

Quarterly report

Quarterly report on results for the fourth quarter ended 28th February 2007.
The figures have not been audited.

CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER <u>28.02.2007</u> RM'000	AS AT PRECEDING FINANCIAL YEAR END <u>28.2.2006 (Restated)</u> RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	20,176	11,284
Intangible Assets	26,096	21,760
	46,272	33,044
Current Assets		
Trade Receivables	4,973	8,601
Other Receivables, Deposits and Prepayments	147	339
Short Term Investment	-	1,646
Cash and Bank Balances	5,317	4,639
	10,437	15,225
TOTAL ASSETS	56,709	48,269
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital		
Ordinary shares of RM0.10 each	21,707	20,000
Reserves		
Share Premium	15,917	14,462
Warrant Reserve	446	-
Translation Reserve	(112)	(20)
Other Reserve	210	57
Retained Profits	18,162	12,998
	56,330	47,497
Minority Interest		
	-	-
Total Equity	56,330	47,497
Non Current Liabilities		
Hire Purchase Liabilities	67	109
	67	109
Current Liabilities		
Trade Payables	24	24
Other Payables and Accruals	247	551
Hire Purchase Liabilities	39	37
Tax Payable	2	51
	312	663
Total Liabilities	379	772
TOTAL EQUITY AND LIABILITIES	56,709	48,269
Net assets per share (RM)	0.2595	0.2375

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 28 February 2006 and the accompanying explanatory notes attached to this report.

Quarterly report

Quarterly report on results for the fourth quarter ended 28th February 2007.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 28-02-2007 RM '000	Preceding Yr Corresponding Quarter 28-02-2006 RM '000	Current Year To Date 28-02-2007 RM '000	Preceding Yr Corresponding Yr To Date 28-02-2006 RM '000 (Restated)
Revenue	3,254	1,795	11,069	10,748
Cost of services	(232)	(400)	(1,196)	(1,818)
Gross profit	3,022	1,395	9,873	8,930
Other income	5	20	36	133
Administration expenses	(1,339)	(853)	(3,507)	(3,823)
Depreciation and amortisation	319	(528)	(1,309)	(2,101)
Profit from operations	2,007	34	5,093	3,139
Finance costs	(2)	(9)	(8)	(14)
Profit before tax	2,005	25	5,085	3,125
Taxation	20	-	14	(71)
Profit after tax	2,025	25	5,099	3,054
Minority interests	-	-	-	-
Net profit for the period/year	2,025	25	5,099	3,054
Profit for the period attributable to:				
Equity holders of the parent	2,025	25	5,099	3,054
Minority Interest	-	-	-	-
	2,025	25	5,099	3,054
Earnings per share (sen) :				
- basic	1.00	0.01	2.53	1.53
- diluted	0.92	0.01	2.31	1.52

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 28 February 2006 and the accompanying explanatory notes attached to this report.

Quarterly report

Quarterly report on results for the fourth quarter ended 28th February 2007.
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2007**

Group	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Translation reserve RM'000	Other reserve RM'000	Retained profits RM'000	Total equity RM'000
<u>12 months ended 28 February 2007</u>							
As previously stated							
As at 1 March 2006	20,000	14,462	-	(20)	-	13,055	47,497
Prior year adjustments							
-effects of adopting FRS 2							
Share based payment					105	(105)	-
As at 1 March 2006 (restated)	20,000	14,462	-	(20)	105	12,950	47,497
ESOS Reserves reversed for ESOS that has lapsed during the year							
					(113)	113	-
<u>Issue of ordinary shares:</u>							
Pursuant to ESOS	707	430			218		1,355
Private Placement	1,000	1,025					2,025
<u>Warrant Reserves</u>							
Proceeds			668				668
Expenses			(222)				(222)
Foreign currency translation difference							
				(92)			(92)
Net profit for the period	-	-				5,099	5,099
As at 28 February 2007	<u>21,707</u>	<u>15,917</u>	<u>446</u>	<u>(112)</u>	<u>210</u>	<u>18,162</u>	<u>56,330</u>
<u>12 months ended 28 February 2006</u>							
As at 1 March 2005	20,000	14,462	-	-	-	10,001	44,463
Net Profit for the period							
	-	-	-	(20)	-	3,054	3,034
As at 28 February 2006	<u>20,000</u>	<u>14,462</u>	<u>-</u>	<u>(20)</u>	<u>-</u>	<u>13,055</u>	<u>47,497</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 2006 and the accompanying explanatory notes attached to this report.

