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Asia Energy PLC is a London-based AIM-quoted company whose primary activity is the development of an open cast coal mine at Phulbari in north-west Bangladesh that is projected to produce 15 million tonnes per year.

Its objective is to start mining in 2007 in a technically, environmentally and socially world-class operation, which will feed Asia's major seaborne markets with high quality export coal and provide a vital new long-term source of sustainable energy to Bangladesh.

Highlights

- Significant progress towards developing Phulbari Coal Project
- Test results confirm High Volatile Bituminous coal
- Metallurgical and thermal coal products can also be produced
- Four coal seams identified
- Coal basin extends further north and south than expected
- Initial Environmental Examination submitted on schedule
- Transport logistics and water management studies progressing
- Barclays Capital appointed as Financial Adviser
- Significant commitment of expertise and resources to the Definitive Feasibility Study (DFS)
- £2.4 million spent in period on drilling and the DFS
- Cash in hand at end of period £10.4 million

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Chairman's Statement

Asia Energy PLC ('the Company') made significant progress towards developing its Phulbari Coal Project ('Project') in north-west Bangladesh in the six months to 31 December 2004. More than 200 staff, consultants, engineers and field workers were engaged on the Project, as the Definitive Feasibility Study ('DFS') for the 15 million tonnes per year open cut coal mine moved into its most intensive stage. Barclays Capital was appointed strategic financial advisor to the Company and initiated negotiations on financing specific aspects of the Project with a number of major international financial institutions.

DFS activities included resource definition drilling, geotechnical and groundwater investigation, coal quality testing, mine planning, coal processing studies, coal marketing, environmental and social impact assessments, coal transport logistics and infrastructure.

The extensive programme of resource definition drilling commenced on 2 September 2004. The drilling programme has been enhanced by surface geophysics (principally gravity), which has provided useful information on the coal basin morphology and also indicated that the basin extends further northward and southward than originally anticipated. Test results confirmed that the coal at Phulbari varies between High Volatile A and High Volatile B Bituminous. The tests also indicated that both metallurgical and thermal coal products can be produced economically.

A total of four coal seams have now been identified in the Phulbari basin. Exploration drilling had previously identified two seams. Highlights from the drilling programme are tabulated below:

Bore	Top Upper Seam (metres)	Thickness Upper Seam (metres)	Top Main Seam (metres)	Thickness Main Seam (metres)	Thickness Lower Seam1 (metres)	Thickness Lower Seam2 (metres)	TOTAL COAL (metres)
AEN2	206.96	11.9	222.88	30.4	0.72	1.26	44.28
AEN8	271.6	13.7	290.1	26.4	-	-	40.10
AEN15	241.8	14.4	259.5	45.7	3.9	-	64.00
AEN17	271.9	16.1	301.5	38.4	10.96	4.33	69.79
AEN19	215.7	11.2	230.1	23.6	5.6	5.4	45.80
AEN26	177.0	9.6	204.2	22.4	-	-	32.00

Early indications are that the Run-of-Mine coal can be processed in a dense medium plant into three products – a semi-soft coking coal, an export quality thermal coal, and a high ash domestic product. A very high total recovery is anticipated with the first product comprising 25% of output, and the second around 50%. The domestic product, the balance of the output, appears suitable for the local brickworks industry which consumes several million tonnes per year of Indian coal. A large diameter coring programme is scheduled to provide samples for process design and product testing.

Downhole geophysics utilising the services of the Bangladesh Atomic Energy Commission has been a valuable tool in coal sampling. The Company has applied a stringent coal handling protocol, refrigerating samples from the field right through to delivery to the ACIRL Pty Ltd testing facility in Brisbane, Australia.

The Environmental and Social Impact studies are being carried out by SMEC International Pty Ltd ('SMEC') with the assistance of numerous consultants and agencies from Bangladesh. A significant milestone for the project was the delivery of the Initial Environmental Examination ('IEE') to the Government of Bangladesh on 9 February 2005. The document is being evaluated by the Department of Environment with the view to obtaining an environmental site clearance. This will pave the way for the Environmental Impact Assessment ('EIA') to be lodged by mid-year. The IEE was the culmination of more than six months' environmental and socio-demographic studies, with up to 120 personnel involved.

Groundwater and surface water management are critical for the project, and a combined team from SMEC and GHD Pty Ltd has been carrying out field testing and modelling. The Company has appointed water management specialists from Coffey Geoscientists Pty Ltd to assist in developing an overall water management plan.

Coal transport logistics studies are progressing. They are being guided by marketing studies, with rail, port and road options for transporting coal to both international and the local Bangladesh markets.

