

Quarterly report

Quarterly report on results for the second quarter ended 31 August 2011
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 31/08/2011 RM'000	AS AT PRECEDING FINANCIAL YEAR END 28/02/2011 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	22,175	28,432
Prepaid land lease payment	486	488
Intangible Assets	14,196	10,468
	36,857	39,388
Current Assets		
Trade Receivables	404	440
Other Receivables, Deposits and Prepayments	39	28
Tax recoverable	15	13
Short term investment	-	-
Cash and Bank Balances	497	549
	956	1,030
TOTAL ASSETS	37,813	40,418
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital		
Ordinary shares of RM0.10 each	75,011	73,411
Reserves		
Share Premium	-	-
Warrant Reserve	13,275	13,594
Translation Reserve	(738)	(738)
Retained Profits	(49,734)	(45,670)
Less: 3,423,300 treasury shares at cost	(669)	(669)
	37,145	39,928
Minority Interest	-	-
Total Equity	37,145	39,928
Non Current Liabilities		
Hire Purchase Liabilities	-	-
Deferred Taxation	-	-
	-	-
Current Liabilities		
Trade Payables	191	60
Other Payables and Accruals	476	430
Bank overdraft	-	-
Share Application Money	-	-
Hire Purchase Liabilities	-	-
Tax Payable	-	-
	668	490
Total Liabilities	668	490
TOTAL EQUITY AND LIABILITIES	37,813	40,418
Net assets per share (RM)	0.0495	0.0544

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 28 February 2011 and the accompanying explanatory notes attached to this report.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/08/2011 RM '000	Preceding Yr Corresponding Quarter 31/08/2010 RM '000	Current Year To Date 31/08/2011 RM '000	Preceding Yr Corresponding Yr To Date 31/08/2010 RM '000
Revenue	218	3,263	560	6,848
Cost of services	(531)	(1,149)	(929)	(2,268)
Gross profit/(loss)	(313)	2,114	(369)	4,580
Other income	0	4	0	15
Administration expenses	(611)	(796)	(1,452)	(1,789)
Depreciation and amortisation	(1,280)	(1,317)	(2,563)	(2,596)
Finance costs	0	0	0	0
Profit/(Loss) before tax	(2,204)	5	(4,383)	210
<u>Income Tax expense</u>				
Current Tax	1	2	-	-
Deferred tax	-	-	-	-
PROFIT/(LOSS) FOR THE PERIOD	(2,203)	7	(4,383)	210
<u>Other Comprehensive Income/(Loss) :</u>				
Exchange differences on translating foreign operations	0	(5)	(1)	(14)
Income tax relating to components of other comprehensive income	-	-	-	-
Other comprehensive income/(loss) for the period, net of tax	0	(5)	(1)	(14)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	(2,202)	2	(4,385)	196
<u>Profit/(Loss) attributable to :</u>				
Owners of the parent	(2,203)	7	(4,383)	210
Minority Interest	-	-	-	-
	(2,203)	7	(4,383)	210
<u>Total comprehensive income/ (loss) attributable to :</u>				
Owners of the parent	(2,202)	2	(4,385)	196
Minority Interest	-	-	-	-
	(2,202)	2	(4,385)	196
<u>Earnings/(Loss) per share attributable to Owners of the Parent (sen)</u>				
- basic	(0.30)	0.00	(0.60)	0.03
- diluted	(0.30)	0.00	(0.60)	0.03

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 28 February 2011 and the accompanying explanatory notes attached to this report.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 AUGUST 2011**

Group	<u>Share capital</u> RM'000	<u>Share premium</u> RM'000	<u>Warrant reserve</u> RM'000	<u>Retained profits</u> RM'000	<u>Translation reserve</u> RM'000	<u>Other reserve</u> RM'000	<u>Treasury shares</u> RM'000	<u>Total equity</u> RM'000
<u>6 months ended 31 August 2011</u>								
As at 1 March 2011	73,411	-	13,594	(45,670)	(737)	-	(669)	39,929
Issue of ordinary shares	1,600	-	-	-	-	-	-	1,600
Total comprehensive income for the period	-	-	-	(4,383)	(1)	-	-	(4,385)
As at 31 August 2011	<u>75,011</u>	<u>-</u>	<u>13,275</u>	<u>(49,734)</u>	<u>(738)</u>	<u>-</u>	<u>(669)</u>	<u>37,145</u>
<u>6 months ended 31 August 2010</u>								
As at 1 March 2010	72,911	-	13,594	(12,592)	(717)	-	(669)	72,527
Total comprehensive income for the period	-	-	-	210	(14)	-	-	196
As at 31 August 2010	<u>72,911</u>	<u>-</u>	<u>13,594</u>	<u>(12,382)</u>	<u>(731)</u>	<u>-</u>	<u>(669)</u>	<u>72,723</u>

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 28 February 2011 and the accompanying explanatory notes attached to this report.



**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE PERIOD FROM 01 MARCH 2011 TO 31 AUGUST 2011**

	01/03/2011 to 31/08/2011	01/03/2010 to 31/08/2010
	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(4,383)	210
Adjustments for non cash item	2,804	4,063
	<hr/>	<hr/>
Operating profit before working capital changes	(1,580)	4,273
Changes in working capital:		
Trade and other receivables	25	(4,242)
Trade and other payables	178	136
	<hr/>	<hr/>
Cash generated from operations	(1,377)	167
Development cost paid	(270)	(336)
Tax paid	(2)	(4)
Net cash generated from operating activities	<hr/> <u>(1,649)</u>	<hr/> <u>(173)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	-	15
Purchase of property, plant and equipment	(2)	(2,694)
	<hr/>	<hr/>
Net cash used in investing activities	(2)	(2,679)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	1,600	-
	<hr/>	<hr/>
Net cash generated/(used in) from financing activities	1,600	-
Net increase/(decrease) in cash and cash equivalents	(50)	(2,852)
Effect on Exchange Rate Changes on Opening Cash	(1)	(10)
Cash and cash equivalents at beginning of financial period	<hr/> <u>549</u>	<hr/> <u>4,243</u>
Cash and cash equivalents at end of financial period	<hr/> <u><u>497</u></u>	<hr/> <u><u>1,381</u></u>
Cash and cash equivalents comprise		
Short term investment	-	-
Cash and bank balances	497	711
Bank overdraft	-	670
	<hr/> <u>497</u>	<hr/> <u>1,381</u>

The Condensed Consolidated Statement of Cashflows should be read in conjunction with the audited financial statements for the financial year ended 28 February 2011 and the accompanying explanatory notes attached to this report.

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A1. BASIS OF PREPARATION

The quarterly report is unaudited and has been prepared in compliance with Financial Reporting Standards ("FRS") No 134 – "Interim Financial Reporting" and paragraph 9.22 of Bursa Malaysia Securities Berhad ("Bursa Malaysia")'s Listing Requirements for the ACE Market. The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 28 February 2011.

The explanatory note attached to the interim financial statements provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group since the FYE 28 February 2011.

The accounting policies and methods of computation adopted in these interim financial statements of the Company and its subsidiaries ("The Group") are consistent with those adopted for the annual audited financial statements for the FYE 28 February 2011.

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the FYE 28 February 2011 were not subject to any qualification.

A3. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

The Company's business operations are not affected by any significant seasonal or cyclical factors.

A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A5. CHANGES IN ESTIMATES

There were no changes in estimates that had a material effect in the current quarter results.

A6. MOVEMENTS IN DEBT/ EQUITY SECURITIES

On 1 August 2011, there was an issuance of 7,000,000 new ordinary shares of RM0.10 each through Private Placement. These shares were listed on Bursa Securities on 4 August 2011.

On 12 September 2011, there was an issuance of 10,000,000 new ordinary shares of RM0.10 each through Private Placement. These shares were listed on Bursa Securities on 14 September 2011.

On 3 October 2011, there was an issuance of 41,000,000 new ordinary shares of RM0.10 each through Private Placement. These shares were listed on Bursa Securities on 4 October 2011.

A7. DIVIDENDS

No dividends were paid and/or declared during the quarter under review.

A8. SEGMENTAL REPORTING

Segmental reporting is presented in respect of the Group's business and geographical segments. The primary format, geographical segments by location of customer, is based on the Group's management and internal reporting structure.

Segmental results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segmental capital expenditure during the year-to-date consists of acquisition of property, plant and equipment, and capitalisation of research and development expenditures.

Business Segments

No business segmental reporting is prepared as the Group's activities are predominantly in one industry.

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Geographical Segments

	Malaysia	Hong Kong	Total
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>For the year-to-date ended 31/08/2011</u>			
Revenue from external customers	560	-	560
Segment assets	37,677	121	37,798
Segment liabilities	553	115	668
Capital Expenditure	4,827	106	4,932
Depreciation	1,949	0	1,950
Amortisation	790	-	790
Interest Income	-	-	-
Interest Expenses	0	-	0
Profit/(loss) before taxation	(4,213)	(170)	(4,383)
Taxation	-	-	-
Profit/(loss) after taxation	(4,213)	(170)	(4,383)

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The Company did not carry out any valuation on its property, plant and equipment.

