

Quarterly report

Quarterly report on results for the first quarter ended 31st May 2008.
 The figures have not been audited.

CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER <u>31.05.2008</u> RM'000	AS AT PRECEDING FINANCIAL YEAR END <u>29.2.2008(Audited)</u> RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	31,628	32,118
Prepaid land lease payment	478	480
Intangible Assets	<u>32,142</u>	<u>30,721</u>
	64,248	63,319
Current Assets		
Trade Receivables	4,231	3,940
Other Receivables, Deposits and Prepayments	300	301
Short term investment	1,056	1,049
Cash and Bank Balances	<u>1,146</u>	<u>2,314</u>
	6,733	7,604
TOTAL ASSETS	<u>70,981</u>	<u>70,923</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital		
Ordinary shares of RM0.10 each	24,532	24,532
Reserves		
Share Premium	20,661	20,661
Warrant Reserve	319	319
Translation Reserve	(209)	(209)
Retained Profits	25,274	25,221
Less: 1,919,300 treasury shares, at cost	<u>(423)</u>	<u>(324)</u>
	70,154	70,200
Minority Interest	-	-
Total Equity	<u>70,154</u>	<u>70,200</u>
Non Current Liabilities		
Hire Purchase Liabilities	23	23
Deferred Tax	127	127
	<u>150</u>	<u>150</u>
Current Liabilities		
Trade Payables	24	24
Other Payables and Accruals	567	452
Hire Purchase Liabilities	30	41
Tax Payable	56	56
	<u>677</u>	<u>573</u>
Total Liabilities	827	723
TOTAL EQUITY AND LIABILITIES	<u>70,981</u>	<u>70,923</u>
Net assets per share (RM)	0.2860	0.2862

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 29 February 2008 and the accompanying explanatory notes attached to this report.

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CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-05-2008 RM '000	Preceding Yr Corresponding Quarter 31-05-2007 RM '000	Current Year To Date 31-05-2008 RM '000	Preceding Yr Corresponding Yr To Date 31-05-2007 RM '000
Revenue	3,205	4,211	3,205	4,211
Cost of services	(325)	(543)	(325)	(543)
Gross profit	2,880	3,668	2,880	3,668
Other income	10	1	10	1
Administration expenses	(843)	(756)	(843)	(756)
Depreciation and amortisation	(1,991)	(523)	(1,991)	(523)
Finance costs	(1)	(2)	(1)	(2)
Profit before tax	55	2,388	55	2,388
Taxation	(2)	(1)	(2)	(1)
Deferred tax	-	-	-	-
Profit after tax	53	2,387	53	2,387
Minority interests	-	-	-	-
Net profit for the period/year	53	2,387	53	2,387
Profit for the period attributable to:				
Equity holders of the parent	53	2,387	53	2,387
Minority Interest	-	-	-	-
	53	2,387	53	2,387
Earnings per share (sen) :				
- basic	0.02	1.10	0.02	1.10
- diluted	0.02	0.94	0.02	0.94

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 29 February 2008 and the accompanying explanatory notes attached to this report.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MAY 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
3 months ended								
31 May 2008								
As previously stated As at 1 March 2008	24,532	20,661	319	(209)	-	25,221	(324)	70,200
Purchase of treasury shares at cost	-	-	-	-	-	-	(99)	(99)
Net profit for the period	-	-	-	-	-	53	-	53
As at 31 May 2008	<u>24,532</u>	<u>20,661</u>	<u>319</u>	<u>(209)</u>	<u>-</u>	<u>25,274</u>	<u>(423)</u>	<u>70,154</u>
3 months ended								
31 May 2007								
As at 1 March 2007	21,707	15,917	446	(112)	210	18,162	-	56,330
Issue of shares -share issued expenses	-	-	-	-	44	-	-	44
Issue of warrant -renounceable right issue	565	1,166	(38)	-	-	-	-	1,693
Exchange differences	-	-	-	(40)	-	-	-	(40)
Net profit for the period	-	-	-	-	-	2,387	-	2,387
As at 31 May 2007	<u>22,272</u>	<u>17,083</u>	<u>408</u>	<u>(152)</u>	<u>254</u>	<u>20,549</u>	<u>-</u>	<u>60,414</u>

