
Exercised	(510,000)	S\$1.00
Forfeited	-	
Expired	-	

Outstanding and exercisable at		
December 31, 2001	3,087,500	S\$1.31
Weighted-average fair value of options granted in 2001		S\$0.22
Weighted-average fair value of options granted in 2000		S\$0.17
Weighted-average fair value of options granted in 1999		S\$0.16

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The following table summarizes information about the stock options outstanding at December 31, 2001:

Options outstanding and exercisable		
Exercise Prices	Options	Weighted Average Remaining Contractual Life
-----	-----	-----
S\$1.00	1,702,500	3.5 years
S\$1.70	1,385,000	5 years
	-----	-----
	3,087,500	4.2 years
	=====	=====

Under SFAS 123, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model. The Company's stock options have characteristics significantly different from those of traded options. The following assumptions were used for the grants in the years ended December 31, 2001, 2000 and 1999: risk-free interest rates between 3.16% to 3.96%; dividend rates of zero; expected lives of 5 years. In determining the "minimum value," SFAS 123 does not require the volatility of the Company's common stock underlying the options to be calculated or considered because the Company is not publicly traded as of December 31, 2001.

No expense was recognized in 2001, 2000, and 1999 related to the options. Had the compensation cost for stock options granted to

employees been determined under SFAS 123, net loss and basic and diluted net loss per share for the years ended December 31, 2001, 2000 and 1999 would have changed as indicated in the following pro forma amounts:

	2001 -----	2000 -----	1999 -----
Net Loss			
As reported	\$ (3,799,301)	\$ (1,844,077)	\$ (688,120)
Proforma	\$ (4,069,377)	\$ (1,948,984)	\$ (690,274)
Basic and diluted net loss per share			
As reported	\$ (0.23)	\$ (0.14)	\$ (0.07)
Proforma	\$ (0.25)	\$ (0.15)	\$ (0.07)

16. TAXATION

Taxes are calculated in accordance with regulations in which the Company and its subsidiaries are located.

Taxes are calculated on a separate entity basis since consolidation is not allowed.

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The provisions for income taxes for the years ended December 31 are summarized as follows:

	2001 -----	2000 -----	1999 -----
Current	\$ -	\$ 43,878	\$ 31,484
Deferred	-	-	-
	-----	-----	-----
	\$ -	\$ 43,878	\$ 31,484
	=====	=====	=====

Deferred income taxes are provided for the temporary differences between financial reporting and tax basis of the Company's assets and liabilities. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

	2001 -----	2000 -----
Deferred tax assets:		
Net operating losses	\$ 2,941,000	\$574,859
Capital allowances	3,141	-
Valuation allowance	(2,944,141)	(574,859)
	-----	-----
Deferred tax liabilities	-	-
	-----	-----
	\$ -	\$ -
	=====	=====

The net operating losses and capital allowances do not expire under current regulations.

A reconciliation of income tax computed at the nominal statutory corporate tax rate to the provision for income taxes at December 31 is as follows:

	2001 -----	2000 -----	1999 -----
Income taxes at normal rate	\$ (949,825)	\$ (461,019)	\$ (167,030)
Permanent and valuation differences	949,825	504,897	198,514
	-----	-----	-----
	\$ -	\$ 43,878	\$ 31,484

17. COMMITMENTS

At December 31, 2001, there were the following commitments:

Exclusive rights commitments

In accordance with the terms of an agreement dated August 21, 2000, a subsidiary company is required to purchase approximately \$500,000 of a product from a supplier over the next 2 years in return for the

exclusive rights for the supply of mushrooms produced by the supplier.

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Bank loans commitments

Under the terms of the agreements with the banks as disclosed in Note 7, the Company is required to make further payments of \$1,236,000 to effect the assignment of these loans.

Operating lease commitments

At December 31, 2001, there were future minimum lease payments under a non-cancelable operating lease in subsequent accounting period as follows:

	Amount

2002	\$ 219,000
2003	146,000
2004	141,000
2005	141,000
2006	70,000

The disclosed commitments are based on existing rental rates. The lease agreements provide for periodic revision of such rates in the future.

18. FINANCIAL INSTRUMENTS

Net fair value of financial assets and liabilities

The net fair value of all financial assets and liabilities approximates their carrying value.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheets and in the notes to the financial statements.

Interest rate exposures

The Company exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The secured bank overdraft and letters of credit facilities are subject to floating interest rates at 1% to 1.5% above prime rates applicable for each interest period. The secured letters of credit receipts facility is subject to floating interest rate at 1.5% above prime rate applicable for each interest period. Each interest period is 365 days.

Credit risk

The Company's maximum exposure to credit risk at balance sheet date in relation to each class of recognized financial assets is the carrying amount, net of any provisions for doubtful debts, of those assets as indicated in the balance sheets and notes to the financial statements.

Foreign currency risk

The Company incurs foreign currency risk on sales and purchases that are denominated in a currency other than Singapore dollars. The currencies giving rise to this risk are primarily US dollars and Sterling Pounds.

The Company does not hedge its foreign currency risk.

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19. SUBSEQUENT EVENTS

STOCK RIGHTS ISSUE

The Company issued 3,649,776 shares of S \$1.00 par for approximately \$2,050,000 in August and September of 2002 as per a rights issue to shareholders.

INVESTOR RELATIONS AGREEMENT

The Company is planning to go public on the capital market in the United States of America through this issuance of American Depository Receipts ("ADR") to be arranged by the Bank of New York.

The Company entered into an Investor Relations Agreement ("Agreement") on August 6, 2002 with Stoneside Development Limited of the United

States of America. The Agreement provides for investor relations and stock promotion for a twelve-month period. The Agreement provides for payment of \$92,000 over the twelve-month period.

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MYCOBIOTECH, LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(UNITED STATES DOLLARS)

	ASSETS	
	September 30, 2002 ----	December 31, 2001 ----
CURRENT ASSETS		
Cash and cash equivalents	\$ 231,314	\$ 47,108
Cash and bank balances - restricted	306,661	328,958
Trade receivables	480,814	497,646
Stock subscription receivable	-	319,689
Inventory:		
Raw material	40,633	264,956
Finished goods	302,867	200,386
Packing materials	152,909	140,341
Prepaid expenses and deposits	80,890	68,366
Deferred offering expense	270,576	71,775
Other	43,916	39,778
	-----	-----
TOTAL CURRENT ASSETS	1,910,580	1,979,003
PROPERTY, PLANT AND EQUIPMENT	341,636	300,668
INVESTMENTS	39,849	38,368
INTANGIBLE	95,892	108,430
DEPOSIT TO SUPPLIER	92,064	88,255
	-----	-----
TOTAL ASSETS	\$ 2,480,021	\$ 2,514,724
	=====	=====

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MYCOBIOTECH, LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(UNITED STATES DOLLARS)
LIABILITIES AND SHAREHOLDERS' DEFICIT

<TABLE>

	September 30, 2002 ----	December 31, 2001 ----
<S>	<C>	<C>
CURRENT LIABILITIES		
Bank overdraft secured	\$ -	\$ 352,110
Short-term debt unsecured interest free	140,193	108,430
Open letters of credit	-	159,569
Trade payables	686,536	647,228
Other payables and accrued expenses	565,571	775,507
Income tax payable	4,355	31,700
Related parties	99,342	278,556
	-----	-----
TOTAL CURRENT LIABILITIES	1,495,997	2,353,100
	-----	-----
LONG-TERM LIABILITIES		
Unsecured convertible bonds	33,785	119,274
Grant	39,847	38,366
Long-term lease obligations	8,984	53,356
	-----	-----
TOTAL LONG-TERM LIABILITIES	82,616	210,996
SHAREHOLDERS' EQUITY		
Common stock, \$ \$1.00 par value, 50,000,000 authorized; 25,593,548 and 21,109,542 issued and outstanding at September 30, 2002 and December 31, 2001	14,865,787	12,307,813
Paid-in capital	3,002,782	2,514,543
Retained deficit	(17,099,285)	(14,976,969)
Accumulated other comprehensive income	132,124	105,241
	-----	-----
Total Shareholders' Equity (Deficit)	901,408	(49,372)

Total Liabilities and Shareholders' Deficit	\$ 2,480,021	\$ 2,514,724
---	--------------	--------------

</TABLE>

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MYCOBIOTECH, LTD AND SUBSIDIARIES
CONSOLIDATED LOSS STATEMENTS
AND COMPREHENSIVE LOSS (UNAUDITED)
(UNITED STATES DOLLARS)

	Nine months ended September 30,	
	2002	2001
SALE OF MUSHROOM PRODUCTS	\$ 2,651,861	\$ 2,627,344
COST OF SALES	2,413,679	1,836,286
GROSS PROFIT	238,182	791,058
DEPRECIATION AND AMORTIZATION	86,405	85,614
GENERAL AND ADMINISTRATIVE EXPENSES		
Personnel expense	882,366	874,670
Rent expense	219,806	323,190
Other	962,194	872,053
LOSS FROM OPERATIONS	(1,912,589)	(1,364,469)
OTHER INCOME (LOSS)		
Interest expense	(57,877)	(108,951)
Equity investment loss	(177,076)	(431,983)
Other	25,226	87,827
LOSS BEFORE TAXATION	(2,122,316)	(1,817,576)
PROVISION FOR INCOME TAXES	-	-
NET LOSS	(2,122,316)	(1,817,576)
OTHER COMPREHENSIVE INCOME (LOSS)		
Foreign currency translation	26,882	109,060
COMPREHENSIVE LOSS	\$ (2,095,434)	\$ (1,708,516)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.09)	\$ (0.11)
BASIC WEIGHTED AVERAGE SHARES	22,083,645	15,178,661

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MYCOBIOTECH, LTD AND SUBSIDIARIES
CONSOLIDATED LOSS STATEMENTS
AND COMPREHENSIVE LOSS (UNAUDITED)
(UNITED STATES DOLLARS)

	Three months ended September 30,	
	2002	2001
SALE OF MUSHROOM PRODUCTS	\$ 817,319	\$ 880,970
COST OF SALES	811,428	428,507
GROSS PROFIT	5,891	452,463
DEPRECIATION AND AMORTIZATION	26,404	21,108
GENERAL AND ADMINISTRATIVE EXPENSES		
Personnel expense	329,542	221,594
Rent expense	66,862	83,757
Other	319,891	529,218
LOSS FROM OPERATIONS	(736,808)	(403,214)
OTHER INCOME (LOSS)		
Interest expense	(30,992)	(34,382)
Equity investment gain/loss	(90,105)	(431,983)
Other	21,431	38,942
LOSS BEFORE TAXATION	(836,474)	(830,637)
PROVISION FOR INCOME TAXES	-	-
NET LOSS	(836,474)	(830,637)

OTHER COMPREHENSIVE INCOME		
Foreign currency translation	(6,281)	(114,778)
COMPREHENSIVE LOSS	\$ (842,755)	\$ (945,415)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.04)	\$ (0.06)
BASIC WEIGHTED AVERAGE SHARES	23,582,224	16,621,005

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MYCOBIOTECH, LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(UNITED STATES DOLLARS)

	Nine months ended September 30,	
	2002	2001
	----	----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (2,122,316)	\$ (1,817,576)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Depreciation and amortization	86,405	85,614
(INCREASE) DECREASE IN ASSETS:		
Trade receivables	16,832	360,423
Inventory	109,274	(334,007)
Prepaid expenses and deposits	(12,524)	194,014
Deferred offering expenses	(198,801)	(21,779)
Other	(4,138)	(46,874)
INCREASE (DECREASE) IN LIABILITIES:		
Trade payables	39,308	(103,037)
Other payables and accrued expenses	(209,936)	142,000
Related parties	(179,214)	(47,252)
Income tax payable	(27,345)	(58,567)
Net cash used by operating activities	(2,502,455)	(1,647,041)

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MYCOBIOTECH, LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(UNITED STATES DOLLARS)

<TABLE>

	Nine months ended September 30,	
	2002	2001
	----	----
<S>	<C>	<C>
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit to supplier	(3,809)	(9,861)
Investment	(1,481)	3,727
(Purchase) disposition of fixed assets	(114,835)	19,588
Increase in restricted cash	22,297	(166,363)
Cash provided for investing activities	(97,828)	(152,909)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank overdraft - net	(352,110)	23,641
Short-term unsecured	31,763	(2,246)
Letters of credit - net	(159,569)	75,084
Grant	1,482	-
Long-term leases	(44,372)	(69,366)
Sale of common stock	2,960,724	1,658,034
Stock subscription receivable	319,689	-
Cash provided for (used by) financing activities	2,757,607	1,685,147
NET INCREASE (DECREASE) IN CASH AND BANK BALANCES	157,324	(114,803)
Effects of exchange rate changes	26,882	109,060
Cash and bank balances, at beginning of period	47,108	74,755
Cash and bank balances, at end of period	\$ 231,314	\$ 69,012

MYCBIOTECH LTD AND SUBSIDIARIES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002

NOTE 1. - BASIS OF PRESENTATION

The accompanying unaudited financial statements of MycoBiotech, LTD and subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10Q and Item 8 of Form 20-F. They do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation, have been included in the accompanying unaudited financial statements. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the full year.

These financial statements should be read in conjunction with the financial statements and footnotes, which are included as part of financial statements for the year ended December 31, 2001.

DATED THIS 30th DAY OF May 1998

BETWEEN

EVERBLOOM Biotechnology (Pte) Ltd

AND

EVERBLOOM INTERNATIONAL TECHNOLOGY PTE LTD

LICENCE AGREEMENT

HARIDASS HO & PARTNERS
Advocates & Solicitors
24 Raffles Place
#18-01/03 Clifford Centre
Singapore 048621

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ANNEXURE - THE PATENTS

THIS LICENCE AGREEMENT is made the 30th day of May 1998

BY AND BETWEEN:-

1. EVERBLOOM BIOTECHNOLOGY (PTE) LTD, a company incorporated in the Republic of Singapore and having its registered office at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 (hereinafter referred to as the "Licensor" which expression shall include all or any of its successors and assigns) of the one part; and
2. EVERBLOOM INTERNATIONAL TECHNOLOGY PTE LTD, a company incorporated in

Singapore and having its registered office at 9 Seletar West Farmway 5 Off Kayu Singapore 798057 (hereinafter referred to as the "Licensee") of the e other part.

