

Quarterly report

Quarterly report on results for the period ended 31 May 2012
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER <u>31/05/2012</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	14,205	28,432
Prepaid land lease payment	482	488
Intangible Assets	4,108	10,468
	18,795	39,388
Current Assets		
Trade Receivables	186	440
Other Receivables, Deposits and Prepayments	2,302	28
Tax recoverable	15	13
Short term investment	-	-
Cash and Bank Balances	325	549
	2,829	1,030
TOTAL ASSETS	21,625	40,418
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital		
Ordinary shares of RM0.10 each	81,311	73,411
Reserves		
Share Premium	269	-
Warrant Reserve	13,275	13,594
Translation Reserve	(740)	(738)
ESOS Reserve	1,666	-
Retained Profits	(74,113)	(45,670)
Less: 3,423,300 treasury shares at cost	(669)	(669)
	20,999	39,928
Minority Interest	-	-
Total Equity	20,999	39,928
Non Current Liabilities		
Hire Purchase Liabilities	-	-
Deferred Taxation	-	-
	-	-
Current Liabilities		
Trade Payables	-	60
Other Payables and Accruals	625	430
Bank overdraft	-	-
Share Application Money	-	-
Hire Purchase Liabilities	-	-
Tax Payable	-	-
	625	490
Total Liabilities	625	490
TOTAL EQUITY AND LIABILITIES	21,625	40,418
Net assets per share (RM)	0.0258	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

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter <u>31/05/2012</u> RM '000	Preceding Yr Corresponding Quarter <u>31/05/2011</u> RM '000	Current Year To Date <u>31/05/2012</u> RM '000	Preceding Yr Corresponding Yr To Date <u>31/05/2011</u> RM '000
Revenue	157	342	939	N/A
Cost of services	(72)	(398)	(1,279)	N/A
Gross profit/(loss)	85	(56)	(340)	-
Other income	0	0	6	N/A
Administration expenses	(10,916)	(842)	(19,451)	N/A
Depreciation and amortisation	(2,311)	(1,283)	(8,978)	N/A
Finance costs	(0)	-	(0)	N/A
Profit/(Loss) before tax	(13,142)	(2,180)	(28,762)	N/A
<u>Income Tax expense</u>				
Current Tax	-	(1)	-	N/A
Deferred tax	-	-	-	N/A
PROFIT/(LOSS) FOR THE PERIOD	(13,142)	(2,181)	(28,762)	N/A
<u>Other Comprehensive Income/(Loss) :</u>				
Exchange differences on translating foreign operations	7	(1)	(2)	N/A
Income tax relating to components of other comprehensive income	-	-	-	-
Other comprehensive income/(loss) for the period, net of tax	7	(1)	(2)	N/A
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(13,135)	(2,182)	(28,764)	N/A
<u>Profit/(Loss) attributable to :</u>				
Owners of the parent	(13,142)	(2,181)	(28,762)	N/A
Minority Interest	-	-	-	-
	(13,142)	(2,181)	(28,762)	-
<u>Total comprehensive income/(loss) attributable to :</u>				
Owners of the parent	(13,135)	(2,182)	(28,764)	N/A
Minority Interest	-	-	-	-
	(13,135)	(2,182)	(28,764)	N/A
<u>Earnings/(Loss) per share attributable to Owners of the Parent (sen)</u>				
- basic	(1.68)	(0.30)	(3.68)	N/A
- diluted	(1.66)	(0.30)	(3.64)	N/A

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 PERIOD ENDED 31 MAY 2012**

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
15 months ended 31 May 2012								
As at 1 March 2011	73,411	-	13,594	(45,670)	(738)	-	(669)	39,928
Issue of ordinary shares	7,900	269		-		(269)	-	7,900
Expiry of Warrant A			(319)	319				-
ESOS Expenses						1,934		1,934
Total comprehensive income for the period	-	-	-	(28,762)	(2)	-	-	(28,764)
As at 31 May 2012	81,311	269	13,275	(74,113)	(740)	1,666	(669)	20,999
15 months ended 31 May 2011								
As at 1 March 2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Issuance of ordinary shares	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Expiry of Warrant A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ESOS Expenses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total comprehensive income for the period	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
As at 31 May 2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE PERIOD FROM 01 MARCH 2011 TO 31 MAY 2012**

	01/03/2011 to 31/05/2012	01/03/2010 to 28/02/2011
	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(28,762)	(33,078)
<u>Adjustments for non cash item</u>		
Amortisation and Impairment of development costs	12,177	30,579
Amortisation of Intellectual Property	3,251	2,436
Amortisation of prepaid land lease payments	7	(19)
Depreciation	5,702	3,859
Interest expense	0	(0)
Interest income	(6)	(18)
Disposal loss/(gain) on property, plant and equipment	62	-
Allowance for doubtful debts no longer required	(67)	(76)
ESOS Expenses	1,934	-
	<u>23,061</u>	<u>36,760</u>
Operating profit before working capital changes	(5,701)	3,682
Changes in working capital:		
Trade and other receivables	(1,955)	356
Trade and other payables	136	173
Cash generated from operations	(7,520)	4,211
Development cost paid	(261)	(663)
Tax paid	(2)	(4)
Net cash generated from operating activities	<u>(7,784)</u>	<u>3,544</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	6	18
Purchase of property, plant and equipment	(343)	(7,740)
Net cash used in investing activities	<u>(338)</u>	<u>(7,722)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement and/or ESOS exercises	7,900	500
Repayment of hire purchase liabilities	-	-
Payment for share buy back	-	-
Net cash generated/(used in) from financing activities	<u>7,900</u>	<u>500</u>
Net increase/(decrease) in cash and cash equivalents	(221)	(3,678)
Effect on Exchange Rate Changes on Opening Cash	(2)	(16)
Cash and cash equivalents at beginning of financial period	549	4,243
Cash and cash equivalents at end of financial period	<u>325</u>	<u>549</u>
Cash and cash equivalents comprise		
Short term investment	-	-
Cash and bank balances	325	-
Bank overdraft	-	549
	<u>325</u>	<u>549</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

AsiaEP Resources's future business operations would be affected by cyclical factors.

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

During the quarter under review, the 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, are the impairment being provided on the intangible assets amounting to RM6.83 million, the accounting of the value of ESOS granted to-date (net of exercised portion) amounting to RM1.37 million and the issuance of ordinary shares arising from the exercises of ESOS during the current quarter (original scheme having been extended until 26 August 2014) (as referred to Note A6 below).

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 31 May 2012, save for the following :

During the quarter under review, 20,100,000 units of ESOS were cancelled and 12,000,000 units of ESOS have been exercised and allotted as detailed below :

<u>Date of Allotment</u>	<u>Number Alloted</u>	<u>Increase in Paid-up Capital (RM)</u>
12/03/2012	5,000,000	500,000.00
26/03/2012	5,000,000	500,000.00
02/04/2012	2,000,000	200,000.00

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

During the current quarter ended 31 May 2012, e-commerce remains as the main business activity of the AsiaEP Group subject to the submission of any Regularisation Plan to be approved by Bursa Securities, pursuant to the current Guidance Note 3 position of the Company.

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Geographical Segments

	Malaysia	Hong Kong	Total
<u>For the financial period ended 31/05/2012</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue from external customers	939	-	939
Segment assets	21,557	53	21,609
Segment liabilities	621	4	625
Capital Expenditure	10,161	226	10,388
Depreciation	5,702	0	5,702
Amortisation and Impairment	15,428	-	15,428
Interest Income	6	-	6
Interest Expenses	(0)	-	(0)
Profit/(loss) before taxation	(28,460)	(302)	(28,762)
Taxation	-	-	-
Profit/(loss) after taxation	(28,460)	(302)	(28,762)

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

AsiaEP Resources 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 other than those disclosed in Note B10 (i) and (ii) below.

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 or contingent assets other than those disclosed in Note B10 (i) and (ii) below.

A13. CAPITAL COMMITMENTS

During the current quarter ended 31 May 2012, there is no capital commitments.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. REVIEW OF RESULTS FOR THE QUARTER ENDED 31 MAY 2012

The Group recorded a consolidated revenue of approximately RM0.157 million and loss after taxation of approximately RM13.142 million for the current quarter ended 31 May 2012, as compared with the corresponding period of the preceding year ended 31 May 2011 when the Group attained a consolidated revenue of approximately RM0.342 million with loss after taxation of approximately RM2.181 million.

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

The Group recorded a consolidated revenue of approximately RM0.157 million for the current quarter ended 31 May 2012, representing improvement by approximately 50.19% from the consolidated revenue as recorded in the immediate preceding quarter ended 29 February 2012 of approximately RM0.104 million.

The Group registered loss before tax of approximately RM13.14 million as compared to the loss before tax recorded in the previous quarter ended 29 February 2012 of approximately RM9.17 million which is attributable to the impairment provision of the intangible assets amounting to RM6.83 million and the accounting of the value of ESOS granted (net of exercised portion) amounting to RM1.37 million during the current quarter.

B3. COMING YEAR PROSPECTS

The financial performance of the Group towards the financial year ending 31 August 2012 (extended from 29 February 2012) remains to be challenging.

B4. PROFIT FORECAST

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

B5. TAXATION

On 17 January 2007, Defined Search Sdn Bhd ("DSSB"), a wholly owned subsidiary of AsiaEP Resources was granted MSC Status. As such, DSSB was then granted Pioneer Status with effect from 16 January 2008. Therefore, DSSB would be able to enjoy tax free status that is renewable up to 15 January 2018.