A10. MATERIAL EVENTS SUBSEQUENT TO THE CURRENT QUARTER

There were no material events subsequent to the end of the current quarter.

A11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group in the quarter under review

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities other than those disclosed in Note B11. There were no contingent assets since the last annual balance sheet as at 28 February 2011.

A13. CAPITAL COMMITMENTS

There were no capital commitments in the second quarter ended 31 August 2011.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. REVIEW OF RESULTS FOR THE QUARTER ENDED 31 AUGUST 2011

The Group recorded a consolidated revenue of approximately RM0.218 million and loss after taxation of approximately RM2.203 million for the current quarter ended 31 August 2011, as compared with the corresponding period of the preceding year ended 31 August 2010 when the Group attained a consolidated revenue of approximately 3.263 million with profit after taxation of approximately RM0.007 million.

B2. MATERIAL CHANGE IN PROFIT BEFORE TAX IN COMPARISON TO THE PREVIOUS QUARTER

The Group recorded a consolidated revenue of approximately RM0.218 million for the second quarter ended 31 August 2011, compared to the consolidated revenue as recorded in the immediate preceding first quarter ended 31 May 2011 of approximately RM0.342 million. The Group registered loss before tax of approximately RM2.204 million as compared to the loss before tax recorded in the previous quarter ended 31 May 2011 of approximately RM2.18 million.

B3. COMING YEAR PROSPECTS

The financial performance of the Group towards the financial year ending 29 February 2012 will continue to be challenging while we are venturing into other prospective avenues of growth.

B4. PROFIT FORECAST

Not applicable as no profit forecast or profit guarantee was published.

B5. TAXATION

On 18 January 2007, Defined Search Sdn Bhd ("DSSB"), a wholly owned subsidiary of the Company was granted MSC Status. Due to the above, DSSB would be able to enjoy tax free status that is renewable up to January 2017.

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B6. PROFITS OR LOSSES ON DISPOSAL OF UNQUOTED INVESTMENT/PROPERTIES

There were no purchase or disposal of unquoted investment and or properties for the current quarter under review and current financial year-to-date.

B7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchase / disposal of quoted securities during the current quarter under review and current financial year-to-date.

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED

Save as disclosed below, there are no corporate proposals announced but not completed as at the date of this report.

Proposed Private Placement (Section 132D) (Just Completed)

On 27 January 2011, the Company announced that it proposed to undertake a private placement exercise of up to 72,568,496 ordinary shares at par value RM0.10 each in asiaEP ("asiaEP Shares") representing up to 10% of the issued and paid-up share capital (excluding treasury shares) of asiaEP.

On 10 February 2011, the Company announced that Bursa Malaysia had, vide its letter dated 9 February 2011, given its approval-in-principle for the listing and quotation.

On 10 February 2011, the Company announced that the issue price for the first tranche placement of 5,000,000 new ordinary shares of RM0.10 each ("Placement Shares") at RM0.10 per Placement Share.

On 3 March 2011, the Company announced that the issue price for the second tranche placement of 3,000,000 new ordinary shares of RM0.10 each ("Placement Shares") at RM0.10 per Placement Share.

On 22 April 2011, the Company announced that the issue price for the third tranche placement of 3,000,000 new ordinary shares of RM0.10 each ("Placement Shares") at RM0.10 per Placement Share.

On 24 May 2011, the Company announced that the issue price for the fourth tranche placement of 3,000,000 new ordinary shares of RM0.10 each ("Placement Shares") at RM0.10 per Placement Share.

On 1 August 2011, the Company announced that the issue price for the fifth tranche placement of 7,000,000 new ordinary shares of RM0.10 each ("Placement Shares") at RM0.10 per Placement Share.

On 9 September 2011, the Company announced that the issue price for the sixth tranche placement of 10,000,000 new ordinary shares of RM0.10 each ("Placement Shares") at RM0.10 per Placement Share.

On 30 September 2011, the Company announced that the issue price for the seventh (final) tranche placement of 41,000,000 new ordinary shares of RM0.10 each ("Placement Shares") at RM0.10 per Placement Share.

As at the date of this report, a total of 72,000,000 placement shares has been placed out pursuant to the Proposed Private Placement out of 72,568,496 shares as approved by the Bursa Malaysia Securities Berhad.

The following are the allotment details of the shares concerned :

	<u>Allotment Date</u>	<u>Granted Listing / Quotation Date</u>
1st tranche - 5,000,000 shares	11/02/2011	16/02/2011
2nd tranche - 3,000,000 shares	04/03/2011	09/03/2011
3rd tranche - 3,000,000 shares	25/04/2011	28/04/2011
4th tranche - 3,000,000 shares	26/05/2011	27/05/2011
5th tranche - 7,000,000 shares	01/08/2011	04/08/2011
6th tranche - 10,000,000 shares	12/09/2011	14/09/2011
7th tranche - 41,000,000 shares	03/10/2011	05/10/2011

B9. BORROWING AND DEBT SECURITIES

The Company does not have any borrowings and debt securities as at 31 August 2011.