WHEREAS: -

- (A) The Licensor is the owner and is in possession of the Know-how/Technology (as hereinafter defined) production of Spawn (as hereinafter defined) and the cultivation of Shiitake Mushroom (as hereinafter defined) using the Process (as hereinafter defined) developed by the Assignor and is the respect of production of Spawn and the cultivation of Shiitake Mushroom, details of which are set out in the Annexure hereto (hereinafter referred to as the "Patents").
- (B) The Licensee is desirous of obtaining, and the Licensor is desirous of granting to the Licensee, the sole right to use, and sublicense the Know-how/Technology, documentation (as hereinafter defined), Intellectual Property Rights (as hereinafter defined) and the Process in the production of Spawn and cultivation of Shiitake Mushrooms, upon the terms and subject to the conditions as hereinafter set out.

NOW IT IS HEREBY AGREED AS FOLLOWS:-

1. DEFINITIONS AND INTERPRETATIONS

- 1.1 In this Agreement, unless the context otherwise requires, the following words and expressions shall have the following meanings as ascribed to them:-

"this Agreement" shall mean this Agreement as the same may be varied, amended, supplemented or otherwise modified from time to time with the agreement of the parties hereto in writing.

"Confidential Information" shall mean all information (whether written or verbal) in and relating to the Documentation, Know-how/Technology and all other information furnished by the Licensor to the Licensee relating to the business and trade secrets of the Licensor, but shall exclude the following information.:-

- (a) information which is or becomes available to the public through no fault of the party receiving such information; and
- (b) information which is subsequently received by any party from any third party.

"Documentation"

shall mean all drawings, specifications, manuals and any other applicable media and documentation relating to the Know-how/Technology and/ or the Process or its usage thereof including all materials useful for design (for example, logic manuals, flow charts and principles of operation) and machine-readable text or graphic files subject to display or printout,

"Intellectual Property Rights"

shall mean any and all proprietary and intellectual property rights and other rights of the Licensors throughout the world relating to the Know-how/ Technology, Process and the Documentation and all copies thereof, including but not limited top any copyright, trademarks, service marks, patents, patent applications, confidential information, design rights and all such rights which are capable of attraction protection in relation thereto (whether such aforesaid rights are registered, unregistered, capable of registration or otherwise) and shall also include all original works including all source and object codes, all algorithms, documents and modules.

"Know-how/Technology"

shall mean all information and data including formulae designs specifications techniques procedure plans discoveries

and inventions (whether patented or not) as used as any time by the Licensor in growing, marketing and selling Shiitake Mushrooms at their facilities in Singapore and by any licences wherever legally possible, which pertain to the use and exploitation of the Process or the cultivation or marketing and sale of Shiitake Mushrooms and which will enable the Licensee to produce the Shiitake Mushrooms by mean of the process, together with any further information or data pertaining thereto as may be available with the Licensor.

"Process" shall mean he process used by the Licensor to produce fungi of the species Lentinus Edodes known as Shiitake Mushrooms.

"Shiitake Mushrooms" shall mean fungi of the species Lentinus Edodes cultivated according to the Process or any part therof.

"Spawn" shall mean spawn of the species Lentinus Edodes produced according to the Assignor's Know-how/ Technology.

1.2 Reference herein to Clauses and Schedules are to clauses in and schedules to this Agreement unless the context requires otherwise and the Schedules to this Agreement shall be deemed to form part of this Agreement.

1.3 The headings are inserted for convenience only and shall not affect the construction of this Agreement.

1.4 Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing a gender include every gender.

2. GRANT

2.1 Subject to the consideration set out in Clause 4 below and the terms and conditions of this Agreement, the Licensor hereby grants to the Licensee, and the Licensee hereby accepts a sole, personal , perpetual, non-transferable and non-exclusive licence to: -

(a) use the Know-how/Technology, Process, Documentation and

Intellectually Property Rights in the production of spawn and the cultivation of Shiitake Mushrooms:

- (b) use the Patents; and
- (c) market and sub-licence the rights mentioned in (a) and (b).

2.2 The Rights granted to the Licensee pursuant to this Agreement shall extend to all countries in all part of the world except in the Republic of Singapore.

2.3 All rights of the Licensee shall be restricted to such rights as are expressly and specifically set out in this Agreement and where any right is not so expressly and specifically provided in this Agreement, it shall be deemed to be excluded.

3. TERM

This Agreement and the grant of the Rights hereunder shall take effect on the date of this Agreement ("the Commencement Date") and shall continue unless otherwise terminated in accordance with the provisions herein.

4. CONSIDERATION

4.1 In consideration of the grant by the Licensor to the Licensee of the Rights, the Licensee shall

- (a) allot and issue to the Licensor two million (2,000,000) ordinary shares of S\$1.00 each, fully paid up, in the licensee upon the execution of this Agreement; and
- (b) pay to the Licensor, in respect of each calendar month, a continuing fee calculated at the rate of five percent (5%) of the Net Receipts (as hereinafter defined) during each such calendar month in arrear on a quarterly basis at the end of each such quarter, commencing from the calendar month on which this Agreement is executed.

For this purpose of this Clause 4, "Net Receipts" shall mean all royalties, licence fees, income and any other payments in any nature received by the Licensee from its sub-licensees, less any value added tax, good and services tax, allowances or any other tax or duties of whatsoever nature.

4.2 In the event that the Licensee fails to satisfy the Consideration or any part thereof or any other sum payable under this Agreement by the due date thereof (the "Unpaid Amount"), in addition to the Unpaid

mount, the Licensee shall be liable to pay interest at the rate of one point five percent (1.5%) per month on such Unpaid Amount. Such interest shall be calculated on a daily basis and shall accrue from and including the due date until the date of actual receipt in full by the Licensor of the Unpaid Amount together with all interest accruing thereon under this Agreement.

4.3 In the event of a default in any payment for a period of thirty (30) days, the Licensor may at its sole discretion (But shall not be obliged to), without prejudice to any rights (including but not limited to right to payment) and remedies which the Licensor may have whether under this Agreement and/or under law, revoke this Agreement and the Rights granted hereunder forthwith. Upon such revocation, the Licensor may repossess all copies of the documentation, data, records or information relating to the Rights. For such purpose, the Licensor or any one or more of its agents or authorised representatives shall be entitled at any time and without notice to enter upon any premises in which the same are or are reasonably believed by the Licensor, to be kept, stored or used.

4.4 All payments due and payable by the Licensee to the Licensor under this Agreement shall be payable without any restriction, condition, counterclaim or set-off and shall be nett and exclusive of any deduction or withholding on account of any taxes including any withholding tax, good and services tax, custom taxes and any other charges which may be imposed by any authority from time to time, all of which shall be borne and payable by the Licensee over and above such payments.

5. UNDERTAKINGS AND INDEMNITY BY THE LICENSEE

5.1 The Licensee irrevocably and unconditionally undertakes and agrees with the Licensor that it will, at all times during the continuance of this Agreement and, where applicable, following termination hereof, observe and perform the terms and conditions set out in this Agreement and in particular, the following covenants and undertakings:-

(a) that it will exercise the Rights solely and exclusively for the purpose as set out in Clause 2.1 hereof and in accordance with the terms and conditions of this Agreement;

(b) that, during the term of this Agreement and for a period of five (5) years after the termination hereof, it will not, save with the prior written consent of the Licensor, be concerned or interested either directly or indirectly in the production, cultivation, importation, sale, licensing, marketing, promotion or advertisement of any product similar to or in competition with the Products or any of them, in any part of the world;

- (c) that it will forthwith notify the Licensor of each sub-licence entered into by it with any third party and provide the Licensor with a copy of such sub-licensing agreement and such other information as the Licensor may require in connection therewith;
- (d) that it will not make any copy, enhancement, addition, adaptation, reproduction, translation, compilation, variation or otherwise modify the Documentation or the Process whether in whole or in part, in any manner whatsoever.
- (e) that it will produce and cultivate the Shiitake Mushrooms usely solely and exclusively the Know-how/Technology and the Process and in accordance with the Documentation;
- (f) that it will ensure that all correspondences and other dealings with any third party relating directly or indirectly to the Rights clearly indicate and make known that it is merely a Licensee and not as author or developer of the Rights;
- (g) that it will clearly display all copyrights and other intellectual property rights notices on all documentation without adding, altering, obscuring, removing, interfering with or otherwise modifying in any manner whatsoever any of the trademarks, trade names, markings, copyright notices or other notices affixed to or contained in the Documentation;
- (h) that it will not incur any liability on behalf of the Licensor or in any way pledge or purport to pledge the Licensor's credit, goodwill or reputation or purport to make any contract binding upon the Licensor;
- (i) that it will supervise and control the use of the Rights or such part thereof by its employees, staff, servants, representatives, agents and licensees/sub-licensees and ensue that such use shall be in accordance with the terms and conditions of this Agreement;
- (j) that it will permit any duly authorised representative of the Licensor upon reasonable prior notice to enter into any of its premises where any manufacturing, production, marketing and/or sale of the Products or any of them is carried out, for the purpose of ascertaining that the provisions of this Agreement are being compiled with by the Licensee;
- (k) that it will immediately bring to the attention of the Licensor any improper or wrongful use of the Licensor's trademarks, emblems, designs, models or other similar

industrial, intellectual or commercial property rights which comes to the notice of the Licensee and will in the performance of its duties under this Agreement use every effort to safeguard such property rights and interests of the Licensor and will at the request and cost of the Licensor take all steps required by the Licensor to defend such rights;

- (l) that it will promptly bring to the attention of the Licensor any information received by the Licensee which is likely to be of interest, use or benefit to the Licensor in relation to the manufacturing , production, marketing or sale of the Products or any of them; and
- (m) that it will within fourteen (14) days from the termination of this Agreement or the discontinuance of the licence hereunder, return or destroy in accordance with the instructions of the Licensor, all Documentation and material relating to the Rights and all copies, in whole or in part, in any form including any partial copies or modification thereof, and (where so required by the Licensor) to furnish to the Licensor with a certificate, certifying that the same has been done.

5.2 The Licensee hereby undertakes and agrees to operate and maintain proper accounting procedures in accordance with generally accepted accounting principles and keep at its registered office true and accurate records, account books and data (the "Business Records") which shall accurately reflect all particulars relating to its business and other business. In particular but without limitation to the generally of the foregoing, the Licensee shall maintain a complete and accurate account and record of all Net Receipts received by it in each calendar month and prepare in a form approved by the Licensor a monthly financial statement thereof.

5.3 The Licensee shall furnish the Business Records to the Licensor on the Licensor's request and shall submit the detailed records and financial statements of the Net Receipts referred to in Clause 5.2 above to the Licensor on a quarterly basis. The licensor reserves all rights to audit such financial statements as its own cost and expenses

6. EXCLUSION OF LIABILITIES

6.1 THE LICENSEE HEREBY IRREVOCABLY AND UNCONDITIONALLY ACKNOWLEDGES AND AGREES THAT THE LICENSOR DOES NOT MAKE ANY REPRESENTATION OR WARRANTY IN RESPECT OF THE PROPRIETARY MARKS OR ANY OF THEM OR THE KNOW-HOW/TECHNOLOGY OR ANY PART THEREOF AND ALL WARRANTIES WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OR MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY EXCLUDED (EXCEPT TO THE EXTENT THAT SUCH LIABILITY MAY NOT LAWFULLY BE EXCLUDED IN AN AGREEMENT OF THIS NATURE).

6.2 THE LICENSEE FURTHER HEREBY IRREVOCABLY AND UNCONDITIONALLY ACKNOWLEDGES AND AGREES THAT THE LICENSOR SHALL HAVE NO LIABILITY WHATSOEVER WHETHER ARISING OUT OF CONTRACT, NEGLIGENCE OR OTHERWISE FOR DIRECT OR INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING BUT NOT LIMITED TO LOST PROFITS) INCURRED OR THAT MAY BE INCURRED BY THE LICENSEE OR ANY THIRD PARTY, EVEN IF THE LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

6.3 NO ACTION, REGARDLESS OF FORM, ARISING OUT OF THE TRANSACTIONS UNDER THIS AGREEMENT, MAY BE BROUGHT BY THE LICENSEE MORE THAN ONE (1) YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED. IN THE EVENT THAT, BUT STRICTLY WITHOUT PREJUDICE TO CLAUSES 6.1 AND 6.2 ABOVE, THE LICENSOR SHALL BE HELD LIABLE FOR WHATEVER REASON, THE LICENSEE HEREBY ACKNOWLEDGES AND AGREES THAT THE TOTAL LIABILITIES OF THE LICENSOR SHALL NOT IN ANY EVENT EXCEED SINGAPORE DOLLARS TWO MILLION (S\$2,000,000.00).

7. FORCE MAJEURE

Notwithstanding any other provisions to the contrary hereof, the Licensor shall be under no liability to the Licensee or to any other party in any way whatsoever for any breach of its obligations or for any destruction, damage, delay or any other matters of any nature whatsoever which is caused by any act beyond the control of the Licensor including without limitation any matter arising out of war, rebellion, civil commotion, strikes, lock-outs and industrial disputes; fire, explosion, earthquake, act of God, flood, drought or bad weather; the unavailability of deliveries, supplies, equipment, disks or telephone communication lines or any other media or the requisitioning or other act or order by any government department, council or other constituted body.

8. COPYRIGHTS, PATENTS, TRADEMARKS AND INTELLECTUAL PROPERTY RIGHTS

8.1 The Licensee acknowledges that the Documentation, Proprietary Marks and the Knowhow/Technology and all intellectual and proprietary rights thereto are and shall remain the sole and exclusive property of the Licensor and the Licensee shall not during or at any time after the termination of this Agreement in any way question or dispute the ownership or any other such rights by the Licensor.

8.2 The Licensee also acknowledges that Rights are only granted to the Licensee with the consent of the Licensor and for use during the continuation of and in accordance with this Agreement. Upon termination hereof the Licensee shall forthwith discontinue such use.

9. CONFIDENTIAL INFORMATION

9.1 The Licensee hereby acknowledges that all confidential information was or will be prepared at considerable trouble, time and expense and is

disclosed to the other party in strictest confidence under this Agreement. The Licensee hereby irrevocably and unconditionally undertakes and agrees to protect the confidential and proprietary nature of the Confidential Information from disclosure to third parties, that is shall use the Confidential Information exclusively for the purpose of this Agreement, and that it will only disclose the Confidential Information only to those of its employees and sublicensees in so far as such disclosure is necessary for the purpose of this Agreement or the sublicense (as the case may be). The Licensee shall use great care in the selection and assignment of personnel to work with the Confidential Information and will instruct all personnel so assigned to take all precautions necessary to prevent unauthorised disclosures.

9.2 The Licensee shall obtain from its employees and sublicensees to whom it discloses the Confidential Information or any part thereof duly binding agreements to maintain in confidence the Confidential Information to be disclosed at least to the same extent as the Licensee is so bound hereunder.