Chairman's Statement continued

Results

During the six months to 31 December 2004, the Company made a loss before and after tax of £300,307 (30 June 2004 : Loss of £396,065) . Exploration costs of £2.4 million for the period have been capitalised (30 June 2004 : £2.1million). They relate mainly to the drilling programme at Phulbari and the work on the Definitive Feasibility Study.

In Summary

Great strides have been made during the period towards realising the Phulbari Project. Drilling continues to confirm the resource base and the quality of the product, in line with expectations of starting a substantial low cost coal mining operation in the Phulbari coal basin. I would like to thank Asia Energy staff, consultants and supporting engineers and field workers for their positive contribution. This statement is being sent to all shareholders and will also be available from the Company's registered office.



Christopher Eager
Chairman

Group Profit and Loss Account

Note	6 months to 31 December 2004 (unaudited) £	Period ended 30 June 2004 £
Administrative Expenses	(561,482)	(497,171)
Operating loss	(561,482)	(497,171)
Net interest	261,175	101,106
Loss on ordinary activities before taxation 2	(300,307)	(396,065)
Taxation on loss on ordinary activities	-	-
Loss on ordinary activities after taxation	(300,307)	(396,065)
Loss for the financial period	(300,307)	(396,065)
Basic and diluted loss per share (pence)	(0.7)p	(2.2)p

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	6 months to 31 December 2004 (unaudited) £	Period ended 30 June 2004 £
Loss for the financial period	(300,307)	(396,065)
Total recognised loss for the period	(300,307)	(396,065)

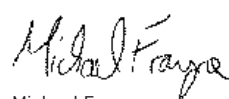
The comparative for 30 June 2004 includes the period from 26 September 2003 to 30 June 2004.
The Company was incorporated on 26 September 2003.

Group Balance Sheet

	Note	6 months to 31 December 2004 (unaudited) £	Period ended 30 June 2004 £
Fixed assets			
Intangible assets		4,548,467	2,121,004
Tangible assets		379,221	154,475
		<u>4,927,688</u>	<u>2,275,479</u>
Current assets			
Stocks		-	36,564
Debtors		163,909	115,656
Cash at bank and in hand	4	10,169,946	12,165,535
		<u>10,333,855</u>	<u>12,317,755</u>
Creditors: amounts falling due within one year		<u>(637,976)</u>	<u>(170,359)</u>
Net current assets		<u>9,695,879</u>	<u>12,147,396</u>
Total assets less current liabilities		<u>14,623,567</u>	<u>14,422,875</u>
Capital and reserves			
Called up share capital		3,827,064	3,760,264
Share premium account		11,492,875	11,058,676
Profit and loss account		(696,372)	(396,065)
		<u>14,623,567</u>	<u>14,422,875</u>
Shareholders' funds	5	<u>14,623,567</u>	<u>14,422,875</u>

The Financial Statements were approved by the Board on 4 March 2005 and signed on its behalf.


Jonathan Malins
Director


Michael Frayne
Director

Group Cash Flow Statement

	Note	6 months to 31 December 2004 (unaudited) £	Period ended 30 June 2004 £
Net cash outflow from operating activities	3	(575,363)	(619,820)
Returns on investments and servicing of finance			
Interest received		288,823	55,579
Interest paid		-	(5,317)
Net cash inflow from returns on investments and servicing of finance		<u>288,823</u>	<u>50,262</u>
Taxation		-	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(244,393)	(121,120)
Purchase of intangible fixed assets		(1,950,655)	(466,155)
Net cash outflow from capital expenditure and financial investments		<u>(2,195,048)</u>	<u>(587,275)</u>
Acquisitions and disposals			
Net cash acquired with subsidiary undertaking		-	33,014
Net cash outflow from acquisitions		-	<u>33,014</u>
Management of liquid resources			
Short term deposits		2,000,000	(11,000,000)
Net cash outflow before financing		<u>(481,588)</u>	<u>(12,123,819)</u>
Financing			
Issue of shares		500,999	14,726,977
Share issue costs		(15,000)	(1,268,038)
Repayment of borrowings on acquisition		-	(165,221)
Net cash inflow from financing		<u>485,999</u>	<u>13,293,718</u>
Increase in cash	4	<u>4,411</u>	<u>1,169,899</u>

The comparative for 30 June 2004 includes the period from 26 September 2003 to 30 June 2004.
The Company was incorporated on 26 September 2003.

Notes to Interim Report

1 – Basis of Preparation of Financial Statements

The financial information contained herein does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The unaudited interim financial information has been prepared on the basis of the accounting policies set out in the Group's accounts for the year ended 30 June 2004. The figures for the year ended 30 June 2004 have been extracted from the accounts. Those accounts have been filed with the Registrar of Companies and contained an unqualified report. The Company's auditors, Ernst & Young LLP, have reviewed the interim financial information for the six months ended 31 December 2004 and their report is set out on page 12.