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.

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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 ("LPB")

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

On 28 February 2012, AsiaEP Resources issued a letter to LPB for LPB to remedy a breach pursuant to Clause 7.6 of the Subscription Agreement dated 10 October 2011, failing which the proposed subscription shall be deemed terminated, fourteen (14) days herefrom.

However, as at 19 March 2012 upon fourteen (14) business days from 28 February 2012 with reference to the above, LPB still failed to remedy the breach. As such, AsiaEP Resources having no alternative but as on this date, issued another letter to LPB for demanding the refund of RM2,000,000/= (Ringgit Malaysia Two Million) deposit placed with LPB pursuant to the Clause 9.2(b) of the Subscription Agreement.

In view of the above, the Corporate Proposal for the Proposed Subscription is deemed terminated. Please refer to Note B10 (i) as the chronological events relating to this case is now considered as a Material Litigation instead of a Corporate Proposal.

B9. BORROWING AND DEBT SECURITIES

AsiaEP Resources does not have any borrowings and debt securities as at 31 May 2012.

B10. MATERIAL LITIGATION

Save for the following, AsiaEP Resources 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 Resources and the Directors do not have any knowledge of any proceedings, pending or threatened, against AsiaEP Resources 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 Resources :

- (i) **a) Kuala Lumpur High Court Suit No.: 24NCC-152-04/2012 (LPB vs AsiaEP Resources)**
b) Kuala Lumpur High Court Suit No.: 28NCC-387-05/2012 (AsiaEP Resources vs LPB)

With reference to Note B8 above, the subsequent chronological events relating to the post-termination of the Corporate Proposal on the Proposed Subscription are as follows :

On 30 March 2012, i.e. after the expiration of fourteen (14) business days from 19 March 2012, a Statutory Notice pursuant to Section 218 of the Companies Act 1965 was issued on LPB ("the said Statutory Notice").

LPB has applied for an injunction to restrain AsiaEP Resources from presenting a winding-up petition based on the said S.218 Statutory Notice pursuant to the Companies Act, 1965.

The Injunction Application came up for Case Management on 24 April 2012 and hearing was fixed on 8 May 2012, pending parties to file the necessary Affidavits and submissions.

The case eventually came up for hearing on 17 May 2012, during which, the Honourable Judge has dismissed with costs the Injunction Application by LPB.

Subsequently, AsiaEP Resources has filed a winding up petition against LPB and LPB filed a striking application against the winding up petition. This is fixed for hearing on 2 August 2012. In addition, LPB filed an appeal against the dismissal by the High Court of their injunction application for injunction against the winding up petition. This is fixed for hearing on 15 August 2012.

- (ii) **Kuala Lumpur High Court Suit No.: 22NCC-366-03-2012 between AsiaEP Resources and LPB and 7 Others**

On 16 March 2012, AsiaEP Resources filed Suit No. 22NCC-366-03/2012 (the "Suit") in the Kuala Lumpur High Court in respect of a legal suit instituted by AsiaEP Resources jointly with Dr Tan Boon Nunt, the Executive Chairman cum Managing Director of AsiaEP Resources, against Lestari Pasifik Berhad (LPB) (Company No. 889489-A)(1st Defendant) and 7 other Defendants, all 8 collectively referred to as ("the Defendants"), as stated below :-

Name	NRIC/Passport/ Company No.
Dato' Dr Clement Tan Wei Loon (2 nd)	701105-01-6327
Tian Ee Intertrade Sdn Bhd (3 rd Defendant)	948498-W
Tan Keat Chye (4 th Defendant)	650408-08-5525
Li JunMin (5 th Defendant)	G21666385
Du Fashui (6 th Defendant)	G42079465
Mohamed Jawad Khan (7 th Defendant)	481118-71-5221
Prof Dr Chin Yew Sin (8 th Defendant)	600402-08-5211

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The Suit seeks for the High Court to make Orders for the following claims:

- (a) damages to be assessed by the Honourable Court for the losses occasioned to AsiaEP Resources and its shareholders by the Defendants;
- (b) an injunction restraining the Defendants and/or their agents and/or nominees from carrying out and/or proceeding with the Requisition issued by the 2nd, 3rd and 6th Defendants on 9 February 2012 to remove the entire current Board of Directors of AsiaEP Resources, including Dr Tan Boon Nunt, and to replace them with a new Board of Directors consisting of namely the 2nd, 4th, 5th, 7th and the 8th Defendants;
- (c) a mandatory injunction compelling the 3rd Defendant to dispose off the total 51,000,000 ordinary shares of AsiaEP Resources, which were allotted to them via the 132D exercise on 12 September 2011 and 3 October 2011, in the open market and the proceeds of the sale of the said 51,000,000 ordinary shares to be paid to account for the damages awarded herein by the Honourable Court;
- (d) any directions to be given by the Honourable Court pertaining to this suit;
- (e) costs;
- (f) further and/or other reliefs that the Honourable Court deem fit and appropriate

At the present moment, AsiaEP Resources is unable to determine the financial and operational impact and the expected losses arising from the Suit.

