

Quarterly report

Quarterly report on results for the fourth quarter ended 29th February 2008.
The figures have not been audited.

CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER <u>29.02.2008</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	32,117	19,692
Prepaid land lease payment	480	485
Intangible Assets	30,720	26,094
	<u>63,317</u>	<u>46,271</u>
Current Assets		
Trade Receivables	3,940	4,973
Other Receivables, Deposits and Prepayments	301	147
Short term investment	1,049	-
Cash and Bank Balances	2,314	5,318
	<u>7,604</u>	<u>10,438</u>
TOTAL ASSETS	<u>70,921</u>	<u>56,709</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital		
Ordinary shares of RM0.10 each	24,531	21,707
Reserves		
Share Premium	20,661	15,917
Warrant Reserve	319	446
Translation Reserve	(210)	(112)
Other Reserve	-	210
Retained Profits	25,221	18,162
Less: 1,339,900 treasury shares, at cost	(324)	-
	<u>70,198</u>	<u>56,330</u>
Minority Interest	-	-
Total Equity	<u>70,198</u>	<u>56,330</u>
Non Current Liabilities		
Hire Purchase Liabilities	23	67
Deferred Tax	127	
	<u>150</u>	<u>67</u>
Current Liabilities		
Trade Payables	24	24
Other Payables and Accruals	452	247
Hire Purchase Liabilities	41	39
Tax Payable	56	2
	<u>573</u>	<u>312</u>
Total Liabilities	<u>723</u>	<u>379</u>
TOTAL EQUITY AND LIABILITIES	<u>70,921</u>	<u>56,709</u>
Net assets per share (RM)	0.2862	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.

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CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 29-02-2008 RM '000	Preceding Yr Corresponding Quarter 28-02-2007 RM '000	Current Year To Date 29-02-2008 RM '000	Preceding Yr Corresponding Yr To Date 28-02-2007 RM '000
Revenue	3,042	3,254	15,048	11,069
Cost of services	(352)	(232)	(1,628)	(1,196)
Gross profit	2,690	3,022	13,420	9,873
Other income	197	5	236	36
Administration expenses	(1,218)	(1,339)	(3,373)	(3,507)
Depreciation and amortisation	(1,449)	319	(3,029)	(1,309)
Finance costs	(1)	(2)	(5)	(8)
Profit before tax	219	2,005	7,249	5,085
Taxation	(58)	20	(63)	14
Deferred tax	(127)	-	(127)	-
Profit after tax	34	2,025	7,059	5,099
Minority interests	-	-	-	-
Net profit for the period/year	34	2,025	7,059	5,099
Profit for the period attributable to:				
Equity holders of the parent	34	2,025	7,059	5,099
Minority Interest	-	-	-	-
	34	2,025	7,059	5,099
Earnings per share (sen) :				
- basic	0.01	1.00	2.95	2.53
- diluted	0.01	0.92	2.62	2.31

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.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 29 FEBRUARY 2008

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	Treasury shares RM'000	Total equity RM'000
<u>12 months ended</u>								
<u>29 February 2008</u>								
As previously stated								
As at 1 March 2007	21,707	15,917	446	(112)	210	18,162	-	56,330
Issue of shares								
-warrant conversion	1,914	3,956	(127)	-	-	-	-	5,743
-exercise of option	910	788	-	-	(470)	-	-	1,228
-option expenses	-	-	-	-	260	-	-	260
	-	-	-	-	-	-	-	-
Purchase of treasury shares at cost							(324)	(324)
Exchange differences	-	-	-	(98)	-	-	-	(98)
Net profit for the period	-	-	-	-	-	7,059	-	7,059
As at 29 February 2008	<u>24,531</u>	<u>20,661</u>	<u>319</u>	<u>(210)</u>	<u>-</u>	<u>25,221</u>	<u>(324)</u>	<u>70,198</u>
<u>12 months ended</u>								
<u>28 February 2007</u>								
As at 1 March 2006	20,000	14,462	-	(20)	-	13,055	-	47,497
Prior year adjustments								
-effects of adopting FRS 2	-	-	-	-	58	(58)	-	-
As restated	<u>20,000</u>	<u>14,462</u>	<u>-</u>	<u>(20)</u>	<u>58</u>	<u>12,997</u>	<u>-</u>	<u>47,497</u>
Issue of shares								
-exercise of option	58	21	-	-	-	-	-	79
-share issued expenses	-	-	-	-	190	-	-	190
-option lapsed	-	78	-	-	(78)	-	-	-
Issue of warrant								
-renounceable right issue	-	-	668	-	-	-	-	668
-warrants issue costs	-	-	(222)	-	-	-	-	(222)
Exchange differences	-	-	-	(31)	-	-	-	(31)
Net profit for the period	-	-	-	-	-	3,074	-	3,074
As at 28 February 2007	<u>20,058</u>	<u>14,561</u>	<u>446</u>	<u>(51)</u>	<u>170</u>	<u>16,071</u>	<u>-</u>	<u>51,255</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 2007 and the accompanying explanatory notes attached to this report.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 MARCH 2007 TO 29 FEBRUARY 2008

	1.03.2007 to 29.02.2008	1.03.2006 to 28.02.2007
	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,249	5,085
Adjustments for non cash item	3,146	1,592
	<hr/>	<hr/>
Operating profit before working capital changes	10,395	6,677
Changes in working capital:		
Trade and other receivables	879	3,820
Trade and other payables	205	(304)
	<hr/>	<hr/>
Cash generated from operations	11,479	10,193
Development cost paid	(1,357)	(1,841)
Tax paid	(7)	(35)
	<hr/>	<hr/>
Net cash generated from operating activities	10,115	8,317
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	55	36
Proceeds from disposal of furniture & fittings	-	1
Purchase of property, plant and equipment	(18,725)	(12,700)
	<hr/>	<hr/>
Net cash used in investing activities	(18,670)	(12,663)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(5)	(8)
Proceeds from conversion of warrant to shares	5,742	-
Proceeds from issuance of warrants	-	446
Proceeds from issuance of shares	1,229	3,055
Private placement expenses	-	(75)
Repayment of hire purchase liabilities	(42)	(40)
Payment for share buy back	(324)	-
	<hr/>	<hr/>
Net cash generated from financing activities	6,600	3,378
Net decrease in cash and cash equivalents	(1,955)	(968)
Cash and cash equivalents at beginning of financial period	5,318	6,285
Cash and cash equivalents at end of financial period	3,363	5,317
Cash and cash equivalents comprise		
Short term investment	1,049	-
Cash and bank balances	2,314	5,317
	<hr/>	<hr/>
	3,363	5,317

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.

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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 Bursa Malaysia Securities Berhad ("Bursa Malaysia")'s 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.



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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 ended 29 February 2008 except for the following:

Treasury Shares

During the current quarter, the Company repurchased 668,800 of its issued ordinary shares from the open market at an average price of RM0.225 per share.

The total consideration paid for the repurchase including transaction costs was RM151,980.56 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

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 fourth quarter ended 29 February 2008.



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ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. REVIEW OF RESULTS FOR THE QUARTER ENDED 29 FEBRUARY 2008

The Group recorded a consolidated profit after taxation of approximately RM0.034 million with revenue of approximately RM3.042 million for the current quarter ended 29 February 2008, as compared with the corresponding period of the preceding year ended 28 February 2007 when the Group achieved a consolidated profit after taxation of approximately RM2.025 million and revenue of approximately RM3.254 million. The consolidated profit decreased by approximately 98.32% on year-on-year basis and revenue for the current quarter ended 29 February 2008 decreased by approximately 6.52% on year on year basis.

The decrease in the Group's profit as compared to the corresponding quarter of the preceding financial year end was mainly due to amortisation of development charges and depreciation of the computer equipment relating to online application.

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

The Group recorded a consolidated revenue of approximately RM3.042 million for the fourth quarter ended 29 February 2008, representing a decrease of approximately 9.55% from the consolidated revenue recorded in the immediate preceding third quarter ended 30 November 2007 of approximately RM3.363 million. The Group's profit before tax of approximately RM0.034million decreased by 98.25% as compared to the PBT recorded in the previous quarter ended 30 November 2007 of approximately RM1.945 million.

B3. COMING YEAR PROSPECTS

For the year ended 29 February 2008, asiaEP's profit after taxation of RM7.059 million exceeded its audited profit after taxation of approximately RM5.099 million for the financial year ended 28 February 2007 by approximately 38.44%.

Looking forward, the Proposed Acquisition of GP (detail see B8) will contribute positively to the earnings of asiaEP in future after the acquisition is completed.

The Group will continue to develop its online business model and improve the quality of its product offerings through product developments and updated versions of existing products with enhanced features to meet various business requirements of its customers.

Whilst the above efforts are expected to contribute to the long term growth of the Group, these developments would entail investments in infrastructure as well as in depreciation and amortisation for the Group.

Barring unforeseen circumstances, the Board expects the financial performances of the Group to be better for financial year ending 28 February 2009.

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.

On 18 January 2007, Defined Search Sdn Bhd ("DSSB"), a wholly owned subsidiary of the Company was granted MSC Status. Due to the above, DSSB would be able to enjoy tax free status that is renewable up to January 2017.

B6. PROFITS OR LOSSES ON DISPOSAL OF UNQUOTED INVESTMENT/PROPERTIES

There were no purchase or disposal of unquoted investment and or properties for the current quarter under review and current financial year-to-date.



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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 BUT NOT COMPLETED

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

Proposed Acquisition of General Perfect Sdn Bhd

On 20 November 2007, the Company had announced that the Company had on the same date entered into a conditional sale and purchase of shares agreement ("SPA") to acquire 80% equity interest in General Perfect Sdn Bhd ("GP") for a total cash consideration of RM23.2 million ("the Proposed Acquisition of GP"). The Proposed Acquisition of GP is expected to complete within the second quarter of 2008.

The principal activities of GP are eCommerce system research and development, eMarketplace deployment, online eCommerce, kiosk eCommerce, maintenance and service provider of software to operate payment kiosk system and vending machines to include electronic prepaid solutions, provision of mobile airtime, prepaid call vouchers, Internet access, transportation, entertainment and others.

Voluntary winding up of a wholly owned subsidiary, asiaEP China Co. Ltd

On 25 March 2007, the Company announced that its wholly owned subsidiary, AsiaEP China Co. Ltd. ("AsiaEP China"), a company incorporated in the People's Republic of China ("PRC") has applied to the relevant authority in the PRC to be voluntarily wound-up. In this connection, AsiaEP China has on 25 March 2008 appointed a firm of Certified Public Accountants in Shanghai, PRC to submit the statement of affairs of AsiaEP China to the relevant authorities.

AsiaEP China was incorporated in PRC on 16 July 2004. The registered capital of AsiaEP China is USD140,000. AsiaEP China's intended principal activities were computer software design, development, technology support, e-commerce homepage development and sales.

The winding up of AsiaEP China is part of the rationalization and streamlining exercise of AsiaEP Group. The winding-up is not expected to have any material impact on the earnings and net tangible assets of the Company for the financial year ended 29 February 2008.

B9. BORROWING AND DEBT SECURITIES

The Company does not have any borrowings and debt securities as at 29 February 2008, 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;

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.



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B12. EARNINGS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter <u>29-02-2008</u>	Preceding Yr Corresponding Quarter <u>28-02-2007</u>	Current Year To Date <u>29-02-2008</u>	Preceding Yr Corresponding Yr To Date <u>28-02-2007</u>
(a) Basic earnings per share				
Net profit / (loss) for the period (RM'000)	34	2,025	7,059	5,099
Weighted average number of ordinary shares for the purpose of basic earnings per share computation ('000)	245,318	200,584	217,074	200,000
New shares issue pursuant to Warrant exercise	-	-	13,022	1,123
New shares issue pursuant to ESOS	-	-	9,601	556
Share buy back	(308)	-	(253)	-
	245,011	200,584	239,444	201,679
Basic earnings per share (sen)	0.01	1.01	2.95	2.53

(b) Diluted earnings per share

For the purpose of calculating diluted earnings 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 <u>29-02-2008</u>	Preceding Yr Corresponding Quarter <u>28-02-2007</u>	Current Year To Date <u>29-02-2008</u>	Preceding Yr Corresponding Yr To Date <u>28-02-2007</u>
Net profit for the period (RM'000)	34	2,025	7,059	5,099
Weighted average number of ordinary shares for the purpose of basic earnings per share computation ('000)	245,011	200,584	239,444	201,679
Add: Adjustment for share options ('000)	-	31,341	7,415	12,834
Adjustment for warrants	-	-	23,037	5,755
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	245,011	231,925	269,896	220,268
Diluted earnings per share (sen)	0.01	0.87	2.62	2.31

B13. UTILISATION OF PROCEEDS

As at 29 February 2008, 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: 29 April 2008