9.3 The obligations of the Licensee under this Clause 9 shall survive the termination of this Agreement for any reason whatsoever.

10. TERMINATION

10.1 The Licensor shall be entitled to terminate this Agreement:-
(a) upon giving fourteen (14) days' written notice to the Licensee in the event that the Licensee shall breach any provision, undertaking, covenant or agreement contained herein (other than with respect to payment) and fails to rectify such default (if capable of being remedied) within the period of the aforesaid notice;

(b) forthwith upon written notice to the Licensee in the event that the Licensee shall default in any payment under this Agreement for a period of fourteen (14) days; and

(c) forthwith if the Licensee transfers and/or assigns any of the Rights, its other rights and/or obligations to any third party in contravention of Clause 13 hereof.

10.2 Notwithstanding any provisions herein contained, this Agreement shall be terminated forthwith in the event of the liquidation or winding-up or filing of a petition of winding-up, by or against, or the appointment of a receiver or manager or judicial manager of the assets of either party or any action comparable to the foregoing under the laws of the Republic of Singapore.

10.3 The termination of this Agreement shall be without prejudice to the rights of the Licensor accrued up to the date of such termination

including but not limited to the Licensor's right to the payments set out in Clause 4 hereof and interest thereon under this Agreement.

10.4 Notwithstanding the termination of this Agreement for any reason, whatsoever, the provisions of Clause 4, Clause 5.1 (insofar as applicable), Clause 6, Clause 8, Clause 9 and this Clause 10.4 shall survive and be continuing obligations of the relevant parties hereto.

11. RELATIONSHIP OF THE LICENSEE TO THE LICENSOR

It is hereby acknowledged and agreed that the Licensee is not the agent, employee, partner, associate or representative of the Licensor and has no authority or power to make any representation or warranty or undertaking on behalf of or bind or contract in the name of or to create any liability against, the Licensor in any way for any purpose whatsoever.

12. WAIVER

Any failure or neglect by any party to enforce at any time of the provisions hereof shall not be construed nor shall be deemed to be a waiver of the such party's rights hereunder nor in any affect the validity of the whole or any part of this Agreement nor prejudice the such party's rights to take subsequent action.

13. ASSIGNMENT

13.1 This Agreement shall enure to the benefit of the Licensor, its successors and assigns.

13.2 The Licensee shall not transfer its obligations or liabilities nor assign the Rights or its other rights interest or benefits under this Agreement, whether voluntarily or involuntarily or by operation of law, in whole or in part, to any third party without the prior written consent of the Licensor. Any transfer or assignment in contravention of this Clause shall be null and void and have no effect whatsoever. No permitted assignment by the Licensee howsoever occurring shall relieve the Licensor of its obligations hereunder.

14. NOTICES

All notices, demand, requests or other communications which any party to this Agreement may desire or be required to give hereunder shall be in the English language and shall be deemed to have been given if mailed or hand-delivered at the address of the other party first set out above in this Agreement, or at such address as any party may from time to time designate in writing and shall be deemed effective upon delivery (if sent by hand) or one (1) day after sending (if sent by mail). Notice may also be sent by telefax or telex and shall be effective on the day of sending provided that the appropriate answer

backs are received.

15. ENTIRE AGREEMENT

This Agreement and any agreements referred to herein including the Annexure hereto are intended to and do constitute the entire agreement among the parties and supersede all prior oral or written agreements or understandings of the parties with regard to the subject matter hereof and thereof. Except as herein provided, no variation, interpretation, change, termination, or waiver of any provision hereof shall be binding upon a party unless in writing and executed by the parties to be bound thereby. No waiver, termination, rescission, discharge or cancellation of any right or claim under this Agreement shall affect the right of any party hereto to enforce any other claim or right hereunder.

16. SEVERABILITY

In the event that any or any part of the terms, conditions or provisions contained in this Agreement shall be determined to be invalid, unlawful or unenforceable to any extent such term, condition or provision or the offending part thereof (insofar as it is practicable) shall be severed from the remaining terms and conditions which shall continue to be valid and enforceable to the fullest extent permitted by law.

17. GOVERNING LAW

This Agreement shall be construed in accordance with the substantive laws of the Republic of Singapore. All disputes arising out of or in connection with this Agreement (including but not limited to any question regarding its existence, validity or termination) which cannot be settled amicably shall be referred to the exclusive jurisdiction of the Singapore International Arbitration Centre to be heard by a panel of arbitrators in accordance with the rules of arbitration of said centre. Such arbitration shall take place in the Republic of Singapore and shall be conducted in English. The panel shall consist of three (3) arbitrators, one (1) to be chosen by the Licensor, one (1) to be chosen by the Licensee and the third to be mutually agreed upon by the parties. In the event that the parties are unable to agree, such third arbitrator shall be of Singapore nationality but shall otherwise be chosen by the Singapore International Arbitration Centre. The decision of the arbitrators so appointed hereunder shall be final and binding on the parties hereto.

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date above written.

Signed for and on behalf of)
EVERBLOOM BIOTECHNOLOGY (PTE) LTD)

in presence of :-)

Signed for and on behalf of)
EVERBLOOM INTERNATIONAL)
TECHNOLOGY PTE LTD)
in presence of:-)

DATED THIS 1st DAY OF June 1998

BETWEEN

EVERBLOOM Biotechnology (Pte) Ltd

AND

Everbloom Health Food Pte Ltd

LICENCE AGREEMENT

HARIDASS HO & PARTNERS
Advocates & Solicitors
24 Raffles Place
#18-01/03 Clifford Centre
Singapore 048621

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THIS LICENCE AGREEMENT is made the 1st day of June 1998

BY AND BETWEEN:-

1. EVERBLOOM BIOTECHNOLOGY (PTE) LTD, a company incorporated in the Republic of Singapore and having its registered office at 9 Seletar West Farmway 5, Off Jalan Kayu, Singapore 798057 (hereinafter referred to as the "Licensor" which expression shall include all or any of its successors and assigns) of the one part; and
2. EVERBLOOM HEALTH FOOD PTE LTD , a company incorporated in Singapore and having its registered office at 9 Seletar West Farmway 5 Off Kayu Singapore 798057 (hereinafter referred to as the "Licensee") of the e other part.

WHEREAS: -

- (A) The Licensor is the owner and is in possession of the Proprietary Marks (as hereinafter defined) and the Know-how/Technology (as hereinafter defined).

(B) The Licensee is desirous of obtaining, and the Licensor is desirous of granting to the Licensee, the sole right to use, and the right to sublicense the Proprietary Marks and the Know-how/Technology for the manufacturing, production, marketing and/or sale of the Products, upon the terms and subject to the conditions as hereinafter set out.

NOW IT IS HEREBY AGREED AS FOLLOWS:-

1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Agreement, unless the context otherwise requires, the following words and expressions shall have the following meanings as ascribed to them:-

"this Agreement" shall mean this Agreement as the same may be varied, amended, supplemented or otherwise modified from time to time with the agreement of the parties hereto in writing.

"Confidential Information" shall mean all information (whether written or verbal) in and relating to the Documentation, Know-how/Technology and all other information furnished by the Licensor to the Licensee relating to the business and trade secrets of the Licensor, but shall exclude the following information.:-

(a) information which is or becomes available to the public through no fault of the party receiving such information; and

(b) information which is subsequently received by any party from any third party.

"Documentation" shall mean all drawings, specifications, manuals and any other applicable media and documentation relating to the Know-how/Technology or its usage thereof including

all materials useful for design (for example, logic manuals, flow charts and principles of operation) and machine-readable text or graphic files subject to display or printout, and all advertising, promotional, commercial and publicity pamphlets, brochures, leaflets and other materials whatsoever relating to the Products

"Know-how/Technology"

shall mean all information, documentation and data including formulae, recipes, designs, specifications, techniques, manufacturing process and procedures, plans, discoveries and inventions (whether patented or not) as used at any time in the manufacturing, production, marketing and sale of the Products.

"Proprietary Marks"

shall mean the trade marks, trade names, logos, designs, symbols, emblems, insignia, fascia, slogans and other identifying marks whether or not registered or capable of registration now or at any time hereafter adopted by the Licensor for use in connection with any Product and/or the Know-how/Technology.

"Products" shall mean the products listed in the Schedule hereto.

- 1.2 Reference herein to Clauses and Schedules are to clauses in and schedules to this Agreement unless the context requires otherwise and the Schedules to this Agreement shall be deemed to form part of this Agreement.
- 1.3 The headings are inserted for convenience only and shall not affect the construction of this Agreement.
- 1.4 Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing a gender include every gender.
2. GRANT
- 2.1 Subject to the consideration set out in Clause 4 below and the terms and conditions of this Agreement, the Licensor hereby grants to the Licensee, and the Licensee hereby accepts a sole, personal, perpetual, non-transferable and non-exclusive licence to use, and the right to sublicense, the Proprietary marks and the Know-how/Technology for the e

manufacturing , production, marketing and/or sale of the Products (the "Rights") Provided That the Licensee shall not use nor permit the use of any of the Proprietary Mark as part of its corporate name without the express prior written consent of the Licensor.

2.2 The Rights granted to the Licensee pursuant to this Agreement shall extend to the U.K. and in the European Union.

2.3 All rights of the Licensee shall be restricted to such rights as are expressly and specifically set out in this Agreement and where any right is not so expressly and specifically provided in this Agreement, it shall be deemed to be excluded.

2.4 Upon the executive hereof, the licensor shall deliver to the Licensee one (1) copy of the Documentation as the Licensor shall deem to be necessary for the purpose contemplated under this Agreement and to ensure Licensee's compliance with the terms herein.

3. TERM

This Agreement and the grant of the Rights hereunder shall take effect on the date of this Agreement ("the Commencement Date") and shall continue unless otherwise terminated in accordance with the provisions herein.

4. CONSIDERATION

4.1 In consideration of the grant by the Licensor to the Licensee of the Rights, the Licensee shall allot and issue to the Licensor three hundred thousand (1,000,000) ordinary shares of Singapore Dollars One (\$1.00) each, fully paid up, in the licensee (the "Consideration"), upon the execution of this Agreement.

4.2 In the event that the Licensee fails to satisfy the Consideration or any part thereof or any other sum payable under this Agreement by the due date thereof (the "Unpaid Amount"), in addition to the Unpaid amount, the Licensee shall be liable to pay interest at the rate of one point five percent (1.5%) per month on such Unpaid Amount. Such interest shall be calculated on a daily basis and shall accrue from and including the due date until the date of actual receipt in full by the Licensor of the Unpaid Amount together with all interest accruing thereon under this Agreement.

4.3 In the event of a default in any payment for a period of thirty (30) days, the Licensor may at its sole discretion (But shall not be obliged to), without prejudice to any rights (including but not limited to right to payment) and remedies which the Licensor may have whether under this Agreement and/or under law, revoke this Agreement and the Rights granted hereunder forthwith. Upon such revocation, the Licensor may repossess all copies of the documentation, data, records or

information relating to the Rights. For such purpose, the Licensor or any one or more of its agents or authorised representatives shall be entitled at any time and without notice to enter upon any premises in which the same are or are reasonably believed by the Licensor, to be kept, stored or used.

4.4 All payments due and payable by the Licensee to the Licensor under this Agreement shall be payable without any restriction, condition, counterclaim or set-off and shall be nett and exclusive of any deduction or withholding on account of any taxes including any withholding tax, good and services tax, custom taxes and any other charges which may be imposed by any authority from time to time, all of which shall be borne and payable by the Licensee over and above such payments.

5. UNDERTAKINGS AND INDEMNITY BY THE LICENSEE

5.1 The Licensee irrevocably and unconditionally undertakes and agrees with the Licensor that it will, at all times during the continuance of this Agreement and, where applicable, following termination hereof, observe and perform the terms and conditions set out in this Agreement and in particular, the following covenants and undertakings:-

- (a) that it will exercise the Rights solely and exclusively for the purpose as set out in Clause 2.1 hereof and in accordance with the terms and conditions of this Agreement;
- (b) that, during the term of this Agreement and for a period of five (5) years after the termination hereof, it will not, save with the prior written consent of the Licensor, be concerned or interested either directly or indirectly in the production, cultivation, importation, sale, licensing, marketing, promotion or advertisement of any product similar to or in competition with the Products or any of them, in any part of the world;
- (c) that it will forthwith notify the Licensor of each sub-licence entered into by it with any third party and provide the Licensor with a copy of such sub-licensing agreement and such other information as the Licensor may require in connection therewith;
- (d) that it will not make any copy, enhancement, addition, adaptation, reproduction, translation, compilation, variation or otherwise modify the Documentation or the Process whether in whole or in part, in any manner whatsoever.
- (e) that it will manufacture, produce, market and sell the Products using solely and exclusively the Know-how/Technology and in accordance with the Documentation and will not to sell

any Product which does not conform to or which conflicts with the standards associated with the Proprietary Marks or the Know-how/Technology;

- (f) that it will ensure that all correspondences and other dealings with any third party relating directly or indirectly to the Rights clearly indicate and make known that it is merely a Licensee and not as author or developer of the Rights;
- (g) that it will clearly display (i) all copyrights and other intellectual property rights notices on all documentation relating to the Proprietary Marks and the Knowhow/Technology and (ii) all relevant Proprietary Marks on each of the Products, without adding, altering, obscuring, removing, interfering with or otherwise modifying in any manner whatsoever any of the trademarks, trade names, markings, copyright notices or other notices affixed to or contained in such documentation or Product (as the case may be);
- (h) that it will use the Proprietary Marks solely and exclusively in connection with the Products and will not use the Proprietary Marks in any manner that the Licensor deems to be illegal, vulgar, in bad taste or inconsistent with the reputation or image of the Licensor;
- (I) that it will forthwith modify or cease the use of such Proprietary Mark as the Licensor may instruct in writing;
- (j) that it will not incur any liability on behalf of the Licensor or in any way pledge or purport to pledge the Licensor's credit, goodwill or reputation or purport to make any contract binding upon the Licensor;
- (k) that it will supervise and control the use of the Rights or such part thereof by its employees, staff, servants, representatives, agents and licensees/sub-licensees and ensure that such use shall be in accordance with the terms and conditions of this Agreement;
- (l) that it will permit any duly authorised representative of the Licensor upon reasonable prior notice to enter into any of its premises where any manufacturing, production, marketing and/or sale of the Products or any of them is carried out, for the purpose of ascertaining that the provisions of this Agreement are being complied with by the Licensee;
- (m) that it will immediately bring to the attention of the Licensor any improper or wrongful use of the Licensor's trademarks, emblems, designs, models or other similar

industrial, intellectual or commercial property rights which comes to the notice of the Licensee and will in the performance of its duties under this Agreement use every effort to safeguard such property rights and interests of the Licensor and will at the request and cost of the Licensor take all steps required by the Licensor to defend such rights;

- (n) that it will only use such advertising, promotional, commercial and publicity pamphlets, brochures, leaflets and other materials in relation to the Products as are approved by the licensor;
- (o) that it will promptly bring to the attention of the Licensor any information received by the Licensee which is likely to be of interest, use or benefit to the Licensor in relation to the manufacturing, production, marketing or sale of the Products or any of them; and
- (p) that it will within fourteen (14) days from the termination of this Agreement or the discontinuance of the licence hereunder, return or destroy in accordance with the instructions of the Licensor, all Documentation and material relating to the Rights and all copies, in whole or in part, in any form including any partial copies or modification thereof, and (where so required by the Licensor) to furnish to the Licensor with a certificate, certifying that the same has been done.