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at the date of this report.

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B11. MATERIAL LITIGATION

Save for the following, asiaEP Resources Berhad is not engaged in any material litigation, claim or arbitration either as plaintiff or defendant, which may have a material effect on the financial position of asiaEP and the Directors do not have any knowledge of any proceedings, pending or threatened, against asiaEP or of any facts which is likely to give rise to any proceedings which may materially and adversely affect the financial position or business of asiaEP;

Kuala Lumpur High Court Suit No. D5-22-1910-00
Parties: asiaEP Sdn. Bhd. v A-Zone (M) Sdn. Bhd and Lee Keong Sek

asiaEP has filed a suit against A-Zone Sdn Bhd and Lee Keong Sek (collectively referred to as the "Defendants") for infringement of copyright and passing off in relation to asiaEP's business. An interim injunction has been obtained by asiaEP restraining the Defendants from further infringement. The Defendants have filed their defense and countered claim.

The case is presently at the stage of proceeding to Pre-Trial Case Management. The solicitors representing asiaEP are of the view that the suit may take 2 to 5 years to reach trial.

B12. EARNINGS / (LOSS) PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 31/08/2011	Preceding Yr Corresponding Quarter 31/08/2010	Current Year To Date 31/08/2011	Preceding Yr Corresponding Yr To Date 31/08/2010
(a) Basic earnings/(loss) per share					
Profit / (Loss) attributable to the owners of the parent	(RM'000)	(2,203)	7	(4,383)	210
Weighted average number of ordinary shares for the purpose of basic loss per share computation ('000)		732,400	715,081	732,400	715,081
New shares issue pursuant to warrants		1	-	1	-
New shares issue pursuant to share options		-	-	-	-
Share buy back		-	-	-	-
		732,401	715,081	732,401	715,081
Basic earnings/(loss) per share	(sen)	(0.30)	0.00	(0.60)	0.03

(b) **Diluted earnings/(loss) per share**

For the purpose of calculating diluted loss per share, the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary share i.e. warrants and share options granted to employees.

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 31/08/2011	Preceding Yr Corresponding Quarter 31/08/2010	Current Year To Date 31/08/2011	Preceding Yr Corresponding Yr To Date 31/08/2010
Profit / (Loss) attributable to the owners of the parent	(RM'000)	(2,203)	7	(4,383)	210
Weighted average number of ordinary shares for the purpose of basic earnings per share computation ('000)		732,401	715,081	732,401	715,081
Add: Adjustment for share options	('000)	-	-	-	-
Adjustment for warrants		-	-	-	-
Weighted average number of ordinary shares for the purpose of diluted loss per share	('000)	732,401	715,081	732,401	715,081
Diluted earnings/(loss) per share	(sen)	(0.30)	0.00	(0.60)	0.03

(Incorporated in Malaysia)

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**B13. UTILISATION OF PROCEEDS PURSUANT TO THE PROPOSED PRIVATE PLACEMENT
OUT OF 72,568,496 SHARES AS APPROVED BY THE BURSA MALAYSIA SECURITIES BERHAD**

As at 07 October 2011, the Company has utilised approximately 36.78% of the proceeds raised from the above-mentioned private placement :

Purpose	Amount Allocated (RM'000)	Amount Utilised (RM'000)	Balance (RM'000)
Working Capital	7,130.0	2,585.5	4,544.5
Defrayment Cost of Private Placement	70.0	62.9	7.1
	<u>7,200.0</u>	<u>2,648.4</u>	<u>4,551.6</u>

B14. DISCLOSURE OF REALISED AND UNREALISED PROFITS AND LOSSES

	As at end of current quarter 31/08/2011 (RM'000)	As at end of preceding quarter 31/05/2011 (RM'000)
Total Retained Earnings / (Accumulated Losses) of the Group		
- Realised	(103,042)	(100,840)
- Unrealised	-	-
	<u>(103,042)</u>	<u>(100,840)</u>
Consolidated Adjustments :	52,990	52,990
Total Group Retained Earnings / (Accumulated Losses) as per consolidated accounts	<u>(49,734)</u>	<u>(47,850)</u>

BY ORDER OF THE BOARD OF DIRECTORS OF ASIAEP RESOURCES BHD

Lee Suet Hong (Ms)

Director

Selangor

Dated: 7-Oct-2011