On 28 March 2012, the Board of Directors announced that at the Case Management dated 28 March 2012, the Kuala Lumpur High Court had fixed the matter for further Case Management on 18 April 2012.

On 19 April 2012, the Board of Directors announced that at the Case Management dated 18 April 2012, the Kuala Lumpur High Court had fixed the matter for further Case Management on 17 May 2012 to enable the Plaintiffs to file their affidavits in reply and reply to defence on 17 May 2012.

On 17 May 2012, the Board of Directors of AsiaEP announced that at the Case Management dated 17 May 2012, the Kuala Lumpur High Court had fixed the matter for further Case Management on 15 June 2012 as the relevant parties would need to reply to the Affidavit in Reply.

On 20 July 2012, the Board of Directors of AsiaEP announced that the Kuala Lumpur High Court eventually had fixed the matter for further Case Management on 24 July 2012.

On 24 July 2012, the Board of Directors of AsiaEP announced that the Kuala Lumpur High Court had fixed as follows :

- a) The 2nd, 7th and 8th Defendants (namely, Dato' Dr. Clement Tan Wei Loon, Mohamed Jawad Khan and Prof. Dr. Chin Yew Sin respectively) had filed a striking out application and was fixed for hearing on 10 August 2012.
- b) The 1st Defendant (LPB) also filed a striking out application which was fixed for hearing on 7 September 2012.
- c) The entire case was fixed for further Case Management on 21 September 2012.

(iii) 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 Resources 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 Resources's business. An interim injunction has been obtained by AsiaEP Resources 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 Resources are of the view that the suit may take 2 to 5 years to reach trial.

B11. EARNINGS / (LOSS) PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 31/05/2012	Preceding Yr Corresponding Quarter 31/05/2011	Current Year To Date 31/05/2012	Preceding Yr Corresponding Yr To Date 31/05/2011
(a) Basic earnings/(loss) per share					
Profit / (Loss) attributable to the owners of the parent	(RM'000)	(13,142)	(2,181)	(28,762)	N/A
Weighted average number of ordinary shares for the purpose of basic loss per share computation ('000)		779,927	728,277	779,927	N/A
New shares issue pursuant to warrants			-		N/A
New shares issue pursuant to share options		2,356	-	2,356	N/A
Share buy back		-	-	-	-
		782,283	728,277	782,283	-
Basic earnings/(loss) per share	(sen)	(1.68)	(0.30)	(3.68)	N/A

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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 31/05/2012	Preceding Yr Corresponding Quarter 31/05/2011	Current Year To Date 31/05/2012	Preceding Yr Corresponding Yr To Date 31/05/2011
Profit / (Loss) attributable to the owners of the parent	(RM'000)	(13,142)	(2,181)	(28,762)	N/A
Weighted average number of ordinary shares for the purpose of basic earnings per share computation ('000)		782,283	728,277	782,283	N/A
<i>Add:</i> Adjustment for share options	('000)	7,090	-	7,090	N/A
Adjustment for warrants		-	-	-	N/A
Weighted average number of ordinary shares for the purpose of diluted loss per share	('000)	789,373	728,277	789,373	-
Diluted earnings/(loss) per share	(sen)	(1.66)	(0.30)	(3.64)	N/A

B12. 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 25 July 2012, AsiaEP Resources has utilised approximately 99.78% 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	7,121.1	8.9
Defrayment Cost of Private Placement	70.0	62.9	7.1
	<u>7,200.0</u>	<u>7,184.0</u>	<u>16.0</u>

B13. DISCLOSURE OF REALISED AND UNREALISED PROFITS AND LOSSES

The breakdown of the retained earnings / (accumulated losses) of the Group as at 31 May 2012 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 31/05/2012 (RM'000)	As at end of preceding quarter 29/02/2012 (RM'000)
Total Retained Earnings / (Accumulated Losses) of the Group		
- Realised	(137,301)	(124,160)
- Unrealised	-	-
	(137,301)	(124,160)
Consolidated Adjustments :	62,870	63,189
Total Group Retained Earnings / (Accumulated Losses) as per consolidated accounts	(74,113)	(60,971)

BY ORDER OF THE BOARD OF DIRECTORS OF ASIAEP RESOURCES BHD

Lee Suet Hong (Ms)
Director
Selangor
Dated: 25-Jul-2012