5.2 The Licensee hereby undertakes and agrees to operate and maintain proper accounting procedures in accordance with generally accepted accounting principles and keep at its registered office true and accurate records, account books and data (the "Business Records") which shall accurately reflect all particulars relating to its business and other business.

5.3 The Licensee shall furnish the Business Records to the Licensor on the Licensor's request.

5.4 The Licensee hereby agrees to indemnify and keep indemnified the licensee from and against all costs, expenses, losses, actions, suits, proceedings, damages and other liabilities of whatsoever nature (including but not limited to personal injuries and liabilities arising from person injuries) arising from or in connection with (a) any breach by the Licensee of any of its obligations hereunder; and/or (b) any Product sold, manufactured or otherwise provided by the Licensee, its employees, agents or sublicensee which is sold, manufactured or otherwise provided in contravention of or contrary to the Know-how Technology or the manner prescribed or approved by the Licensor.

6. EXCLUSION OF LIABILITIES

- 6.1 THE LICENSEE HEREBY IRREVOCABLY AND UNCONDITIONALLY ACKNOWLEDGES AND AGREES THAT THE LICENSOR DOES NOT MAKE ANY REPRESENTATION OR WARRANTY IN RESPECT OF THE PROPRIETARY MARKS OR ANY OF THEM OR THE KNOW-HOW/TECHNOLOGY OR ANY PART THEREOF AND ALL WARRANTIES WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OR MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY EXCLUDED (EXCEPT TO THE EXTENT THAT SUCH LIABILITY MAY NOT LAWFULLY BE EXCLUDED IN AN AGREEMENT OF THIS NATURE).
- 6.2 THE LICENSEE FURTHER HEREBY IRREVOCABLY AND UNCONDITIONALLY ACKNOWLEDGES AND AGREES THAT THE LICENSOR SHALL HAVE NO LIABILITY WHATSOEVER WHETHER ARISING OUT OF CONTRACT, NEGLIGENCE OR OTHERWISE FOR DIRECT OR INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING BUT NOT LIMITED TO LOST PROFITS) INCURRED OR THAT MAY BE INCURRED BY THE LICENSEE OR ANY THIRD PARTY, EVEN IF THE LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
- 6.3 NO ACTION, REGARDLESS OF FORM, ARISING OUT OF THE TRANSACTIONS UNDER THIS AGREEMENT, MAY BE BROUGHT BY THE LICENSEE MORE THAN ONE (1) YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED. IN THE EVENT THAT, BUT STRICTLY WITHOUT PREJUDICE TO CLAUSES 6.1 AND 6.2 ABOVE, THE LICENSOR SHALL BE HELD LIABLE FOR WHATEVER REASON, THE LICENSEE HEREBY ACKNOWLEDGES AND AGREES THAT THE TOTAL LIABILITIES OF THE LICENSOR SHALL NOT IN ANY EVENT EXCEED SINGAPORE DOLLARS ONE MILLION (s\$1,000,000.00).

7. FORCE MAJEURE

Notwithstanding any other provisions to the contrary hereof, the Licensor shall be under no liability to the Licensee or to any other party in any way whatsoever for any breach of its obligations or for any destruction, damage, delay or any other matters of any nature whatsoever which is caused by any act beyond the control of the Licensor including without limitation any matter arising out of war, rebellion, civil commotion, strikes, lock-outs and industrial disputes; fire, explosion, earthquake, act of God, flood, drought or bad weather; the unavailability of deliveries, supplies, equipment, disks or telephone communication lines or any other media or the requisitioning or other act or order by any government department, council or other constituted body.

8. COPYRIGHTS, PATENTS, TRADEMARKS AND INTELLECTUAL PROPERTY RIGHTS

- 8.1 The Licensee acknowledges that the Documentation, Proprietary Marks and the Knowhow/Technology and all intellectual and proprietary rights thereto are and shall remain the sole and exclusive property of the Licensor and the Licensee shall not during or at any time after the termination of this Agreement in any way question or dispute the ownership or any other such rights by the Licensor.

8.2 The Licensee also acknowledges that Rights are only granted to the Licensee with the consent of the Licensor and for use during the continuation of and in accordance with this Agreement. Upon termination hereof the Licensee shall forthwith discontinue such use.

9. CONFIDENTIAL INFORMATION

9.1 The Licensee hereby acknowledges that all Confidential information was or will be prepared at considerable trouble, time and expense and is disclosed to the other party in strictest confidence under this Agreement. The Licensee hereby irrevocably and unconditionally undertakes and agrees to protect the confidential and proprietary nature of the Confidential Information from disclosure to third parties, that is shall use the Confidential Information exclusively for the purpose of this Agreement, and that it will only disclose the Confidential Information only to those of its employees and sublicensees in so far as such disclosure is necessary for the purpose of this Agreement or the sublicense (as the case may be). The Licensee shall use great care in the selection and assignment of personnel to work with the Confidential Information and will instruct all personnel so assigned to take all precautions necessary to prevent unauthorised disclosures.

9.2 The Licensee shall obtain from its employees and sublicensees to whom it discloses the Confidential Information or any part thereof duly binding agreements to maintain in confidence the Confidential Information to be disclosed at least to the same extent as the Licensee is so bound hereunder.

9.3 The obligations of the Licensee under this Clause 9 shall survive the termination of this Agreement for any reason whatsoever.

10. TERMINATION

10.1 The Licensor shall be entitled to terminate this Agreement:-

- (a) upon giving fourteen (14) days' written notice to the Licensee in the event that the Licensee shall breach any provision, undertaking, covenant or agreement contained herein (other than with respect to payment) and fails to rectify such default (if capable of being remedied) within the period of the aforesaid notice;
- (b) forthwith upon written notice to the Licensee in the event that the Licensee shall default in any payment under this Agreement for a period of fourteen (14) days; and
- (c)) forthwith if the Licensee transfers and/or assigns any of

the Rights, its other rights and/or obligations to any third party in contravention of Clause 13 hereof.

10.2 Notwithstanding any provisions herein contained, this Agreement shall be terminated forthwith in the event of the liquidation or winding-up or filing of a petition of winding-up, by or against, or the appointment of a receiver or manager or judicial manager of the assets of either party or any action comparable to the foregoing under the laws of the Republic of Singapore.

10.3 The termination of this Agreement shall be without prejudice to the rights of the Licensor accrued up to the date of such termination including but not limited to the Licensor's right to the payments set out in Clause 4 hereof and interest thereon under this Agreement.

10.4 Notwithstanding the termination of this Agreement for any reason, whatsoever, the provisions of Clause 4, Clause 5.1 (insofar as applicable), Clause 6, Clause 8, Clause 9 and this Clause 10.4 shall survive and be continuing obligations of the relevant parties hereto.

11. RELATIONSHIP OF THE LICENSEE TO THE LICENSOR

It is hereby acknowledged and agreed that the Licensee is not the agent, employee, partner, associate or representative of the Licensor and has no authority or power to make any representation or warranty or undertaking on behalf of or bind or contract in the name of or to create any liability against, the Licensor in any way for any purpose whatsoever.

12. WAIVER

Any failure or neglect by any party to enforce at any time of the provisions hereof shall not be construed nor shall be deemed to be a waiver of the such party's rights hereunder nor in any affect the validity of the whole or any part of this Agreement nor prejudice the such party's rights to take subsequent action.

13. ASSIGNMENT

13.1 This Agreement shall enure to the benefit of the Licensor, its successors and assigns.

13.2 The Licensee shall not transfer its obligations or liabilities nor assign the Rights or its other rights interest or benefits under this Agreement, whether voluntarily or involuntarily or by operation of law, in whole or in part, to any third party without the prior written consent of the Licensor. Any transfer or assignment in contravention of this Clause shall be null and void and have no effect whatsoever. No permitted assignment by the Licensee howsoever occurring shall relieve

the Licensor of its obligations hereunder.

14. NOTICES

All notices, demand, requests or other communications which any party to this Agreement may desire or be required to give hereunder shall be in the English language and shall be deemed to have been given if mailed or hand-delivered at the address of the other party first set out above in this Agreement, or at such address as any party may from time to time designate in writing and shall be deemed effective upon delivery (if sent by hand) or one (1) day after sending (if sent by mail). Notice may also be sent by telefax or telex and shall be effective on the day of sending provided that the appropriate answer backs are received.

15. ENTIRE AGREEMENT

This Agreement and any agreements referred to herein including the Annexure hereto are intended to and do constitute the entire agreement among the parties and supersede all prior oral or written agreements or understandings of the parties with regard to the subject matter hereof and thereof. Except as herein provided, no variation, interpretation, change, termination, or waiver of any provision hereof shall be binding upon a party unless in writing and executed by the parties to be bound thereby. No waiver, termination, rescission, discharge or cancellation of any right or claim under this Agreement shall affect the right of any party hereto to enforce any other claim or right hereunder.

16. SEVERABILITY

In the event that any or any part of the terms, conditions or provisions contained in this Agreement shall be determined to be invalid, unlawful or unenforceable to any extent such term, condition or provision or the offending part thereof (insofar as it is practicable) shall be severed from the remaining terms and conditions which shall continue to be valid and enforceable to the fullest extent permitted by law.

17. GOVERNING LAW

This Agreement shall be construed in accordance with the substantive laws of the Republic of Singapore. All disputes arising out of or in connection with this Agreement (including but not limited to any question regarding its existence, validity or termination) which cannot be settled amicably shall be referred to the exclusive jurisdiction of the Singapore International Arbitration Centre to be heard by a panel of arbitrators in accordance with the rules of arbitration of said

centre. Such arbitration shall take place in the Republic of Singapore and shall be conducted in English. The panel shall consist of three (3) arbitrators, one (1) to be chosen by the Licensor, one (1) to be chosen by the Licensee and the third to be mutually agreed upon by the parties. In the event that the parties are unable to agree, such third arbitrator shall be of Singapore nationality but shall otherwise be chosen by the Singapore International Arbitration Centre. The decision of the arbitrators so appointed hereunder shall be final and binding on the parties hereto.

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date above written.

Signed for and on behalf of)
EVERBLOOM BIOTECHNOLOGY (PTE) LTD)
in presence of :-)

Signed for and on behalf of)
EVERBLOOM HEALTH FOOD PTE LTD)
in presence of:-)

DATED THIS 8th DAY OF December 1997

BETWEEN

EVERBLOOM INTERNATIONAL TECHNOLOGY PTE LTD

AND

EVERBLOOM MUSHROOM (UK) LIMITED

=====

LICENCE AGREEMENT

=====

Contact person:
Dr Tan Kok Kheng
Managing Director
Tel: 4821070
Fax: 4821657

THIS AGREEMENT is made on the 8th day of December 1997
BETWEEN EVERBLOOM INTERNATIONAL TECHNOLOGY PTE LTD, a company incorporated in
the Republic of Singapore and having its registered office at 9 Seletar West
Farmway 5, Singapore 798057 (hereinafter referred to as "Everbloom") of the one
part AND EVERBLOOM MUSHROOM (UK) LIMITED of United Kingdom, formerly PM 172
LIMITED, whose registered office is at 12 St Catherine Stree, Cupar, Fife,
Scotland, UK (hereinafter referred to as "EM UK") of the other part;

WHEREAS

- (A) Everbloom has the Know-how/Technology to cultivate Shiitake Mushroom using the Process as set out in USA Patent Nos. 4987698, 4542608 and 4833821, European Patent Nos. 0107911 and 0248636 and British Patents Nos. 0107911, 2191074 and 2223922 and the Materials to produce Logs and Spawn.
- (B) EM (UK) is desirous of cultivating Shiitake Mushroom and producing Logs and Spawn.
- (C) Everbloom hereby agrees to grant to EM (UK) the right to cultivate

Shiitake Mushroom and to produce Logs and Spawn in United Kingdom and to supply the technical know-how and data and to provide the necessary assistance upon the terms and conditions hereinafter appearing.

IT IS HEREBY AGREED as follows:

1. DEFINITIONS

1.1 Whenever used in this Agreement the following terms shall be deemed to have the following meanings unless the context otherwise requires:-

"Business" shall mean the cultivation of Shiitake Mushroom and production of Logs and Spawn by EM (UK).

"Chemical Mix" shall mean the nutrients developed by Everbloom for the cultivation of Shiitake Mushrooms and production of Logs and Spawn.

"Documentation" shall mean the written Technical Information and Improvements pertaining to Product and the plant, machinery and raw materials required for production thereof and shall include designs, drawings, manuals, brochures, pamphlets, slides, photographs, audio and video tapes, advertisement materials and promotional aids.

"Effective Date" shall mean the date on which this Agreement comes into operation.

"Everbloom's Consultant" shall mean a suitably qualified consultant to be made available by Everbloom for the purpose of providing the services referred in Clause 4 hereof.

"Improvements" shall mean future improvements relating to Technical Information and Documentation.

"Know-how/ Technology" shall mean all information and data including discoveries and formulae designs specifications techniques procedures plans inventions (whether patented or not) as used at any time by Everbloom in growing, marketing and selling Shiitake Mushroom at their facilities in Singapore and by any other licensees wherever legally possible, which pertain to the use and

exploitation of the Process or the cultivation or

marketing and sale of Shiitake Mushroom by means of the Process, together with any further information or data pertaining thereto as may be available with Everbloom.

"Logs" shall mean raw materials comprising preformulated materials such as chopped wood and/or sawdust and Chemical Mix mixed with water in a ratio of approximately _____ grams of dry substrate to _____ grams of water produced according to Everbloom's Know-how/Technology.

"Materials" shall mean Logs, Spawn and Chemical Mix.

"Parties" shall mean Everbloom and EM (UK).

"Process" shall mean the process to produce fungi of the species *Lentinus edodes* by the means described in USA Patent Nos. 4987698, 4542608 and 4833821, and European Patent Nos. 0107911 and 0248636 and British Patent Nos 0107911, 2191074 and 2223922, copies of which are available upon receipt.

