

Quarterly report

Quarterly report on results for the third quarter ended 30 November 2011
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER <u>30/11/2011</u> RM'000	AS AT PRECEDING FINANCIAL YEAR END <u>28/02/2011 (Audited)</u> RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	19,080	28,432
Prepaid land lease payment	484	488
Intangible Assets	16,231	10,468
	35,795	39,388
Current Assets		
Trade Receivables	344	440
Other Receivables, Deposits and Prepayments	2,308	28
Tax recoverable	15	13
Short term investment	-	-
Cash and Bank Balances	2,205	549
	4,872	1,030
TOTAL ASSETS	40,667	40,418
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital		
Ordinary shares of RM0.10 each	80,111	73,411
Reserves		
Share Premium		-
Warrant Reserve	13,275	13,594
Translation Reserve	(738)	(738)
ESOS Reserve	305	-
Retained Profits	(51,801)	(45,670)
Less: 3,423,300 treasury shares at cost	(669)	(669)
	40,485	39,928
Minority Interest	-	-
Total Equity	40,485	39,928
Non Current Liabilities		
Hire Purchase Liabilities	-	-
Deferred Taxation	-	-
	-	-
Current Liabilities		
Trade Payables	-	60
Other Payables and Accruals	181	430
Bank overdraft	-	-
Share Application Money	-	-
Hire Purchase Liabilities	-	-
Tax Payable	-	-
	181	490
Total Liabilities	181	490
TOTAL EQUITY AND LIABILITIES	40,667	40,418
Net assets per share (RM)	0.0505	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 30/11/2011 RM '000	Preceding Yr Corresponding Quarter 30/11/2010 RM '000	Current Year To Date 30/11/2011 RM '000	Preceding Yr Corresponding Yr To Date 30/11/2010 RM '000
Revenue	120	1,192	680	8,040
Cost of services	(139)	(1,157)	(1,069)	(3,425)
Gross profit/(loss)	(19)	35	(389)	4,615
Other income	3	3	3	18
Administration expenses	(956)	(737)	(2,412)	(2,526)
Depreciation and amortisation	(1,088)	(1,332)	(3,651)	(3,928)
Finance costs	(0)	-	(0)	-
Profit/(Loss) before tax	(2,061)	(2,032)	(6,448)	(1,822)
<u>Income Tax expense</u>				
Current Tax	-	-	-	-
Deferred tax	-	-	-	-
PROFIT/(LOSS) FOR THE PERIOD	(2,061)	(2,032)	(6,448)	(1,822)
<u>Other Comprehensive Income/(Loss) :</u>				
Exchange differences on translating foreign operations	(0)	(3)	0	(9)
Income tax relating to components of other comprehensive income	-	-	-	-
Other comprehensive income/(loss) for the period, net of tax	(0)	(3)	0	(9)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	(2,061)	(2,035)	(6,448)	(1,831)
<u>Profit/(Loss) attributable to :</u>				
Owners of the parent	(2,061)	(2,032)	(6,448)	(1,822)
Minority Interest	-	-	-	-
	(2,061)	(2,032)	(6,448)	(1,822)
<u>Total comprehensive income/ (loss) attributable to :</u>				
Owners of the parent	(2,061)	(2,035)	(6,448)	(1,831)
Minority Interest	-	-	-	-
	(2,061)	(2,035)	(6,448)	(1,831)
<u>Earnings/(Loss) per share attributable to Owners of the Parent (sen)</u>				
- basic	(0.28)	(0.28)	(0.86)	(0.25)
- diluted	(0.28)	(0.28)	(0.86)	(0.25)

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 30 NOVEMBER 2011**

Group	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Retained profits RM'000	Translation reserve RM'000	ESOS reserve RM'000	Treasury shares RM'000	Total equity RM'000
9 months ended 30 November 2011								
As at 1 March 2011	73,411	-	13,594	(45,670)	(738)	-	(669)	39,928
Issue of ordinary shares	6,700	-	-	-	-	-	-	6,700
Expiry of Warrant A	-	-	(319)	319	-	-	-	-
ESOS Expenses	-	-	-	-	-	305	-	305
Total comprehensive income for the period	-	-	-	(6,448)	0	-	-	(6,448)
As at 30 November 2011	80,111	-	13,275	(51,801)	(738)	305	(669)	40,485