Quarterly report

Quarterly report on results for the fourth quarter ended 28th February 2007.
The figures have not been audited.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 MARCH 2006 TO 28 FEBRUARY 2007

	<u>1.03.2006 to</u> <u>28.02.2007</u>	<u>1.03.2005 to</u> <u>28.02.2006</u>
	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,085	3,125
Adjustments for:		
Amortisation of development costs	350	350
Amortisation of Intellectual Property	771	698
Currency realignment	(92)	(20)
Depreciation	188	1,053
Gain on disposal of motor vehicle	-	(4)
Goodwill written off	-	5
Interest expense	8	14
Interest income	(36)	(129)
Loss on disposal of furnitures & fittings	3	-
Share based payment under ESOS	400	-
Operating profit before working capital changes	<u>6,677</u>	<u>5,092</u>
Changes in working capital:		
Trade and other receivables	3,820	(3,148)
Trade and other payables	<u>(304)</u>	<u>499</u>
Cash used in operations	10,193	2,443
Tax paid	(35)	(20)
Development cost paid	<u>(1,841)</u>	<u>(2,493)</u>
Net cash generated from / (used in) operating activities	<u>8,317</u>	<u>(70)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	36	129
Net cash outflow on acquisition of subsidiaries	-	(5)
Placement of short term funds	-	7,698
Proceeds from disposal of furniture & fittings	1	-
Proceeds from disposal of motor vehicle	-	4
Purchase of property, plant and equipment	<u>(12,700)</u>	<u>(4,553)</u>
Net cash used in investing activities	<u>(12,663)</u>	<u>3,273</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(8)	(14)
Proceeds from issuance of shares	3,055	-
Proceeds from issuance of warrants	446	-
Private placement expenses	(75)	-
Repayment of hire purchase liabilities	(40)	(32)
Net cash generated from/ (used in) financing activities	<u>3,378</u>	<u>(46)</u>
Net decrease in cash and cash equivalents	(968)	3,157
Cash and cash equivalents at beginning of financial period	<u>6,285</u>	<u>3,128</u>
Cash and cash equivalents at end of financial period	<u>5,317</u>	<u>6,285</u>
Cash and cash equivalents comprise		
Short term investment	-	1,646
Cash and bank balances	<u>5,317</u>	<u>4,639</u>
	<u>5,317</u>	<u>6,285</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited statements for the financial year ended 28 February 2006 and the accompanying explanatory notes attached to this report.

Quarterly report

Quarterly report on results for the fourth quarter ended 28th February 2007.
The figures have not been audited.

A1. BASIS OF PREPARATION

The quarterly report has been prepared in accordance with the reporting requirements as set out in Financial Reporting Standards ("FRS") No 134 - "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements for MESDAQ Market and should be read in conjunction with the audited statutory financial statements presented for the financial year ended 28 February 2006.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the last audited financial statements for the financial year ended 28 February 2006, except for the adoption of the following new and revised Financial Reporting Standards ("FRS") which are effective for financial period beginning 1 January 2006:

FRS 2: Share-based Payment
FRS 3: Business Combinations
FRS 101: Presentation of Financial Statements
FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110: Events after the Balance Sheet Date
FRS 116: Property, Plant and Equipment
FRS 121: The Effects of Changes in Foreign Exchange Rates
FRS 127: Consolidated and Separate Financial Statements
FRS 132: Financial Instruments: Disclosure and Presentation
FRS 133: Earning per Share
FRS 136: Impairment of Assets
FRS 138: Intangible Assets