"Product" shall mean Logs, Spawns and Shiitake Mushrooms.

"Plant" shall mean a facility in United Kingdom designed and approved by Everbloom and to produce _____ metric tons of fresh Shiitake Mushrooms per annum, using the Technical Information, Documentation and Improvements provided by Everbloom hereunder. The land and investment for the Plant will be committed by EM (UK).

"Shiitake shall mean the fungi of the species *Lentinus edodes* Mushroom" cultivated according to the Process or any part thereof.

"Spawn" shall mean the spawn of the species *Lentinus edodes* produced according to Everbloom's Know-how/Technology.

"Technical Information" shall mean the information, know-how, data, formulae, specifications, techniques, designs, procedures, plans,

discoveries and inventions (whether patented or not) available with Everbloom and relating to the following, in so far as the same has been commercially tested and used and found to be successful, including (but not limited to):-

- (a) design, engineering, fabrication, erection and installation of plant, machinery and equipment required for the production of Product and sources of supply thereof;
- (b) production processes and methods, operating conditions, pollution and quality control and testing and product development in respect of Product; and
- (c) chemical mixes and all other materials and ingredients to be used in the production of the Product including instructions on the required quantities and characteristics thereof and their treatment in the production of Product as well as sources of supply thereof.

1.2 In this Agreement, unless the context of subject matter otherwise requires:-

- (a) The singular includes the plural and vice versa. Words importing any gender include the other gender. Words importing persons include corporations and incorporated bodies of persons and vice versa;
- (b) References to clauses and schedules are references to Clauses and Schedules to this Agreement;
- (c) References to agreements and deeds include all renewals, extensions and amendments thereof; and
- (d) The headings to the clauses herein are for convenience of reference only and do not form part of this Agreement or affect the interpretation hereof.

2. SCOPE OF LICENCE

In consideration of EM (UK)'s agreement to pay the amounts specified herein, Everbloom hereby grants to EM (UK) the right to use the Know-how/Technology in the production of Logs and Spawn and the cultivation of Shiitake Mushroom in United Kingdom.

3. FINANCE & ACCOUNTING

3.1 It is the responsibility of EM (UK) to operate and maintain proper accounting procedures in accordance with generally accepted accounting principles.

3.2 EM (UK) shall keep at its registered office true and accurate records, accounts books and data ("Business Records") which shall accurately reflect all particulars relating to the Business and shall submit to Everbloom such information and reports concerning the Business in such form as may be specified by Everbloom.

3.3 EM (UK) shall submit quarterly statements of sales to Everbloom and Royalties payable within 15 days after the end of each quarter.

3.4 EM (UK) shall submit financial reports relating to the Business on a half-yearly basis.

3.5 EM (UK) shall submit annual audited accounts of the Business within 90 days after the year end.

3.6 EM (UK) shall preserve and keep all Business Records for a period as required by local tax laws.

3.7 Everbloom reserves the right to appoint a firm of independent accountants to review the records of the Business pertaining to the calculation of Royalties payable.

4. TECHNICAL INFORMATION ETC, TO BE PROVIDED BY EVERBLOOM

4.1 Everbloom shall furnish to EM (UK) all Technical Information, Documentation and Improvements and render all assistance necessary to enable EM (UK) to successfully establish the Plant and to produce and cultivate the Product.

4.2 Without prejudice to the generality of the foregoing, Everbloom shall, from time to time, provide to EM (UK), complete and upto date Technical Information, Documentation and Improvements:-

(a) to enable EM (UK) to design, engineer, erect, install and commission the Plant and all machinery and equipment therein and to successfully produce, develop and sell the Product;

(b) to enable EM (UK) to procure suitable machinery, equipment and

spares at reasonable prices and to fabricate and manufacture the same indigenously in United Kingdom;

- (c) with regard to import substitution in respect of Plant, machinery, equipment and ingredients for the Product;
- (d) with regard to operational safety and maintenance procedures of the Plant and quality control, testing and product development in respect of Product and ingredients, packaging etc as required by the markets from time to time;
- (e) to enable EM (UK) to procure in the international markets, alternative raw materials, consumables and other inputs necessary for production of Product at reasonable prices;
- (f) with regard to measures to ensure the the project will not cause any pollution problems or environmental hazards and that the effluents will meet statutory requirements, and
- (g) with regard to the conversion into useful byproducts, of spent materials including logs after harvesting of mushrooms.

4.3 All Documentation to be furnished by Everbloom hereunder shall be in English and in the metric system.

4.4 Everbloom shall furnish the Technical Information and Documentation as aforesaid within thirty (30) days of the Effective Date.

5. TRAINING OF EM (UK) PERSONNEL

5.1 During the tenure of this Agreement, Everbloom shall train EM (UK) personnel at the Plant as well as at other suitable factories for the proper use and exploitation of Technical Information, Documentation and Improvements furnished hereunder and for development of new products and articles. For the purpose, Everbloom shall deploy, as and when necessary, sufficiently knowledgeable and experienced consultants.

5.2 Any such consultants deployed by Everbloom shall, during their stay in United Kingdom, observe all rules and regulations that apply to EM (UK) employees. Likewise, any EM (UK) personnel being trained outside United Kingdom by Everbloom shall observe all rules and regulations that apply to Everbloom's employees in those countries respectively.

5.3 The EM (UK) personnel to be trained, the Everbloom consultants to be deployed and the periods of such training and deputation etc, shall be as agreed by the parties from time to time.

5.4 EM (UK) will meet the actual expenses of the Everbloom consultants deployed in United Kingdom, in respect of their travel, board and lodging; but no daily or other fees or remuneration will be paid to

them.

6. MANAGEMENT OF PLANT

- 6.1 During the tenure of this Agreement, Everbloom shall deploy its personnel in such numbers as are necessary to supervise, oversee and manage the operation of the Plant.
- 6.2 All costs and expenses incurred or accrued to the personnel shall be borne and paid by EM (UK). The costs and expenses shall include, but is not limited to, remuneration, salary, board, lodging, travel, transportation and other reasonable amenities.

7. PAYMENTS

- 7.1 In consideration of the rights and licence granted, and duties and obligations undertaken by Everbloom herein, EM (UK) shall pay Everbloom a technology fee of (pound)100,000.00 upon the signing of this Agreement net of all taxes (including but not limited to withholding taxes), dues, charges and expenses, which shall be for EM (UK)'s sole account.
- 7.2 As consideration for the continual transfer of the Know-how/Technology, EM (UK) shall pay Everbloom a royalty of 10% on profit before tax..
- 7.3 Such royalties due under Clause 7.2 above shall be due immediately after the end of the quarter and payable within 30 days from that date without the need for a demand from Everbloom. Any late payment shall attract interest calculated at the rate of 1.5% per month from the due date.
- 7.4 Time will run from the date on which the production of sawdust and logs commences.
- 7.5 Any improvements to the Know-how/Technology shall be passed on to EM (UK) without any further requirement of payments of fees or royalties.
- 7.6 The payments to be made by EM (UK) to Everbloom hereunder is also subject to the required approvals of the Government of United Kingdom and to such modifications as may be made by them.

8. MARKETING OF PRODUCTS

Everbloom agrees to use their best endeavours to assist EM (UK) to market the Products for sale internationally. Such sales shall be under the brand "Everbloom".

9. WARRANTY

- 9.1 Everbloom warrants that the Technical Information, Documentation and

Improvements furnished by it hereunder shall be of the latest and best type and quality and which in the experience, studies and tests of Everbloom have proved to be sufficient and technically and economically efficient and practical for the production of the Product and for establishment of a Plant of the specified capacity. Based on current specifications, production should be not less than 150 grams of fresh mushrooms from 1 kilogram of sawdust log.

9.2 Everbloom further warrants that all rights in the Technical Information, Documentation and Improvements furnished hereunder are proprietary and belong to Everbloom and that the use and exploitation thereof by EM (UK) and/or its sub licensees pursuant hereto will not infringe or violate any rights of any third parties.

9.3 Everbloom hereby indemnifies and shall keep indemnified EM (UK) and its sub licensees from and against all liabilities, expenses, losses, costs and damages that may be incurred by them on account of the infringement of the rights of any third party rights arising from the use and exploitation of the Technical Information, Documentation and Improvements and the production and cultivation of the Product.

10. SUPPLY OF RAW MATERIALS AND COMMERCIAL SERVICES

10.1 In the event that EM (UK) requires any raw materials for the production and cultivation of the Product and makes a written request for the same, Everbloom shall supply the same for such prices and on such other terms as may mutually be agreed upon.

10.2 Everbloom will assist EM (UK) in the sourcing/supply of machinery and consumables required to set up and operate the Plant, as and when called upon to do so by EM (UK).

10.3 The raw materials shall include the Chemical Mix, which shall be supplied by Everbloom at the price of S\$4.00 per kilogram FOB Singapore.

11. CONFIDENTIALITY

Each Party hereto undertakes to keep secret all information of a confidential or secret nature supplied by one Party to the other pursuant to this Agreement and agrees not to disclose any of such information to the public or to any third party without the express prior consent in writing of the supplying Party and each Party in receipt of such information is to ensure that it discloses such information only to responsible employees and consultants whose duties are in furtherance of the objectives of this Agreement and which cannot be fulfilled without use by such Party of the information and where it is relevant to those duties and who are under binding obligations to keep secret such of the information as is necessarily disclosed to them.

12. ASSIGNMENT

- 12.1 This Agreement shall enure to the benefit of the successors and assigns of Everbloom.
- 12.2 EM (UK) shall not be entitled at any time to assign, transfer or encumber this Agreement or any part thereof or the benefit thereof or control thereof or any benefit hereunder except with the previous written consent of Everbloom such consent not to be unreasonably withheld.

13. DEFAULT AND TERMINATION

- 13.1 In the event that EM (UK) shall become insolvent or make an assignment for the benefit of creditors or be placed under judicial management or if other proceedings for the appointment of a receiver of EM (UK) or other custodian for EM (UK)'s business or assets if filed and is consented to by EM (UK) and is not dismissed within thirty (30) days or a receiver or other custodian is appointed or if proceedings for composition with creditors under any state or federal law shall be instituted by or against EM (UK) or if the real or personal property of EM (UK) shall be sold after levy thereupon by any sheriff, receiver, then upon the occurrence of any said events, EM (UK) shall be deemed to be in default under this Agreement and all rights granted to EM (UK) hereunder shall thereupon terminate without any need for notice to EM (UK) and this Agreement shall thereupon be terminated.
- 13.2 Without prejudice to the generality of the foregoing EM (UK) shall be in default under this Agreement:-
- (a) if EM (UK) fails to submit when due financial reports which Everbloom is entitled to under this Agreement.
 - (b) if EM (UK) fails to comply substantially with any of the requirements imposed upon it by the Agreement.
- 13.3 EM (UK) shall have the right to terminate this Agreement if Everbloom shall be in default of any of the following conditions:-
- (a) in the event that Everbloom is liquidated, dissolved or becomes insolvent or bankrupt or is placed under judicial management or the control to receivers or trustees.
 - (b) if Everbloom is unable to conduct the business contemplated by this Agreement.

In such event, the formulae for the Chemical Mix, which is held by Haridass Ho & Partners of 24 Raffles Place, #18-01/03 Clifford Centre, Singapore 048621, shall be made available to EM (UK) on written demand.

In addition, should the Government of United Kingdom so require, the formula for the Chemical Mix shall be sent by Haridass Ho & Partners to EM (UK)'s nominated patent agents/attorneys upon receipt of a written request together with documentary proof of the Government's requirement.

14. RIGHTS AND OBLIGATIONS OF PARTIES ON TERMINATION OR EXPIRATION

Upon the termination or expiration of this Agreement all rights granted herein by Everbloom to EM (UK) shall revert to Everbloom.

15. RELATIONSHIP OF PARTIES AND INDEMNIFICATION

15.1 It is hereby declared that EM (UK) is an independent contractor and not an agent, legal representative, joint venturer, partner, employee or servant of Everbloom and is not empowered to act on Everbloom's behalf in any manner. EM (UK) agrees that Everbloom is not in any way a fiduciary of EM (UK).

15.2 EM (UK) shall indemnify Everbloom, its officers, directors, employees, agents affiliates, successors and assigns, against:

- (a) any and all claims, damages or liabilities based upon, arising out of, or in any way related to any negligence or act or omission by EM (UK) or any its agents, contractors, servants, employees or licensees, and any obligation of EM (UK) incurred pursuant to any provision of this Agreement.
- (b) any or all fees (including attorney's fees), costs and other expenses incurred by or on behalf of Everbloom in the investigation, defence or prosecution of any and all claims.

16. NOTICES

16.1 All notices or other communication to Everbloom contemplated by the terms of this Agreement shall be in writing and sent by registered mail, return receipt requested, addressed to Everbloom at 9 Seletar West Farmway 5, Singapore 798057 (or such other address as Everbloom shall designate in writing) or by facsimile or to such address confirmed by registered mail.

16.2 All notices to EM (UK) required by the terms of this Agreement shall be in writing and sent by registered mail, addressed to EVERBLOOM MUSHROOM (UK) LIMITED at 12 St Catherine Street, Cupar, Fife, Scotland, United Kingdom or such other address as EM (UK) shall designate in writing, or by facsimile or to such address confirmed by registered mail.

16.3 If by registered mail, any notice shall be deemed to have been given when received.

17. TERMS

17.1 This Agreement embodies all the terms and conditions agreed upon between the Parties hereto and supercedes and cancels in all respects all previous agreements and undertakings between the Parties hereto with respect to the subject matter hereunder whether such be written or oral.

17.2 Nothing in this Agreement shall constitute a partnership between the Parties nor constitute one Party the agent of the other Party and vice versa.

18. NO WAIVER

No omission or delay on the part of any party in exercising its rights under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise by any Party of any such right preclude the further or other exercise thereof or the exercise of any other right which it may have.

19. SEVERANCE

In the event that any provision of this Agreement shall be void or unenforceable by reason of any provision of applicable law it shall be deleted and the remaining provisions hereof shall continue as amended so as to give effect to the spirit of this Agreement so far as possible.

20. COSTS AND EXPENSES

Unless otherwise expressly stated herein all costs and expenses incurred by either Party in the performance of this Agreement shall be borne by the Party incurring the same.

21. AMENDMENTS

The conditions contained in this Agreement may be varied, altered, amended or deleted and fresh conditions embodied from time to time by mutual consent in writing and duly signed and executed by the Parties hereto and such writing would then be deemed for all purposes to be part and parcel of this Agreement and to be read and interpreted so and neither Party would contest the validity thereof.