**9 months ended
30 November 2010**

As at 1 March 2010	72,911	-	13,594	(12,592)	(717)	-	(669)	72,527
Total comprehensive income for the period	-	-	-	(1,822)	(9)	-	-	(1,831)
As at 30 November 2010	72,911	-	13,594	(14,414)	(726)	-	(669)	70,696

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 30 NOVEMBER 2011**

	01/03/2011 to 30/11/2011	01/03/2010 to 30/11/2010
	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(6,448)	(1,822)
<u>Adjustments for non cash item</u>		
Amortisation of development costs	217	2,225
Amortisation of Intellectual Property	920	1,049
Amortisation of prepaid land lease payments	4	(21)
Currency realignment		2
Depreciation	2,731	2,880
Interest expense	0	-
Interest income	(3)	(18)
Disposal loss/(gain) on property, plant and equipment	62	-
ESOS Expenses	305	-
	<u>4,236</u>	<u>6,118</u>
Operating profit before working capital changes	(2,212)	4,296
Changes in working capital:		
Trade and other receivables	(2,185)	(247)
Trade and other payables	(309)	127
Cash generated from operations	<u>(4,706)</u>	<u>4,176</u>
Development cost paid	(337)	(499)
Tax paid	(2)	(4)
Net cash generated from operating activities	<u>(5,045)</u>	<u>3,673</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3	18
Purchase of property, plant and equipment	(2)	(6,185)
Net cash used in investing activities	<u>1</u>	<u>(6,167)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	6,700	-
Repayment of hire purchase liabilities	-	-
Net cash generated/(used in) from financing activities	<u>6,700</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	1,656	(2,494)
Effect on Exchange Rate Changes on Opening Cash	0	(9)
Cash and cash equivalents at beginning of financial period	549	4,243
Cash and cash equivalents at end of financial period	<u>2,205</u>	<u>1,740</u>
Cash and cash equivalents comprise		
Short term investment	-	-
Cash and bank balances	2,205	314
Bank overdraft	-	1,426
	<u>2,205</u>	<u>1,740</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 and Appendix 9B 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

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 30 November 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

The current quarter reporting only reflects the Group's activities in its e-commerce business.

On 5 October 2011, the Company was awarded the contract by Lestari Pasifik Bhd for the Engineering, Procurement, Construction and Commissioning Assistance of the construction of a bioethanol processing plant, including the facility as initially constructed and any modifications or expansions thereof ("the Processing Plant") situated at Lot 20820, Batu 5, Jalan Bukit Kemuning, Kampung Jawa, 40460 Shah Alam, Selangor, Malaysia ("the Work").

Geographical Segments

	Malaysia	Hong Kong	Total
	RM'000	RM'000	RM'000
<u>For the year-to-date ended 30/11/2011</u>			
Revenue from external customers	680	-	680
Segment assets	40,587	65	40,652
Segment liabilities	181	-	181
Capital Expenditure	7,457	112	7,570
Depreciation	2,731	0	2,731
Amortisation	1,137	-	1,137
Interest Income	3	-	3
Interest Expenses	(0)	-	(0)
Profit/(loss) before taxation	(6,272)	(177)	(6,448)
Taxation	-	-	-
Profit/(loss) after taxation	(6,272)	(177)	(6,448)

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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 third quarter ended 30 November 2011.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. REVIEW OF RESULTS FOR THE QUARTER ENDED 30 NOVEMBER 2011

The Group recorded a consolidated revenue of approximately RM0.12 million and loss after taxation of approximately RM2.061 million for the current quarter ended 30 November 2011, as compared with the corresponding period of the preceding year ended 30 November 2010 when the Group attained a consolidated revenue of approximately RM1.192 million with loss after taxation of approximately RM2.032 million.

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

The Group recorded a consolidated revenue of approximately RM0.12 million for the third quarter ended 30 November 2011, compared to the consolidated revenue as recorded in the immediate preceding second quarter ended 31 August 2011 of approximately RM0.218 million. The Group registered loss before tax of approximately RM2.061 million as compared to the loss before tax recorded in the previous quarter ended 31 August 2011 of approximately RM2.204 million.

B3. COMING YEAR PROSPECTS

The financial performance of the Group towards the financial year ending 29 February 2012 continues to be challenging whilst our initial venture into the bioethanol plant construction is yet to produce results.

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.