The adoption of FRS 3, 101, 108, 110, 116, 121, 127, 132, 133, 136 and 138 does not have a significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new and revised FRS are as follows:

FRS 2: Share-based Payment

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company has an Employee Share Option Scheme ("ESOS"). Prior to 1 January 2006, no compensation expenses was recognised in profit or loss for share options granted. With the adoption of FRS 2, the compensation expenses relating to share option is recognised in profit or loss over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. The fair value of the share option is computed using a trinomial model. At every balance sheet date, the Group revised its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

Under the transitional provisions of FRS 2, this FRS must be applied to share options which were granted after 31 December 2004 and which had not yet vested on 1 January 2006. The financial impact to the Group arising from this change in accounting policy is as follows: -

	As at 1/3/2006 RM'000			
Decrease in retained earnings		(105)		
Increase in equity compensation reserve (included within other reserves)		(105)		
	3 months ended		12 months ended	
	28/02/2007	28/02/2006	28/02/2007	28/02/2006
	RM'000	RM'000	RM'000	RM'000
Decrease in profit for the period	(210)	(105)	(400)	(105)

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 28 February 2006 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

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

Quarterly report

Quarterly report on results for the fourth quarter ended 28th February 2007.
The figures have not been audited.

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 except for the following:

a) Employee Share Options Scheme ("ESOS")

During the quarter ended 28 February 2007, the Company issued 6,489,800 ordinary shares of RM0.10 each ("asiaEP Shares") for cash pursuant to the Company's ESOS at exercise price of RM0.135 per ordinary share.

For the financial year ended 28 February 2007, the Company issued a total of 7,073,971 asiaEP Shares for cash pursuant to the Company's ESOS at exercise price of RM0.135 per ordinary share.

b) Ordinary shares issued pursuant to Private Placement

On 8 January 2007, the Company issued 10,000,000 asiaEP Shares at an issue price of RM0.21 per asiaEP Share.

A7. DIVIDENDS

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

A8. SEGMENTAL REPORTING

There is no segmental reporting for the Company's businesses as the Company is involved in a single business activity that is the development of e-marketplace for enterprises and are predominantly in Malaysia as its foreign subsidiaries have not commenced operations.

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

Save as disclosed below, there were no other material events subsequent to the end of the current quarter:-

(a) On 26 March 2007, a business-to business ("B2B") "simplified format" search engine called B2B ITAH Business Search Engine that cater specifically to the B2B industry was launched. The Company expects positive impact from the B2B ITAH Business Search Engine to filter through from the fourth quarter of the FYE 28 February 2007 onwards while the full earnings impact will be more evident in FYE 2008 and FYE 2009.

On 18 April 2007, the Company announced that it has engaged a consultant to advise the Company on exploring opportunities for B2B ITAH Business Search Engine in the overseas marketplace.

A11. CHANGES IN COMPOSITION OF THE GROUP

The Company had on 28 February 2007 announced the mutual termination of the Sale of Share Agreement ("SSA") for the acquisition of the entire issued and paid up capital of Conversant Solutions Pte Ltd ("Conversant"). Pursuant to the termination, the Company and Conversant shall be restored to their original position prior to the date of SSA's execution. Due to the termination of SSA, the financial result of Conversant has not been consolidated into the financial results of the Company for the quarter ended 28 February 2007 and the cumulative year-to-date ended 28 February 2007.

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 2006.

A13. CAPITAL COMMITMENTS

There were no capital commitments in the interim financial statements as at 28 February 2007.