22. GOVERNMENTAL APPROVALS

22.1 The Parties hereto undertake to obtain from the respective Governments all approvals and authorisations necessary or required for the implementation of the provisions of this Agreement.

22.1 Should approval and or authorisation from the respective Governments be subsequently withdrawn for any reason whatsoever, this agreement shall automatically be terminated unless otherwise agreed between the Parties.

23. APPLICABLE LAW/JURISDICTION

23.1 This Agreement shall in all respects be governed by and construed in accordance with the laws of the Republic of Singapore and the Parties agree to submit to the non-exclusive jurisdiction of the courts of the Republic of Singapore.

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the date and year written above.

SIGNED by Dr Tan Kok Kheng)
for and on behalf of EVERBLOOM)
INTERNATIONAL TECHNOLOGY)
PTE LTD in the presence of :-)

SIGNED by Prof John E Smith)
for and on behalf of EVERBLOOM)
MUSHROOM (UK) LTD)
in the presence of :-)

Diskette: EIT File: l-emuk.doc Date: 3/11/97

DATED THIS 9th DAY OF December 1998

BETWEEN

EVERBLOOM HEALTH FOOD PTE LTD

AND

MYCOCEUTICALS LTD

LICENCE AGREEMENT

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THIS LICENCE AGREEMENT is made the 9th day of December 1998

BY AND BETWEEN:-

1. EVERBLOOM HEALTH FOOD PTE LTD, a company incorporated in the Republic of Singapore and having its registered office at 9 Seletar West Farmway 5, Off Jalan Kayu, Singapore 798057 (hereinafter referred to as the "Licensor" which expression shall include all or any of its successors and assigns) of the one part; and
2. MYCOCEUTICALS LTD , a company incorporated in U.K. and having its registered office at Buchan House, Carnegie Campus, Queensferry Road, Dunfermline, Fife, KY11 5PL, Scotland (hereinafter referred to as the "Licensee") of the e other part.

WHEREAS: -

- (A) The Licensor is the owner and is in possession of the Proprietary Marks (as hereinafter defined) and the Know-how/Technology (as hereinafter defined).
- (B) The Licensee is desirous of obtaining, and the Licensor is desirous of granting to the Licensee, the sole right to use, and the right to sublicense the Proprietary Marks and the Know-how/Technology for the manufacturing, production, marketing and/or sale of the Products, upon the terms and subject to the conditions as hereinafter set out.

NOW IT IS HEREBY AGREED AS FOLLOWS:-

1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Agreement, unless the context otherwise requires, the following words and expressions shall have the following meanings as ascribed to them:-

- "this Agreement" shall mean this Agreement as the same may be varied, amended, supplemented or otherwise modified from time to time with the agreement of the parties hereto in writing.
- "Confidential Information" shall mean all information (whether written or verbal) in and relating to the Documentation, Know-how/Technology and all other information furnished by the Licensor to the Licensee relating to the business and trade secrets of the Licensor, but shall exclude the following information.:-
- (a) information which is or becomes available to the public through no fault of the party receiving such information; and
 - (b) information which is subsequently received by any party from any third party.
- "Documentation" shall mean all drawings, specifications, manuals and any other applicable media and documentation relating to the Know-how/Technology or its usage thereof including all materials useful for design (for example, logic manuals, flow charts and principles of operation) and machine-readable text or graphic

files subject to display or printout, and all advertising, promotional, commercial and publicity pamphlets, brochures, leaflets and other materials whatsoever relating to the Products.

"Know-how/Technology"

shall mean all information, documentation and data including formulae, recipes, designs, specifications, techniques, manufacturing process and procedures, plans, discoveries and inventions (whether patented or not) as used at any time in the manufacturing, production, marketing and sale of the Products.

"Proprietary Marks"

shall mean the trade marks, trade names, logos, designs, symbols, emblems, insignia, fascia, slogans and other identifying marks whether or not registered or capable of registration now or at any time hereafter adopted by the Licensor for use in connection with any Product and/or the Know-how/Technology.

"Products" shall mean the products listed in the Schedule hereto.

- 1.2 Reference herein to Clauses and Schedules are to clauses in and schedules to this Agreement unless the context requires otherwise and the Schedules to this Agreement shall be deemed to form part of this Agreement.
- 1.3 The headings are inserted for convenience only and shall not affect the construction of this Agreement.
- 1.4 Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing a gender include every gender.
2. GRANT
- 2.1 Subject to the consideration set out in Clause 4 below and the terms and conditions of this Agreement, the Licensor hereby grants to the Licensee, and the Licensee hereby accepts a sole, personal, perpetual, non-transferable and non-exclusive licence to use, and the right to

sublicence, the Proprietary marks and the Know-how/Technology for the e manufacturing , production, marketing and/or sale of the Products (the "Rights") Provided That the Licensee shall not use nor permit the use of any of the Proprietary Mark as part of its corporate name without the express prior written consent of the Licensor.

2.2 The Rights granted to the Licensee pursuant to this Agreement shall extend to the U.K. and in the European Union.

2.3 All rights of the Licensee shall be restricted to such rights as are expressly and specifically set out in this Agreement and where any right is not so expressly and specifically provided in this Agreement, it shall be deemed to be excluded.

2.4 Upon the executive hereof, the licensor shall deliver to the Licensee one (1) copy of the Documentation as the Licensor shall deem to be necessary for the purpose contemplated under this Agreement and to ensure Licensee's compliance with the terms herein.

3. TERM

This Agreement and the grant of the Rights hereunder shall take effect on the date of this Agreement ("the Commencement Date") and shall continue unless otherwise terminated in accordance with the provisions herein.

4. CONSIDERATION

4.1 In consideration of the grant by the Licensor to the Licensee of the Rights, the Licensee shall allot and issue to the Licensor three hundred thousand (300,000) ordinary shares of Sterling Pound One ((pound)1.00) each, fully paid up, in the licensee (the "Consideration"), upon the execution of this Agreement.

4.2 In the event that the Licensee fails to satisfy the Consideration or any part thereof or any other sum payable under this Agreement by the due date thereof (the "Unpaid Amount"), in addition to the Unpaid amount, the Licensee shall be liable to pay interest at the rate of one point five percent (1.5%) per month on such Unpaid Amount. Such interest shall be calculated on a daily basis and shall accrue from and including the due date until the date of actual receipt in full by the Licensor of the Unpaid Amount together with all interest accruing thereon under this Agreement.

4.3 In the event of a default in any payment for a period of thirty (30) days, the Licensor may at its sole discretion (But shall not be obliged to), without prejudice to any rights (including but not limited to right to payment) and remedies which the Licensor may have whether under this Agreement and/or under law, revoke this Agreement and the Rights granted hereunder forthwith. Upon such revocation, the Licensor

may repossess all copies of the documentation, data, records or information relating to the Rights. For such purpose, the Licensor or any one or more of its agents or authorised representatives shall be entitled at any time and without notice to enter upon any premises in which the same are or are reasonably believed by the Licensor, to be kept, stored or used.

4.4 All payments due and payable by the Licensee to the Licensor under this Agreement shall be payable without any restriction, condition, counterclaim or set-off and shall be nett and exclusive of any deduction or withholding on account of any taxes including any withholding tax, good and services tax, custom taxes and any other charges which may be imposed by any authority from time to time, all of which shall be borne and payable by the Licensee over and above such payments.

5. UNDERTAKINGS AND INDEMNITY BY THE LICENSEE

5.1 The Licensee irrevocably and unconditionally undertakes and agrees with the Licensor that it will, at all times during the continuance of this Agreement and, where applicable, following termination hereof, observe and perform the terms and conditions set out in this Agreement and in particular, the following covenants and undertakings:-

- (a) that it will exercise the Rights solely and exclusively for the purpose as set out in Clause 2.1 hereof and in accordance with the terms and conditions of this Agreement;
- (b) that, during the term of this Agreement and for a period of five (5) years after the termination hereof, it will not, save with the prior written consent of the Licensor, be concerned or interested either directly or indirectly in the production, cultivation, importation, sale, licensing, marketing, promotion or advertisement of any product similar to or in competition with the Products or any of them, in any part of the world;
- (c) that it will forthwith notify the Licensor of each sub-licence entered into by it with any third party and provide the Licensor with a copy of such sub-licensing agreement and such other information as the Licensor may require in connection therewith;
- (d) that it will not make any copy, enhancement, addition, adaptation, reproduction, translation, compilation, variation or otherwise modify the Documentation or the Process whether in whole or in part, in any manner whatsoever.
- (e) that it will manufacture, produce, market and sell the Products using solely and exclusively the Know-how/Technology

and in accordance with the Documentation and will not to sell any Product which does not conform to or which conflicts with the standards associated with the Proprietary Marks or the Know-how/Technology;

- (f) that it will ensure that all correspondences and other dealings with any third party relating directly or indirectly to the Rights clearly indicate and make known that it is merely a Licensee and not as author or developer of the Rights;
- (g) that it will clearly display (i) all copyrights and other intellectual property rights notices on all documentation relating to the Proprietary Marks and the Knowhow/Technology and (ii) all relevant Proprietary Marks on each of the Products, without adding, altering, obscuring, removing, interfering with or otherwise modifying in any manner whatsoever any of the trademarks, trade names, markings, copyright notices or other notices affixed to or contained in such documentation or Product (as the case may be);
- (h) that it will use the Proprietary Marks solely and exclusively in connection with the Products and will not use the Proprietary Marks in any manner that the Licensor deems to be illegal, vulgar, in bad taste or inconsistent with the reputation or image of the Licensor;
- (I) that it will forthwith modify or cease the use of such Proprietary Mark as the Licensor may instruct in writing;
- (j) that it will not incur any liability on behalf of the Licensor or in any way pledge or purport to pledge the Licensor's credit, goodwill or reputation or purport to make any contract binding upon the Licensor;
- (k) that it will supervise and control the use of the Rights or such part thereof by its employees, staff, servants, representatives, agents and licensees/sub-licensees and ensure that such use shall be in accordance with the terms and conditions of this Agreement;
- (l) that it will permit any duly authorised representative of the Licensor upon reasonable prior notice to enter into any of its premises where any manufacturing, production, marketing and/or sale of the Products or any of them is carried out, for the purpose of ascertaining that the provisions of this Agreement are being complied with by the Licensee;
- (m) that it will immediately bring to the attention of the Licensor any improper or wrongful use of the Licensor's

trademarks, emblems, designs, models or other similar industrial, intellectual or commercial property rights which comes to the notice of the Licensee and will in the performance of its duties under this Agreement use every effort to safeguard such property rights and interests of the Licensor and will at the request and cost of the Licensor take all steps required by the Licensor to defend such rights;

- (n) that it will only use such advertising, promotional, commercial and publicity pamphlets, brochures, leaflets and other materials in relation to the Products as are approved by the licensor;
- (o) that it will promptly bring to the attention of the Licensor any information received by the Licensee which is likely to be of interest, use or benefit to the Licensor in relation to the manufacturing, production, marketing or sale of the Products or any of them; and
- (p) that it will within fourteen (14) days from the termination of this Agreement or the discontinuance of the licence hereunder, return or destroy in accordance with the instructions of the Licensor, all Documentation and material relating to the Rights and all copies, in whole or in part, in any form including any partial copies or modification thereof, and (where so required by the Licensor) to furnish to the Licensor with a certificate, certifying that the same has been done.

5.2 The Licensee hereby undertakes and agrees to operate and maintain proper accounting procedures in accordance with generally accepted accounting principles and keep at its registered office true and accurate records, account books and data (the "Business Records") which shall accurately reflect all particulars relating to its business and other business.

5.3 The Licensee shall furnish the Business Records to the Licensor on the licensor's request.

5.4 The Licensee hereby agrees to indemnify and keep indemnified the licensee from and against all costs, expenses, losses, actions, suits, proceedings, damages and other liabilities of whatsoever nature (including but not limited to personal injuries and liabilities arising from person injuries) arising from or in connection with (a) any breach by the Licensee of any of its obligations hereunder; and/or (b) any Product sold, manufactured or otherwise provided by the Licensee, its employees, agents or sublicensee which is sold, manufactured or otherwise provided in contravention of or contrary to the Know-how Technology or the manner prescribed or approved by the Licensor.

6. EXCLUSION OF LIABILITIES

- 6.1 THE LICENSEE HEREBY IRREVOCABLY AND UNCONDITIONALLY ACKNOWLEDGES AND AGREES THAT THE LICENSOR DOES NOT MAKE ANY REPRESENTATION OR WARRANTY IN RESPECT OF THE PROPRIETARY MARKS OR ANY OF THEM OR THE KNOW-HOW/TECHNOLOGY OR ANY PART THEREOF AND ALL WARRANTIES WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OR MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY EXCLUDED (EXCEPT TO THE EXTENT THAT SUCH LIABILITY MAY NOT LAWFULLY BE EXCLUDED IN AN AGREEMENT OF THIS NATURE).
- 6.2 THE LICENSEE FURTHER HEREBY IRREVOCABLY AND UNCONDITIONALLY ACKNOWLEDGES AND AGREES THAT THE LICENSOR SHALL HAVE NO LIABILITY WHATSOEVER WHETHER ARISING OUT OF CONTRACT, NEGLIGENCE OR OTHERWISE FOR DIRECT OR INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING BUT NOT LIMITED TO LOST PROFITS) INCURRED OR THAT MAY BE INCURRED BY THE LICENSEE OR ANY THIRD PARTY, EVEN IF THE LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
- 6.3 NO ACTION, REGARDLESS OF FORM, ARISING OUT OF THE TRANSACTIONS UNDER THIS AGREEMENT, MAY BE BROUGHT BY THE LICENSEE MORE THAN ONE (1) YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED. IN THE EVENT THAT, BUT STRICTLY WITHOUT PREJUDICE TO CLAUSES 6.1 AND 6.2 ABOVE, THE LICENSOR SHALL BE HELD LIABLE FOR WHATEVER REASON, THE LICENSEE HEREBY ACKNOWLEDGES AND AGREES THAT THE TOTAL LIABILITIES OF THE LICENSOR SHALL NOT IN ANY EVENT EXCEED SINGAPORE DOLLARS ONE MILLION (s\$1,000,000.00).

7. FORCE MAJEURE

Notwithstanding any other provisions to the contrary hereof, the Licensor shall be under no liability to the Licensee or to any other party in any way whatsoever for any breach of its obligations or for any destruction, damage, delay or any other matters of any nature whatsoever which is caused by any act beyond the control of the Licensor including without limitation any matter arising out of war, rebellion, civil commotion, strikes, lock-outs and industrial disputes; fire, explosion, earthquake, act of God, flood, drought or bad weather; the unavailability of deliveries, supplies, equipment, disks or telephone communication lines or any other media or the requisitioning or other act or order by any government department, council or other constituted body.