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 Shares Subscription of ordinary shares in Lestari Pasifik Bhd ("Lestari")

On 10 October 2011, the Company announced its proposed subscription of 20,000,000 ordinary share of RM1 each in Lestari at an issue price of RM1.00 per Subscription Share representing 3.23% of the enlarged issued and paid-up share capital of Lestari for a total cash consideration of RM20.0 million ("Proposed Subscription").

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Proposed Private Placement

On 11 October 2011, the Company announced its proposed private placement of 90,000,000 new ordinary shares of RM0.10 each in asiaEP representing approximately 11.28% of the issued and paid-up share capital of asiaEP (excluding treasury shares) ("Placement Shares") to investor(s) to be identified ("Proposed Private Placement").

On 11 November 2011, the Company announced its proposal to revise the Original Proposed Private Placement to as follow:

- (i) "Proposed private placement of up to 90,000,000 new ordinary shares of RM0.10 each in asiaEP representing approximately up to 11.28% of the issued and paid-up share capital of asiaEP (excluding treasury shares) ("Placement Shares") to investor(s) to be identified ("Revised Proposed Private Placement"); and
- (ii) "The Revised Proposed Private Placement is expected to raise gross proceeds of up to RM9,000,000.

On 17 November 2011, the Company announced the furnishing of a further breakdown of the amount to be raised from the Proposed Private Placement as set out below :

<u>Proposed Utilisation</u>	<u>Estimated Timeframe for Utilisation</u>	<u>Up to (RM'000)</u>
Proposed construction of the bioethanol plant(s)	12 months	1,700
Payroll expenses	12 months	5,400
Professional fees	12 months	500
General working capital requirements of the Group	12 months	1,000
To defray expenses relating to the Proposed Private Placement	3 months	400
		9,000

B9. BORROWING AND DEBT SECURITIES

The Company does not have any borrowings and debt securities as at 30 November 2011.

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

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

		<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		<u>Current Year Quarter 30/11/2011</u>	<u>Preceding Yr Corresponding Quarter 30/11/2010</u>	<u>Current Year To Date 30/11/2011</u>	<u>Preceding Yr Corresponding Yr To Date 30/11/2010</u>
(a) Basic earnings/(loss) per share					
Profit / (Loss) attributable to the owners of the parent	(RM'000)	(2,061)	(2,032)	(6,448)	(1,822)
Weighted average number of ordinary shares for the purpose of basic loss per share computation ('000)		746,457	715,081	746,457	715,081
New shares issue pursuant to warrants		-	-	-	-
New shares issue pursuant to share options		-	-	-	-
Share buy back		-	-	-	-
		746,457	715,081	746,457	715,081
Basic earnings/(loss) per share	(sen)	(0.28)	0.00	(0.86)	0.03

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(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 30/11/2011	Preceding Yr Corresponding Quarter 30/11/2010	Current Year To Date 30/11/2011	Preceding Yr Corresponding Yr To Date 30/11/2010
Profit / (Loss) attributable to the owners of the parent	(RM'000)	(2,061)	(2,032)	(6,448)	(1,822)
Weighted average number of ordinary shares for the purpose of basic earnings per share computation ('000)		746,457	715,081	746,457	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)	746,457	715,081	746,457	715,081
Diluted earnings/(loss) per share	(sen)	(0.28)	0.00	(0.86)	0.03

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 20 January 2012, the Company has utilised approximately 77.27% 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	5,500.4	1,629.6
Defrayment Cost of Private Placement	70.0	62.9	7.1
	<u>7,200.0</u>	<u>5,563.3</u>	<u>1,636.7</u>

B14. DISCLOSURE OF REALISED AND UNREALISED PROFITS AND LOSSES

The breakdown of the retained earnings / (accumulated losses) of the Group as at 30 November 2011 into realised and unrealised profits/(losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants.

	As at end of current quarter 30/11/2011 (RM'000)	As at end of preceding quarter 31/08/2011 (RM'000)
Total Retained Earnings / (Accumulated Losses) of the Group		
- Realised	(105,109)	(103,042)
- Unrealised	-	-
	(105,109)	(103,042)
Consolidated Adjustments :	52,990	53,308
Total Group Retained Earnings / (Accumulated Losses) as per consolidated accounts	(51,801)	(49,734)

BY ORDER OF THE BOARD OF DIRECTORS OF ASIAEP RESOURCES BHD

Lee Suet Hong (Ms)
Director
Selangor
Dated: 20-Jan-2012