The comparative for 30 June 2004 includes the period from 26 September 2003 to 30 June 2004. The Company was incorporated on 26 September 2003.

The financial information for the 6 months ended 31 December 2004 is unaudited. In the opinion of the directors the financial information for this period fairly presents the financial position, results of operations and cash flows for this period and conforms with generally accepted accounting principles.

2 – Segmental Analysis

There was no turnover during the financial period. The administrative expenses relate to the United Kingdom, Australian and Bangladesh offices.

The Group operates in one principal area of activity, being coal exploration and development.

The Group operates within one geographical market, being Bangladesh, and is supported by management and administrative functions in Australia and the United Kingdom.

	United Kingdom £	Australia £	Bangladesh £	Total £
Six Months ended 31 December 2004				
Operating loss	(62,275)	(238,032)	-	(300,307)
Net assets/(liabilities)	15,025,158	(403,871)	2,280	14,623,567
Period ended 30 June 2004				
Operating loss	(232,507)	(138,218)	(25,340)	(396,065)
Net assets/(liabilities)	14,586,433	(139,778)	(23,780)	14,422,875

Notes to Interim Report continued

3 – Net Cash Outflow from Operating Activities

	6 months to 31 December 2004 (unaudited) £	Period ended 30 June 2004 £
Operating loss	(561,482)	(497,171)
Depreciation and amortisation	19,646	-
Increase in debtors	(75,900)	(36,988)
Increase/(Decrease) in creditors	5,809	(49,097)
Decrease/(Increase) in stocks	36,564	(36,564)
Net cash outflow from operating activities	(575,363)	(619,820)

4 – Reconciliation of Net Cash Flow to Movement in Net Funds

	6 months to 31 December 2004 (unaudited) £	Period ended 30 June 2004 £
Increase in cash in the period	4,411	1,169,899
Cash (outflow)/inflow from financing – short term	(2,000,000)	11,000,000
	<u>(1,995,589)</u>	<u>12,169,899</u>
Exchange differences	-	(4,364)
Net funds at beginning of period	12,165,535	-
Net funds at end of period	10,169,946	12,165,535

5 – Reconciliation of Movements in Shareholders' Funds

	6 months to 31 December 2004 (unaudited) £	Period ended 30 June 2004 £
Loss for the period	(300,307)	(396,065)
New share capital subscribed	66,800	3,760,264
Share premium (net of costs)	434,199	11,058,676
Net increase in shareholders' funds	200,692	14,422,875
Shareholders' funds at beginning of period	14,422,875	-
Shareholders' funds at end of period	14,623,567	14,422,875

Independent Review Report

INDEPENDENT REVIEW REPORT TO ASIA ENERGY PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 31 December 2004 which comprises Group Profit and Loss Account, Group Balance Sheet, Group Cash Flow Statement, Group Statement of Total Recognised Gains and Losses, Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 5. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company having regard to guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by the law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report as required by the AIM Rules issued by the London Stock Exchange.

Review work performed

We conducted our review having regard to the guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2004.

Ernst & Young LLP
Registered Auditor
London

4 March 2005

Corporate Information

Company Number

04913119

Directors

Christopher Eager – Non-Executive Chairman
Michael Frayne – Joint Managing Director
David Lenigas – Joint Managing Director
William McIntosh – Executive Director
Jonathan Malins – Non-Executive Finance Director

Company Secretaries

Alwyn Davey
Donald Strang

Registered Office

27 Albemarle Street
London W1S 4DW
United Kingdom
Tel: +44 (0)20 7079 1798
Fax: +44 (0)20 7491 2758
Email: info@asia-energy.com
Website: www.asia-energy.com

Auditor

United Kingdom
Ernst & Young LLP
1 More London Place
London SE1 2AF
United Kingdom

Australia

Ernst & Young LLP
120 Collins Street
Melbourne
Victoria 3000
Australia

Solicitors

United Kingdom
Trowers & Hamblins
Sceptre Court
40 Tower Hill
London EC3N 4DX
United Kingdom

Bangladesh

Dr Kamal Hossain & Associates
Chamber Building
122–124 Motijheel C.A
Dhaka — 1000
Bangladesh

Nominated Adviser

Evolution Securities Limited
100 Wood Street
London
EC2V 7AN
United Kingdom

Joint Brokers

JP Morgan Cazenove Ltd
20 Moorgate
London EC2R 6DA
United Kingdom

Evolution Securities Limited
100 Wood Street
London EC2V 7AN
United Kingdom

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham BR3 4TU
United Kingdom

Principal Bankers

Bank of Scotland
14/16 Cockspur Street
London SW1Y 5BL
United Kingdom

Financial Advisors

Barclays Capital
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom