



(Company No: 253387 - W)
(Incorporated in Malaysia)

Quarterly report

Quarterly report on results for the first quarter ended 31st May 2007.

The figures have not been audited.

CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER <u>31.05.2007</u> RM'000	AS AT PRECEDING FINANCIAL YEAR END <u>28.2.2007 (Restated)</u> RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	25,550	19,692
Prepaid land lease payment	484	485
Intangible Assets	27,283	26,094
	53,317	46,271
Current Assets		
Trade Receivables	2,199	4,973
Other Receivables, Deposits and Prepayments	165	147
Cash and Bank Balances	5,159	5,318
	7,523	10,438
TOTAL ASSETS	60,840	56,709
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital		
Ordinary shares of RM0.10 each	22,272	21,707
Reserves		
Share Premium	17,083	15,917
Warrant Reserve	408	446
Translation Reserve	(152)	(112)
Other Reserve	254	210
Retained Profits	20,549	18,162
	60,414	56,330
Minority Interest	-	-
Total Equity	60,414	56,330
Non Current Liabilities		
Hire Purchase Liabilities	39	67
	39	67
Current Liabilities		
Trade Payables	146	24
Other Payables and Accruals	184	247
Hire Purchase Liabilities	57	39
Tax Payable	-	2
	387	312
Total Liabilities	426	379
TOTAL EQUITY AND LIABILITIES	60,840	56,709
Net assets per share (RM)	0.2713	0.2595

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 28 February 2007 and the accompanying explanatory notes attached to this report.

Quarterly report

Quarterly report on results for the first quarter ended 31st May 2007.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-05-2007 RM '000	Preceding Yr Corresponding Quarter 31-05-2006 RM '000	Current Year To Date 31-05-2007 RM '000	Preceding Yr Corresponding Yr To Date 31-05-2006 RM '000
Revenue	4,211	2,838	4,211	2,838
Cost of services	(543)	(457)	(543)	(457)
Gross profit	3,668	2,381	3,668	2,381
Other income	1	9	1	9
Administration expenses	(756)	(940)	(756)	(940)
Depreciation and amortisation	(523)	(541)	(523)	(541)
Profit from operations	2,390	909	2,390	909
Finance costs	(2)	(2)	(2)	(2)
Profit before tax	2,388	907	2,388	907
Taxation	(1)	(2)	(1)	(2)
Profit after tax	2,387	905	2,387	905
Minority interests	-	-	-	-
Net profit for the period/year	2,387	905	2,387	905
Profit for the period attributable to:				
Equity holders of the parent	2,387	905	2,387	905
Minority Interest	-	-	-	-
	2,387	905	2,387	905
Earnings per share (sen) :				
- basic	1.08	0.45	1.08	0.45
- diluted	0.86	0.45	0.86	0.45

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 28 February 2007 and the accompanying explanatory notes attached to this report.

Quarterly report

Quarterly report on results for the first quarter ended 31st May 2007.
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MAY 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
3 months ended 31 May 2007							
As previously stated							
As at 1 March 2007	21,707	15,917	446	(112)	210	18,162	56,330
<u>Issue of ordinary shares:</u>							
Warrant conversion	565	1,166	(38)				1,693
ESOS expenses					44		44
Foreign currency translation difference				(40)			(40)
Net profit for the period						2,387	2,387
As at 31 May 2007	22,272	17,083	408	(152)	254	20,549	60,414
3 months ended 31 May 2006							
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 under ESOS					105	(105)	-
As restated	20,000	14,462	-	(20)	105	12,950	47,497
New issue of ordinary shares pursuant to ESOS	58	21				-	79
Share based payment under ESOS ESOS exercised		78			67 (78)		67 -
Translation loss				(47)			(47)
Net profit for the period	-	-			-	905	905
As at 31 May 2006	20,058	14,561	-	(67)	94	13,855	48,501

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 28 February 2007 and the accompanying explanatory notes attached to this report.

Quarterly report

Quarterly report on results for the first quarter ended 31st May 2007.
The figures have not been audited.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 MARCH 2007 TO 31 MAY 2007

	1.03.2007 to 31.05.2007	1.03.2006 to 31.05.2006
	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,388	907
Adjustments for:		
Amortisation of development costs	87	87
Amortisation of Intellectual Property	212	175
Amortisation of prepaid land lease payments	1	-
Depreciation	224	279
Currency realignment	(40)	(47)
Interest expense	2	2
Interest income	(1)	(9)
Share based payment under ESOS	44	67
Operating profit before working capital changes	<u>2,917</u>	<u>1,461</u>
Changes in working capital:		
Trade and other receivables	2,756	504
Trade and other payables	59	313
Cash used in operations	<u>5,732</u>	<u>2,278</u>
Tax paid	(1)	-
Development cost paid	<u>(111)</u>	<u>(470)</u>
Net cash generated from / (used in) operating activities	<u>5,620</u>	<u>1,808</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1	9
Purchase of property, plant and equipment	<u>(7,461)</u>	<u>(4,373)</u>
Net cash used in investing activities	<u>(7,460)</u>	<u>(4,364)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2)	(2)
Proceeds from conversion of warrant to shares	1,693	79
Repayment of hire purchase liabilities	(10)	(10)
Net cash generated from/ (used in) financing activities	<u>1,681</u>	<u>67</u>
Net decrease in cash and cash equivalents	(159)	(2,489)
Cash and cash equivalents at beginning of financial period	<u>5,318</u>	<u>6,285</u>
Cash and cash equivalents at end of financial period	<u>5,159</u>	<u>3,796</u>
Cash and cash equivalents comprise		
Short term investment	-	995
Cash and bank balances	5,159	2,801
	<u>5,159</u>	<u>3,796</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited statements for the financial year ended 28 February 2007 and the accompanying explanatory notes attached to this report.

Quarterly report

Quarterly report on results for the first quarter ended 31st May 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 the MESDAQ Market and should be read in conjunction with the audited statutory financial statements presented for the financial year ended 28 February 2007.

The interim financial statements have been prepared under the historical cost convention and 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 2007, except for the adoption of the following new and revised FRS which are effective for the financial period beginning on or after 1 October 2006:

FRS 117: Leases
FRS 124: Related Party Disclosures

FRS 124 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of FRS 117 are discussed below:

FRS 117 Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Prior to 1 March 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117 at 1 March 2007, the unamortised carrying amount of leasehold land is classified as prepaid land lease payments. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and as disclosed below, certain comparative amounts as at 28 February 2007 have been restated.

Comparative Figures

The following comparative figures of the Consolidated Balance Sheet as at 28 February 2007 have been restated for the effects of adopting the above changes in accounting policies :-

	As previously reported	Reclassification arising from adoption of FRS 117	As restated
Prepaid land lease payments	-	485	485
Property, plant and equipment	20,177	(485)	19,692

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 28 February 2007 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.

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.



(Company No: 253387 - W)
(Incorporated in Malaysia)

Quarterly report

Quarterly report on results for the first quarter ended 31st May 2007.
The figures have not been audited.

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 financial year-to-date ended 31 May 2007 other than the issuance of 5,643,300 new ordinary shares pursuant to the exercise of asiaEP warrants at the exercise price of RM0.30 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

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 2007.

A13. CAPITAL COMMITMENTS

There were no capital commitments in the interim financial statements as at 31 May 2007.



(Company No: 253387 - W)
(Incorporated in Malaysia)

Quarterly report

Quarterly report on results for the first quarter ended 31st May 2007.
The figures have not been audited.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. REVIEW OF RESULTS FOR THE QUARTER ENDED 31 MAY 2007

The Group recorded a consolidated profit after taxation of approximately RM2.387 million on the back of revenue of approximately RM4.211 million for the current quarter ended 31 May 2007, whilst during the corresponding period of the preceding year ended 31 May 2006, the Group achieved a consolidated profit after taxation of approximately RM0.905 million and revenue of approximately RM2.838 million. Profit after tax for the current quarter ended 31 May 2007 improved by approximately 163.76% when compared to the quarter ended 31 May 2006 whilst revenue for the current quarter ended 31 May 2007 increased by approximately 48.38% when compared to quarter ended 31 May 2006.

The significant improvement of the Group's profitability as compared to the corresponding period of the preceding financial year end is due mainly to an improvement of PBT margin. PBT margin of the Group for the current quarter ended 31 May 2007 of approximately 56.71% improved by approximately 24.82 percentage points from approximately 31.89% the previous FYE 28 May 2006. The improvement in PBT margin is mainly due to asiaEP's implementation of a new on-line business model since the second financial 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 RM4.211 million for the 1st quarter ended 31 May 2007, representing an increase of approximately 29.41% from the consolidated revenue recorded in the immediate preceding 4th quarter ended 28 February 2007 of approximately RM3.254 million. In line with improvement in revenue, the Group's PBT of approximately RM2.388 million rose by 19.10% as compared to the PBT recorded in the previous quarter ended 28 February 2007 of approximately RM2.005 million.

The improvement in the revenue and profitability of the Group during the current quarter ended 31 May 2007 from the previous quarter is mainly attributable to further expansion of customer base of its new on-line business solutions, as elaborated in Note B1.

B3. CURRENT YEAR PROSPECTS

Going forward, the Group's new on-line business models 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 is determined to chart consistent growth for the coming years by establishing a solid foundation in the provision of ebusiness solutions and eMarketplace platform application for both local and international enterprises and by further enhancing the reach of the Group's sales network.

Barring any unforeseen circumstances, the Group is well-positioned to continue to achieve positive growth this year and 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 up to March 2008 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.



(Company No: 253387 - W)
(Incorporated in Malaysia)

Quarterly report

Quarterly report on results for the first quarter ended 31st May 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.

The Proposed Share Buy-Back were approved by the shareholders at the Extraordinary General Meeting held on 28 May 2007.

Quarterly report

Quarterly report on results for the first quarter ended 31st May 2007.
The figures have not been audited.

B9. BORROWING AND DEBT SECURITIES

The Company does not have any borrowings and debt securities as at 31 May 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 first quarter ended 31st May 2007.
The figures have not been audited.

B12. EARNINGS PER SHARE

		Quarter ended	
		<u>31.05.2007</u>	<u>28.02.2007</u>
(a)	Basic earnings per share		
	Net profit / (loss) for the period (RM'000)	2,387	2,025
	Weighted average number of ordinary shares for the purpose of basic earnings per share computation ('000)	217,074	200,000
	New shares issue pursuant to Warrant exercise	190	-
	New shares issue pursuant to ESOS	4,521	556
	New shares issued pursuant to private placement	-	1,123
		<u>221,785</u>	<u>201,679</u>
	Basic earnings / (loss) per share (sen)	1.08	1.00
(b)	Diluted earnings per share		
	Net profit for the period (RM'000)	2,387	2,025
	Weighted average number of ordinary shares for the purpose of basic earnings per share computation ('000)	221,785	201,679
	<i>Add:</i> Adjustment for share options ('000)	13,629	12,844
	Adjustment for warrants	<u>41,927</u>	<u>5,745</u>
	Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	<u>277,341</u>	<u>220,268</u>
	Diluted earnings per share (sen)	0.86	0.92

B13. UTILISATION OF PROCEEDS

As at 31 May 2007, the Company has fully utilised the proceeds raised from all its fund raising activities.

BY ORDER OF THE BOARD OF DIRECTORS OF ASIAEP

Lee Suet Hong
Director
Selangor
Dated: 23 July 2007