Quarterly report

Quarterly report on results for the fourth quarter ended 28th February 2007.
The figures have not been audited.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. REVIEW OF RESULTS FOR THE QUARTER ENDED 28 FEBRUARY 2007

The Group recorded a consolidated profit after taxation of approximately RM5.099 million on the back of revenue of approximately RM11.069 million for the current financial year ended ("FYE") 28 February 2007, whilst during the corresponding period of the preceding year ended 28 February 2006, the Group achieved a consolidated profit after taxation of approximately RM3.054 million and revenue of approximately RM10.748 million. Profit after tax for the current FYE 28 February 2007 improved by approximately 66.96% when compared to the previous FYE 28 February 2006 whilst revenue for the current FYE 28 February 2007 increased by approximately 2.99% when compared to the previous FYE 28 February 2006.

The significant improvement of the Group's profitability as compared to the preceding FYE 28 February 2006 is due mainly to an improvement of PBT margin. PBT margin of the Group for the current FYE 28 February 2007 of approximately 45.94% improved by approximately 16.86 percentage points from approximately 29.08% the previous FYE 28 February 2006. The improvement in PBT margin is mainly due to asiaEP's implementation of a new on-line business model i.e., the Pay Per Click model since the second quarter of the FYE 28 February 2007 which offers new services of on-line e-commerce solutions as opposed to its previous offer of basic e-commerce solutions to enterprises both locally and internationally. These solutions have very low cost of service and administrative expenses thus enhancing the Group's profit before tax.

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

The Group recorded a consolidated revenue of approximately RM3.254 million for the 4th quarter ended 28 February 2007, representing an increase of approximately 44.8% from the immediate preceding 3rd quarter ended 30 November 2006. The higher revenue resulted in a significant improvement in PBT and PAT of approximately 100% and 103% respectively. The increase in PBT and PAT are mainly due to an improvement in PBT margin of the Group in which the PBT margin of asiaEP Group for the 4th quarter ended 28 February 2007 of approximately 61.62% improved significantly by approximately 14.22 percentage points as compared to the PBT margin of its previous quarter of approximately 47.40%.

The improvement in the revenue and profitability of the Group during the current quarter ended 28 February 2007 from the previous quarter is mainly attributable to an expansion of customer base which contributed to an increase in revenue and lower cost of service and administrative expenses of its new online business known as the Pay Per Click model. Previously, the Group's traditional eMarketplace business model relied on physical sales force to recruit domestic Small and Medium Enterprises and subsequently promote them to overseas buyers for fixed yearly subscription fees. However, the new online Pay Per Click model comprise a new revenue source as compared to its traditional revenue model which relied mainly on subscription fees from sponsors.

B3. CURRENT YEAR PROSPECTS

For the year ended 28 February 2007, asiaEP's profit after taxation of RM5.099 million exceeded its audited profit after taxation of approximately RM3.054 million by approximately 66.96% for the financial year ended 28 February 2006.

Going forward, the Group's new on-line business models ie the Pay Per Click model and B2B ITAH Business Search Engine are expected to contribute positively to the performance and profitability of the asiaEP Group. Despite the success and positive contribution of the Group's online business models, the Group will continue its efforts in carrying out its key business activities, namely, provision of ebusiness solutions and eMarketplace platform application for both local and international enterprises and to further enhance the reach of the Group's sales network.

With the implementation of the Ninth Malaysian Plan as well as the Malaysian Third Industrial Master Plan, the Board of Directors of asiaEP ("**Board**") are of the opinion that the outlook of the Information and Communication Technology industry is expected to be favourable and encouraging to asiaEP Group's business.

Premised on the above and barring any unforeseen circumstances, the Board expects the financial performance of the Group to be promising for financial year ending 28 February 2008.

B4. PROFIT FORECAST

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

B5. TAXATION

Tax for the current period is in respect of interest income. There is no tax charged on business income as the Company is a MSC Status company, which entitles the Company to have tax incentives for five (5) years, with effect from 4 March 1998. Upon expiration in March 2003, the Company had applied for the renewal of its tax free status for another five (5) years. On 28 July 2003, the Company had obtained approval for a further extension of five (5) years to its tax-free status for the Company.

Notwithstanding the Company's MSC Status, 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.

Quarterly report

Quarterly report on results for the fourth quarter ended 28th February 2007.
The figures have not been audited.