8. COPYRIGHTS, PATENTS, TRADEMARKS AND INTELLECTUAL PROPERTY RIGHTS

- 8.1 The Licensee acknowledges that the Documentation, Proprietary Marks and the Knowhow/Technology and all intellectual and proprietary rights thereto are and shall remain the sole and exclusive property of the Licensor and the Licensee shall not during or at any time after the termination of this Agreement in any way question or dispute the ownership or any other such rights by the Licensor.

8.2 The Licensee also acknowledges that Rights are only granted to the Licensee with the consent of the Licensor and for use during the continuation of and in accordance with this Agreement. Upon termination hereof the Licensee shall forthwith discontinue such use.

9. CONFIDENTIAL INFORMATION

9.1 The Licensee hereby acknowledges that all Confidential information was or will be prepared at considerable trouble, time and expense and is disclosed to the other party in strictest confidence under this Agreement. The Licensee hereby irrevocably and unconditionally undertakes and agrees to protect the confidential and proprietary nature of the Confidential Information from disclosure to third parties, that is shall use the Confidential Information exclusively for the purpose of this Agreement, and that it will only disclose the Confidential Information only to those of its employees and sublicensees in so far as such disclosure is necessary for the purpose of this Agreement or the sublicense (as the case may be). The Licensee shall use great care in the selection and assignment of personnel to work with the Confidential Information and will instruct all personnel so assigned to take all precautions necessary to prevent unauthorised disclosures.

9.2 The Licensee shall obtain from its employees and sublicensees to whom it discloses the Confidential Information or any part thereof duly binding agreements to maintain in confidence the Confidential Information to be disclosed at least to the same extent as the Licensee is so bound hereunder.

9.3 The obligations of the Licensee under this Clause 9 shall survive the termination of this Agreement for any reason whatsoever.

10. TERMINATION

10.1 The Licensor shall be entitled to terminate this Agreement:-

- (a) upon giving fourteen (14) days' written notice to the Licensee in the event that the Licensee shall breach any provision, undertaking, covenant or agreement contained herein (other than with respect to payment) and fails to rectify such default (if capable of being remedied) within the period of the aforesaid notice;
- (b) forthwith upon written notice to the Licensee in the event that the Licensee shall default in any payment under this Agreement for a period of fourteen (14) days; and
- (c) forthwith if the Licensee transfers and/or assigns any of

the Rights, its other rights and/or obligations to any third party in contravention of Clause 13 hereof.

10.2 Notwithstanding any provisions herein contained, this Agreement shall be terminated forthwith in the event of the liquidation or winding-up or filing of a petition of winding-up, by or against, or the appointment of a receiver or manager or judicial manager of the assets of either party or any action comparable to the foregoing under the laws of the Republic of Singapore.

10.3 The termination of this Agreement shall be without prejudice to the rights of the Licensor accrued up to the date of such termination including but not limited to the Licensor's right to the payments set out in Clause 4 hereof and interest thereon under this Agreement.

10.4 Notwithstanding the termination of this Agreement for any reason, whatsoever, the provisions of Clause 4, Clause 5.1 (insofar as applicable), Clause 6, Clause 8, Clause 9 and this Clause 10.4 shall survive and be continuing obligations of the relevant parties hereto.

11. RELATIONSHIP OF THE LICENSEE TO THE LICENSOR

It is hereby acknowledged and agreed that the Licensee is not the agent, employee, partner, associate or representative of the Licensor and has no authority or power to make any representation or warranty or undertaking on behalf of or bind or contract in the name of or to create any liability against, the Licensor in any way for any purpose whatsoever.

12. WAIVER

Any failure or neglect by any party to enforce at any time of the provisions hereof shall not be construed nor shall be deemed to be a waiver of the such party's rights hereunder nor in any affect the validity of the whole or any part of this Agreement nor prejudice the such party's rights to take subsequent action.

13. ASSIGNMENT

13.1 This Agreement shall enure to the benefit of the Licensor, its successors and assigns.

13.2 The Licensee shall not transfer its obligations or liabilities nor assign the Rights or its other rights interest or benefits under this Agreement, whether voluntarily or involuntarily or by operation of law, in whole or in part, to any third party without the prior written consent of the Licensor. Any transfer or assignment in contravention of this Clause shall be null and void and have no effect whatsoever. No permitted assignment by the Licensee howsoever occurring shall relieve

the Licensor of its obligations hereunder.

14. NOTICES

All notices, demand, requests or other communications which any party to this Agreement may desire or be required to give hereunder shall be in the English language and shall be deemed to have been given if mailed or hand-delivered at the address of the other party first set out above in this Agreement, or at such address as any party may from time to time designate in writing and shall be deemed effective upon delivery (if sent by hand) or one (1) day after sending (if sent by mail). Notice may also be sent by telefax or telex and shall be effective on the day of sending provided that the appropriate answer backs are received.

15. ENTIRE AGREEMENT

This Agreement and any agreements referred to herein including the Annexure hereto are intended to and do constitute the entire agreement among the parties and supersede all prior oral or written agreements or understandings of the parties with regard to the subject matter hereof and thereof. Except as herein provided, no variation, interpretation, change, termination, or waiver of any provision hereof shall be binding upon a party unless in writing and executed by the parties to be bound thereby. No waiver, termination, rescission, discharge or cancellation of any right or claim under this Agreement shall affect the right of any party hereto to enforce any other claim or right hereunder.

16. SEVERABILITY

In the event that any or any part of the terms, conditions or provisions contained in this Agreement shall be determined to be invalid, unlawful or unenforceable to any extent such term, condition or provision or the offending part thereof (insofar as it is practicable) shall be severed from the remaining terms and conditions which shall continue to be valid and enforceable to the fullest extent permitted by law.

17. GOVERNING LAW

This Agreement shall be construed in accordance with the substantive laws of the Republic of Singapore. All disputes arising out of or in connection with this Agreement (including but not limited to any question regarding its existence, validity or termination) which cannot be settled amicably shall be referred to the exclusive jurisdiction of the Singapore International Arbitration Centre to be heard by a panel of arbitrators in accordance with the rules of arbitration of said centre. Such arbitration shall take place in the Republic of Singapore and shall be conducted in English. The panel shall consist of three (3)

arbitrators, one (1) to be chosen by the Licensor, one (1) to be chosen by the Licensee and the third to be mutually agreed upon by the parties. In the event that the parties are unable to agree, such third arbitrator shall be of Singapore nationality but shall otherwise be chosen by the Singapore International Arbitration Centre. The decision of the arbitrators so appointed hereunder shall be final and binding on the parties hereto.

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date above written.

Signed for and on behalf of)
EVERBLOOM HEALTH FOOD PTE LTD)
in presence of :-)

Signed for and on behalf of)
MYCOCEUTICALS LTD)
in presence of:-)

Diskette: EIT File: EHF-ML Date: 5/12/98

DATED THIS 21st DAY OF JANUARY 2000

BETWEEN

EVERBLOOM HEALTH FOOD PTE LTD

AND

EVER-BLOOM NUTRACEUTICALS (M) SDN BHD (483134-M)

=====

MARKETING & DISTRIBUTION
AGREEMENT

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AN AGREEMENT made on the 21st day of January 2000
BETWEEN EVERBLOOM HEALTH FOOD PTE LTD having its registered office at 12 Science
Park Drive, #04-01 The Mendel, Singapore Science Park 1, Singapore 118225
(hereinafter called "the Licensor") of the one part and EVER-BLOOM
NUTRACEUTICALS (M) SDN BHD Reg. No. 483134-M, a Malaysian registered company, at
20-A Jalan SS21/35, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan
(hereinafter called "the Licensee") of the other part.

WHEREBY IT IS AGREED as follows:

1. This agreement shall come into force on the 21st day of January 2000 and shall continue for a period of five (5) years and thereafter from year to year until determined in accordance with the provisions hereinafter contained.
2. The Licensor agrees to appoint and the Licensee agrees to accept the appointment as sole-licensee of the Licensor's products under the Everbloom brand (hereinafter referred to as "the products") for the territory of Malaysia inclusive of East Malaysia, Thailand and Philippines, provided that within 2 years the volume of sales for Philippines and Thailand combined are to be no less than that for Malaysia.

3. Orders by the Licensee for the Licensor's products shall be made to the Licensor at 12 Science Park Drive, #04-01 The Mendel, Singapore Science Park 1, Singapore 118225 via telephone 7730377 or facsimile 7731766 or to such other address as may be subsequently notified by the Licensor and the Licensor shall sell the products to the Licensee in accordance with such orders at pre-agreed pricing. Forming part of this Agreement, the Licensor has the right to change the prices of its products by giving 3 months notice in writing.
4. The Licensee agrees to pay for the products ordered and invoiced at a pre-agreed price between the Licensor and Licensee. All orders will be established with a Local Purchase Order from the Licensee. The terms of payment extended to Licensee will be 60 days from date of vessel's arrival for the first 6 months of this Agreement and subsequently payment shall be by irrevocable Letters of Credit through an established bank at sight.
5. All products ordered by the Licensee will be on CIF basis from source of origin to the designated Port of Discharge in the assigned territories.
6. The Licensee shall at all times during the continuance of this Agreement offer for sale and sell the products as goods manufactured by the Licensor and according to the specifications supplied by the Licensor to the Licensee from time to time either generally or in any particular case and shall not make any representation or give any warranty in respect of the products other than those contained in the Licensor's conditions of sale as current at the time of the offering for sale or the sale.

IT IS AGREED THAT:

- (a) The Licensee will independently manage and conduct its business in the assigned territories in aspects of DISTRIBUTION, SALES, MARKETING, STRATEGY, ADVERTISING & PROMOTION but will however co-operate and collaborate with the Licensor where possible and keep the Licensor informed of all plans.
 - (b) The Licensor will provide all necessary technical support as and when requested to facilitate the enhancement of the Everbloom Brand.
 - (c) Both parties will at all times co-operate, collaborate in aspects of packaging, design, artwork standards and any other aspects of operations that are deemed necessary to promote growth of the business.
7. The Licensee shall sell the products in the same condition as they are

received by them and shall not alter, remove or in any way tamper with any of the Licensor's marks or numbers on the products except that the Licensee shall have the right to attach to the products by means of a plate label or by suitable means bearing their name and address and indicating that they are the suppliers of the products and are authorised Licensee for the Licensor.

8. The Licensee further covenants that during their appointment as sole-Licensee they or their associates shall not sell or accept any appointment to sell within the aforesaid territories other brands of products of a similar nature which are in competition with the Licensor's products.
9. It is understood and agreed between the parties hereto that the Agreement shall not be construed as constituting the Licensee as agent of the Licensor for any purpose whatever. The Licensee shall be entitled to describe themselves as authorised dealers or distributors of the Licensor's products but shall not describe themselves as agent for the Licensor or use any words indicating any relationship of agency existing between the parties.
10. The Licensor will ensure that the business in the assigned territories are exclusive to the Licensee and no sub-licensing or parallel exports to 3rd parties will be entertained.
11. The Licensee shall not assign or purport to assign the benefit of this Agreement without prior consent in writing of the Licensor.
12. The Licensee will be responsible for application, processing and obtaining the necessary regulatory approvals from the relevant Government Authorities in the countries of operation.
13. Either party hereto shall have the right to terminate this Agreement by giving six (6) months' notice in writing to the other, after the first 5 years of appointment.
14. The Licensor shall have the right at any time by giving notice in writing to the Licensee to terminate this agreement forthwith in any of the following events:
 - (a) If the Licensee commits a breach of any of the terms or conditions of this Agreement.
 - (b) If the Licensee enters into liquidation whether compulsorily or voluntarily otherwise than for the purposes of amalgamation or reconstruction or compound with their creditors or have a receiver appointed for all or any part of their assets or take suffer any similar action in consequences of debt.
15. Any notice under this Agreement shall be in writing. Any notice to

either party shall be sufficiently served if left addressed to it on the said premises or sent to it by registered post to its address. A notice sent by registered post shall be deemed to be given at the time when in due course it would be delivered at the address to which it is sent.

16. Any dispute difference or question which may arise at any time hereafter touching the true construction of this Agreement or the right and liabilities of the parties hereto shall unless herein expressly provided by referred to arbitration in accordance with and subject to the provisions of the Arbitration Act (Cap 10) 1985 Edition.
17. Upon termination or expiration of this Agreement the Licensee shall immediately cease managing the products in the designated countries:
 - (a) All indebtedness of the Licensee to the Licensor shall become due and payable, if not already due and payable on the date of termination or expiration.
 - (b) The rights of either party against the other party which may have accrued up to the date of such termination or expiration shall remain unaffected except as provided hereafter.
 - (c) Neither party will be liable to the other for damages, indemnity or compensation solely on account of termination or expiration of this Agreement, with or without cause, as provided herein, whether such damages, indemnity or compensation might be claimed for loss through commitments on obligations or leases, loss of investment, loss of present or prospective profits, loss of goodwill, or any other loss caused by termination or expiration of this Agreement as provided herein.
 - (d) All orders which have not been shipped to the Licensee as of the date of termination, even if previously accepted, shall be cancelled without liability to either party.
 - (e) The Licensee shall return to the Licensor all unused promotional or other materials relating to the sale of products and any and all other property of the Licensor in the possession or control of the Licensee, and the Licensee shall transfer to the Licensor all registration and approvals and licenses of the Products, at a compensation to be mutually agreed upon.

SIGNED BY)
for and on behalf of)
EVERBLOOM HEALTH FOOD PTE LTD)
in the presence of:)

SIGNED BY)
for and on behalf of)
EVERBLOOM NUTRACEUTICALS (M) SDN BHD)
in the presence of:)

DATED THIS ____1st ____ DAY OF ____January____ 2000

BETWEEN

EVERBLOOM MUSHROOM PTE LTD

AND

BAN CHOON MARKETING PTE LTD

=====

AGENCY AGREEMENT

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THIS AGREEMENT made on the 1ST day of January_2000, between EVERBLOOM MUSHROOM PTE LTD., a company incorporated in Singapore and having its registered office at 12 Science Park Drive, #04-01 The Mendel Singapore Science Park 1, Singapore 118225, (hereinafter referred to as the "Company") and Ban Choon Marketing Pte Ltd, a Company incorporated in Singapore and having its registered office at Blk 21 #01-142, Pasir Panjang Wholesale Centre Singapore 110021 (hereinafter referred to as the "Agent")

WHEREAS the Company desires to appoint the Agent to be the exclusive distributor of the product listed in Schedule A annexed hereto and forming an integral part hereof (hereinafter referred to as the "Product") for all trade channels, in the territory of Singapore (hereinafter referred to as the "Territory") and

WHEREAS the Agent has appropriate personnel, facilities and expertise for the successful marketing and distribution of the Products in the Territory, and agrees to accept the said appointment.