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 BUT NOT COMPLETED

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

Proposed Private Placement

On 6 October 2006, the Company announced that it proposes to undertake a private placement exercise of up to 20,000,000 new ordinary shares of RM0.10 each ("**asiaEP Shares**"), representing up to approximately 10% of the issued and paid-up share capital of asiaEP Bhd ("**Proposed Private Placement**").

On 1 November 2006 and 2 November 2006, the Company announced that the Proposed Private Placement has been approved by Securities Commission and Foreign Investment Committee respectively on 31 October 2006.

On 10 November 2006, the Company announced that Bursa Malaysia had, vide its letter dated 8 November 2006, given its approval-in-principle for the listing and quotation.

On 28 December 2006, the Company announced that the issue price for the first tranche placement of 10,000,000 new ordinary shares of RM0.10 each ("**Placement Shares**") at RM0.21 per Placement Share.

As at the date of this report, the Company had placed out 10,000,000 placement shares out of 20,000,000 asiaEP Shares. The 10,000,000 placement shares were allotted on 8 January 2007 and granted listing and quotation on 19 January 2007.

The SC had on 25 April 2007 approved the Company's application for an extension of time up to 31 October 2007 to place out the remaining 10,000,000 asiaEP Shares.

Proposed Share Buy-Back of up to 10% of asiaEP's ordinary share capital

On 24 January 2007, the Company announced that the Company proposes to seek shareholders' approval at an extraordinary general meeting ("**EGM**") to be convened for the proposed share buy-back from the open market of up to 10% of the Company's issued and paid-up ordinary share capital at any point in time through Bursa Malaysia.

However, as the relevant application to relevant authorities in relation to the Proposed Share Buy-Back were not envisaged to be made by 23 March 2007, the Company had on 23 March 2007, announced that the application is expected to be made within one (1) month from the date of the announcement, instead of by 23 March 2007, as announced earlier on 24 January 2007 and the Proposed Share Buy-Back is estimated to be completed by the second quarter of 2007 following the EGM to be convened, barring unforeseen circumstances.

On 17 April 2007, Kenanga Investment Bank Berhad had, on behalf of the Company, submitted the abovementioned application to Bursa Malaysia.

The Board will be prudent with any purchase of the Company's shares that it may undertake, taking into consideration the interest of asiaEP Group as well as its shareholders.

Quarterly report

Quarterly report on results for the fourth quarter ended 28th February 2007.
The figures have not been audited.

B9. BORROWING AND DEBT SECURITIES

The Company does not have any borrowings and debt securities as at 28 February 2007, apart from the disclosed amount of hire purchase creditors.

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 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;

- (i) 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 counter 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.

- (ii) High Court Originating petition No D3-26-31-2001
Petitioner : Lee Chin Sin
Respondents : Asia Electronic Publication (Johor) Sdn. Bhd. & 4 others (Tan Boon Nunt, Lee Suet Hong, Ee Yok Seng and Tan Soong Ling)

The Petitioner made a claim against the Directors of asiaEP for alleged breach of duties as Directors and oppressive and/or prejudicial conduct. asiaEP has filed its defense and the proceedings are pending in Court.

The solicitors are of the opinion that although the Petitioner will have an uphill task in proving its case, there may be some financial effect on asiaEP should the Petitioner be successful in its claim against asiaEP.

The Directors of asiaEP, Tan Boon Nunt and Lee Suet Hong have provided a letter of indemnity to asiaEP to indemnify asiaEP against all claims, losses, damages, costs, fees and expenses arising in the event the Petitioner is successful against asiaEP.

- (iii) Kuala Lumpur High Court Suit No D6-22-1516-2003
Parties : Lee Chin Sin ("the Plaintiff") v asiaEP Berhad (the "Company"), Tan Boon Nunt and Lee Suet Hong

The Plaintiff made a claim against asiaEP for alleged breach of undertaking to issue shares of the Company to the Plaintiff, amounting to 15% of its entire paid up capital as at January 1999 based on the par value of RM1.00 per share.

asiaEP has filed its defence, subsequently the claim by the Plaintiff was struck off, and the Plaintiff has filed an application to reinstate the claim. In any event, the solicitors are of the opinion that there will be no adverse effect on the financial position of asiaEP.

The Directors of asiaEP, Dr. Tan Boon Nunt and Lee Suet Hong have provided a letter of indemnity to asiaEP to indemnify asiaEP against all claims, losses, damages, costs, fees and expenses arising in the event the Plaintiff is successful against asiaEP.

Quarterly report

Quarterly report on results for the fourth quarter ended 28th February 2007.
The figures have not been audited.

B12. EARNINGS PER SHARE

		Quarter ended	
		<u>28.02.2007</u>	<u>30.11.2006</u>
(a)	Basic earnings per share		
	Net profit / (loss) for the period (RM'000)	2,025	1,063
	Weighted average number of ordinary shares for the purpose of basic earnings per share computation ('000)	200,000	200,000
	New shares issue pursuant to ESOS	556	338
	New shares issued pursuant to private placement	1,123	-
		<u>201,679</u>	<u>200,338</u>
	Basic earnings / (loss) per share (sen)	1.00	0.53
(b)	Diluted earnings per share		
	Net profit for the period (RM'000)	2,025	1,063
	Weighted average number of ordinary shares for the purpose of basic earnings per share computation ('000)	201,679	200,338
Add:	Adjustment for ESOS options ('000)	12,844	3,753
	Adjustment for warrants	5,745	-
	Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	<u>220,268</u>	<u>204,091</u>
	Diluted earnings per share (sen)	0.92	0.52

B13. UTILISATION OF PROCEEDS

(a) As at 28 February 2007, the Company has utilised approximately 91.1% of the proceeds raised from its Initial Public Offering in January 2004.

Nature of expenses	Proposed	Actual Utilisation		Unused	Intended time frame	
	Amount	Amount	%	Amount	for utilisation	
	RM	RM	%	RM	%	
Capital expenditure	4,200,000	4,200,000	100.0	-	0.00%	
Working Capital	5,200,000	5,200,000	100.0	-	0.00%	
(N1) Investment in foreign countries	5,000,000	3,400,019	68.0	1,599,981	32.00% By 30 June 2007	
R & D expenses	1,500,000	1,500,000	100.0	-	0.00%	
(N2) Listing expenses	1,300,000	1,300,000	100.0	-	0.00%	
Repayment of borrowings	800,000	800,000	100.0	-	0.00%	
	<u>18,000,000</u>	<u>16,400,019</u>	91.1	<u>1,599,981</u>	<u>8.89%</u>	

Notes

(N1) (i) On 7 March 2007, the Company had applied to the Securities Commission ("SC") to extend the timeframe to fully utilise the balance of listing proceeds allocated for investments in foreign countries amounting to approximately RM1.6 million.

The SC had vide its letter dated 2 April 2007 approved the Company's application for an extension of time up to 30 June 2007 to completely utilise the listing proceeds allocated for investments in foreign countries.

(N2) The actual total listing expenses was at approximately RM1.72 million, which were funded from a combination of proceeds from the listing and internally generated funds.

(b) Proceeds from the renounceable rights issue of 66,861,390 warrants at an issue price of RM0.01 per warrant ("Rights Issue").

All the proceeds raised amounting to RM668,614 by the Company from the Rights Issue have been fully utilised as at the end of the 3rd quarter of the financial year ended 28 February 2007.

(c) Proceeds from the private placement of first tranche 10,000,000 placement shares issued at RM0.21 per asiaEP Share allotted on 8 January 2007 have been fully utilised as at 4th quarter of the financial year ended 28 February 2007.

BY ORDER OF THE BOARD OF DIRECTORS OF ASIAEP

Lee Suet Hong

Director

Selangor

Dated: 25 April 2007