NOW THEREFORE it is mutually agreed as follows: -

1. Appointment

1.1 With effect from 1st January 2000 (hereinafter referred to as the "Effective Date") the Supplier hereby appoints the Agent to be the sole and exclusive distributor of the Products, including all revised, improved and extension products thereof, for all trade channels in the territory, and the Agent hereby accepts the said appointment.

1.2 The Company agrees to sell the Products for sale in the Territory exclusively to the Agent and not to sell the Products to any other in the Territory or knowingly to any other party outside the Territory who intends to resell the products in the Territory. The Company also agrees to pass any inquiries on or order for the Products received from any other party in the Territory to the Agent for further processing.

1.3 The Agent agrees to purchase the Products from the Company and other designated suppliers and to sell the Products to its customers in the Territory or outside the Territory on behalf of the Company. The Agent further agrees that purchases from the suppliers will be from the best competitive suppliers.

2. Changes to Schedule A and Competitive Products

2.1 The Company hereby grants to the Agent the right of first refusal to distribute any other new products, which the Company desires to have distributed in the Territory. If the Agent accepts such products within thirty (30) days after receipt of the Company's notification thereof, such products shall be added to Schedule A and become the Products according to this Agreement.

2.2 No Products may be deleted from schedule A unless mutually agreed by the Parties in writing upon the discontinuation or withdrawal of the respective products from the Territory for any commercial reasons or by governmental order.

3 Prices and Payment Terms

3.1 The Agent shall purchase the Product from the Company according to the Agent's transfer prices valid on the date of issuance of invoices thereof by the Company. The transfer prices valid on the Effective Date are listed in Schedule A.

3.2 The Company may revise its transfer prices of the Products at any time deemed appropriate, but the Company shall give the Agent written notice thereof not less than two (2) months in advance and the new prices shall be valid as from the beginning of a calendar month.

3.3 The Agent shall provide appropriate warehousing space for the Company to store the Products (including promotional material, sample products and literature) sufficient for thirty (30) days' sales without any charge to the Company, and the Agent shall also arrange for proper

insurance thereof at the Agent's own cost.

3.4 The Company shall deliver the Product to the Agent's Distribution centre at Blk 21 #01-142, Pasir Panjang Wholesale Centre, or any other address to be notified by the Agent at the Company's own cost and shall issue proper VAT tax invoices upon each delivery thereof.

3.5 The Company will issue an invoice to the Agent once a month at the end of every calendar month for the Products, which the Agent shall have distributed during the respective month and the Agent shall issue an invoice to the Company for all the costs incurred in the marketing and distribution of the products plus, 20% of the net profit. The Agent shall pay the Company according to the nett amount within sixty (60) days after the end of each month.

4. Agent's Undertaking

4.1 The Agent agrees to use its best endeavours to sell, distribute and promote the sale of the Products in the Territory, and to be responsible to follow up with all customers to pay promptly.

4.2 The Agent agrees to constantly sell the Products at the best possible prices for maximum profit while at the same time monitoring a close watch on the current market competition.

4.3 The Agent shall keep full and true books of accounts and other records with sufficient details so that all economic transactions between the parties may be easily verified by the parties. The Agent shall also provide the Company with any reports and statistics, which may be reasonably requested for by the Company.

4.4 The Agent shall obtain and preserve all governmental registrations; permits and licenses, which may be required for its sale and distribution of the Products in the Territory and shall properly, comply with all relevant laws of the Territory. The Agent shall also keep the Company informed of the laws governing the products and any changes thereto.

5. Company's Undertaking

5.1 The Company shall be responsible for all the credit risks relating to the sales of the Products.

6. Trademarks

6.1 All trademarks and trade names used for the products are owned by and shall remain the property of the Company, and the Agent's use thereof or performance according to this Agreement shall not create any right thereof for the Agent. The exception is when the Agent packs products under house brands (e.g. supermarkets) as the trademark belongs to the

Agent's customer.

- 6.2 The Company shall be responsible for the registration and renewal of the said trademarks and trade names in the Territory and bear all costs and expenses in connection therewith.
- 6.3 The Agent shall immediately inform the Company of any infringement of the said trademarks and/ or trade names which the agent may know of and shall assist the Company in any proceedings necessary for eliminating or restraining such infringement at Company's own cost and expense.
- 6.4 The Company warrants that the production, sale and distribution of the Products in th Territory will not infringe any intellectual property right, including but not limited to trademark, patent and copyright, of any third party, and the Company hereby agrees and undertake to indemnity and hold the Agent harmless from and against any claims, suits, charges, penalty, liability, damages, compensation, costs and expenses (including reasonable court fees and attorney charges) which may arise from such infringement or alleged infringement.

7. Duration and Termination

- 7.1 This Agreement shall commence as from the Effective Date and shall remain valid and enforceable for an initial fixed period of two (2) years and, unless either party shall have notified the other party of its intention not to renew this Agreement in writing not less that two (2) months before the said expiry date, this Agreement shall be automatically renewed and extended perpetually until either party shall have notified the other party of its intention to terminate in writing by giving two (2) months' notice.
- 7.2 In the event that either party becomes insolvent or bankrupt, is dissolved or liquidated, or is in breach of any material provision hereof and fails to rectify such breach within thirty (30) days after receipt of the other party's written complaint thereof, the other party is entitled to forthwith terminate this Agreement.
- 7.3 Except for those clearly stipulated herein, neither party shall be entitled to claim for any compensation or damages resulting form the expiration or termination of this Agreement according to the provision hereto, but the expiration or termination of this Agreement shall not affect any rights and/ or obligations of either party which shall have accrued according to the provision hereof prior to the expiration of termination date. In the event that either party intentionally breaches any provisions hereof or unilaterally terminates this Agreement without any justifiable cause, the other party is entitled to claim for compensation and damages, including consequential and incidental damages, form the defaulting party.
- 7.4 The parties shall render final accounts, set off all outstanding

accounts and pay the balance within thirty (30) days thereafter.

8. Warranty and Indemnity

8.1 The Company warrants that the Products to be supplied to the Agent according to this Agreement shall be suitable for use as indicated in the Company's literature and brochures, and also be of good quality, in line with the specifications, and free from any defective or manufacturing fault.

8.2 The Company shall be solely responsible for all product liabilities and shall indemnify and hold the Agent harmless from and against any claims, suits, charges, penalty, liability, damages, compensation, costs and expenses (including reasonable court fees and attorney charges) in connection with any injury or health hazards resulting from the use of the Products by any consumer. The company shall also be responsible and pay for all costs and expenses in relation to the recall of any of the Products, whether such recall is by government order or voluntary by the Company.

8.3 The Agent shall not make any representation or warranty relating to the Products which is not in line with those of the Company or which is not previously approved by the Company.

8.4 The Company's warranties and undertakings stipulated in Clause 8.1 and 8.2 above should survive the expiration or termination of this Agreement.

9. Assignment and Transfer

9.1 The appointment made and the rights granted by the Company hereunder are personal to the Agent, and the Agent may not assign or transfer any of its rights and /or obligation hereunder to any party without the prior written consent of the Company.

9.2 The Company is entitled to assign or transfer any of its rights and/ or obligations hereunder to any of its parent, subsidiary or affiliated companies.

9.3 Subject to the provision stipulated in Clause 9.1 above, this Agreement shall be binding on and inure to the benefits of the successors, permitted assigns or transferees of the parties.

10. Contractual Relationship

10.1 The contractual relationship assumed by the parties hereunder is that of a seller by the Company and an agency by the Agent.

10.2 Except for those clearly stipulated otherwise in this Agreement, each

party shall be solely responsible for all expenses, cost, liabilities and claims resulting from its operation and performance of its obligation hereunder.

11. Governing Laws and Jurisdiction

11.1 This Agreement shall be governed by and construed in accordance with the laws of Singapore.

11.2 The parties hereby unconditionally submit to the exclusive jurisdiction of the competent courts in the Republic of Singapore.

12. Entire Agreement

12.1 This Agreement constitutes and encompasses the entire agreement and understanding of the parties on the subject matter hereof and shall supersede all previous agreements, understanding, negotiation and representation of the parties on the same subject matter, whether written or verbal, express or implied.

12.2 No amendment to or revision of this Agreement is valid and effective unless it is made in writing and duly signed by the authorized signatories of the parties.

IN WITNESS WHEREOF the parties have duly executed this Agreement in the presence of the witnesses hereof.

Everbloom Mushroom Pte Ltd

By
Dr Tan Kok Kheng
Managing Director

Witness.....
Mr Eugene Lim
Executive Director

Ban Choon Marketing (Pte) Ltd

By
Mr Tan Chin Hian
Managing Director

Witness.....
Mr Ronald Ang
General Manager

SCHEDULE A

Products produce by Everbloom Mushroom Pte Ltd

1.	Fresh Shiitake mushroom	\$12 per kg
2.	Fresh Nameko mushroom	\$12 per kg
3.	Fresh Oyster mushroom	\$ 3 per kg
4.	Fresh Abalone mushroom	\$ 5 per kg
5.	Fresh Woodear mushroom	\$ 4 per kg

Products from other Suppliers

1. Abalone mushroom
2. Oyster mushroom
3. Button mushroom
4. Brown Cremini mushroom
5. Portobello mushroom
6. Chanterelles mushroom
7. Hoshimeiji mushroom
8. Enoki mushroom
9. Shiitake mushroom
10. King Oyster mushroom
11. Monkey Head mushroom
12. Woodear mushroom
13. White Jelly Fungus
14. Straw mushroom
15. Willow mushroom
16. Nameko mushroom
17. Truffels mushroom

August 3, 2001

Everbloom Health Food Pte Ltd
12 Science Park Drive #04-01
The Mendel Singapore Science Park 1
Singapore 118225

Attn: Mr. Tan Kok Kheng
Managing Director

Dear Sirs:

BANKING FACILITIES

We are pleased to advise that Southern Bank Berhad (the "Bank") has approved the following facilities for your Company,s use, subject to the terms and conditions stated herein:

1. Facilities

- a. S\$350,000 / - - for overdraft in current account, payable on demand.

- b. s\$150,000 / - - for issuance of irrevocable Letters of Credit, covering the import of raw materials and/or any other goods acceptable to the Bank into Singapore and/or for Trust Receipts up to 90 days; tenor and/or for Transport Documents Guarantee covering the release of the merchandise imported under the above Letters of Credit.

Total: S\$500,000 / -

2. Interest Rates

- Overdraft - 1.25% per annum above the Bank's Prime rate
- Trust Receipts - 1.00% per annum above the Bank's Prime rate

or such other rate(s) as we may determine from time to time. Interest for Overdraft shall be calculated on a daily basis with monthly rates and will be debited to your account and payable on a monthly basis. Interest for Trust Receipts shall be calculated on a daily basis.

Our current Prime rate is 6.50% per annum.

3. Purpose of Banking Facilities

The Banking Facilities are extended for your working capital requirements.

4. Securities

The above facilities together with all monies and liabilities which may be owing to Southern Bank Berhad from time to time shall be secured by the followings: -

- a. a pledge of fixed deposit(s) and/or foreign currency deposit(s) totalling at least S\$300,000 / - or its equivalent in foreign currency) to us with interest to be capitalised; and
 - b. a Deed of Guarantee to be signed by Messrs Lim Eugene and Tan Kok Kheng jointly and severally in their personal capacity.
5. You are required to provide your Company's management accounts to us on a quarterly basis.
6. Your account is to be conducted actively within the approved limit.
7. Bills and Trust Receipts are to be settled promptly.
8. For Trade Finance Facilities, the Bank may at its absolute discretion, allow third party Letters of Credit to be issued on behalf of your related companies, subject to satisfactory completion of the Bank's standard documentation.
9. All legal costs (both party and party and between solicitor and client), withholding taxes and Goods & Services taxes or other fees charges and out-of-pocket expenses incurred in connection with the Banking Facilities shall be borne by you. Such expenses shall also be payable even if the said Facilities are aborted.
10. You shall covenant not to create or permit to exist any lien on any assets of the Company without first obtaining the consent of the Bank in writing.
11. You shall pay to the Bank a cancellation fee of 0.25% flat (payable on cancellation) on any part/amount of the Banking Facilities cancelled by you or which is deemed by the Bank to have been cancelled.
12. Without prejudice to our rights, the Bank may at any time at its absolute discretion (and without assigning any reason therefor) without prior notice to you, suspend, vary or cancel the Banking Facilities whereupon the Banking Facilities shall be suspended / varied /

terminated with immediate effect thereon.

13. Your Company shall submit to us its audited Balance Sheet and Profit and Loss Statement every year and within six (6) months from your last financial year-end.
14. The Bank is at liberty to divulge, disclose, reveal and forward information relating to your banking accounts to our Head Office or branch offices at their requests, at any time without prior notice to or consent from you and without being liable to you in any manner whatsoever.
15. The Banking Facilities shall be available to you only on completion of the security documentation and /or with our consent to utilize the facilities.
16. We reserve the right to review the Banking Facilities from time to time at our absolute discretion.
17. Attached hereto is a copy of our Standard Terms and Conditions Governing Banking and Credit Facilities, which shall form an integral part of this letter and is incorporated by reference herein.

If the terms and conditions are acceptable to you, please indicate your acceptance by signing and returning the duplicate copy of this letter to us, within the validity period of this offer which is fourteen (14) days from date hereof, together with:

- a. a certified true copy of your Directors' Resolution accepting the same under all the above terms and conditions contained herein.
- b. the enclosed Deed of Guarantee and Charge of Fixed Deposit (First Party) duly executed; and
- c. photocopies of the guarantors' identity cards.

Yours faithfully
for Southern Bank Berhad

/s/ Soon Chee Siong

Soon Chee Siong
Manager
Risk Management Dept

/s/ Chua Yeow Wan

Chua Yeow Wan
Account Manager
Credit & Marketing Dept

Exhibit 23.1

Consent

As independent certified public accountants, we hereby consent to the incorporation in the Registration Statement on Form 20-F of our report relating to the financial statements of MycoBiotech Ltd. and Subsidiaries and to all references to this firm included in such Form 20-F. As of December 31, 2001 and 2000 and the related Statements for December 31, 2001, 2000 and 1999.

/s/ Thomas Leger & Co. LLP

Thomas Leger & Co. LLP

February 5, 2003
Houston, TX