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 29 February 2008 and the accompanying explanatory notes attached to this report.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD FROM 1 MARCH 2008 TO 31 MAY 2008**

	1.03.2008 to 31.05.2008	1.03.2007 to 31.05.2007
	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	55	2,388
Adjustments for non cash item	1,983	529
	2,038	2,917
Operating profit before working capital changes		
Changes in working capital:		
Trade and other receivables	(290)	2,756
Trade and other payables	115	59
Cash generated from operations	1,863	5,732
Development cost paid	(1,465)	(111)
Tax paid	(2)	(1)
Net cash generated from operating activities	396	5,620
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	10	1
Purchase of property, plant and equipment	(1,456)	(7,461)
Net cash used in investing activities	(1,446)	(7,460)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1)	(2)
Proceeds from conversion of warrant to shares	-	1,693
Repayment of hire purchase liabilities	(11)	(10)
Payment for share buy back	(99)	-
Net cash generated from financing activities	(111)	1,681
Net decrease in cash and cash equivalents	(1,161)	(159)
Cash and cash equivalents at beginning of financial period	3,363	5,318
Cash and cash equivalents at end of financial period	2,202	5,159
Cash and cash equivalents comprise		
Short term investment	1,056	-
Cash and bank balances	1,146	5,159
	2,202	5,159

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited statements for the financial year ended 29 February 2008 and the accompanying explanatory notes attached to this report.



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

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A1. BASIS OF PREPARATION

The quarterly report is unaudited and has been prepared in compliance with Financial Reporting Standards ("FRS") No 134 – "Interim Financial Reporting" and paragraph 9.22 of Bursa Malaysia Securities Berhad ("Bursa Malaysia")'s Listing Requirements for the MESDAQ Market.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 29 February 2008. The explanatory note attached to the interim financial statements provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group since the FYE 29 February 2008.

The accounting policies and methods of computation adopted in these interim financial statements of the Company and its subsidiaries ("The Group") are consistent with those adopted for the annual audited financial statements for the FYE 29 February 2008.

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the FYE 29 February 2008 were not subject to any qualification.

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.

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 579,400 of its issued ordinary shares from the open market at an average price of RM0.169 per share.

The total consideration paid for the repurchase including transaction costs was RM98,950.41 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.



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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 31 May 2008.

A13. CAPITAL COMMITMENTS

There were no capital commitments in the first quarter ended 31 May 2008.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. REVIEW OF RESULTS FOR THE QUARTER ENDED 31 MAY 2008

The Group recorded a consolidated profit after taxation of approximately RM0.053 million with revenue of approximately RM3.205 million for the current quarter ended 31 May 2008, as compared with the corresponding period of the preceding year ended 31 May 2007 when the Group achieved a consolidated profit after taxation of approximately RM2.387 million and revenue of approximately RM4.211 million. The consolidated profit after taxation and revenue for the current quarter ended 31 May 2008 decreased by approximately 97.78% and 23.89% respectively 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 lower sales revenue, higher amortisation of development charges and depreciation of the computer equipment.

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

The Group recorded a consolidated revenue of approximately RM3.205 million for the first quarter ended 31 May 2008, representing an improvement of approximately 5.36% from the consolidated revenue recorded in the immediate preceding fourth quarter ended 29 February 2008 of approximately RM3.042 million. The Group's profit before tax of approximately RM0.053 million improved by 55.88% as compared to the PBT recorded in the previous quarter ended 29 February 2008 of approximately RM0.034 million.

B3. COMING YEAR PROSPECTS

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.

The Board expects the financial performances of the Group to be challenging for financial year ending 28 February 2009.

B4. PROFIT FORECAST

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



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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.

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 half 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.

On 16 May 2008, the Company had entered into an agreement with the Vendors to extend the date of fulfilment of all the conditions precedent as provided in the SPA for another three (3) months ("Extension Letter") from 19 May 2008.

On 18 June 2008, the Company had entered into a supplemental sale and purchase of shares agreement with Liang Chee Wah and Liang Chee Hoo to effect certain variations and additions to the terms of the conditional sale and purchase of shares agreement dated 20 November 2007 in respect of the Proposed Acquisition.

B9. BORROWING AND DEBT SECURITIES

The Company does not have any borrowings and debt securities as at 31 May 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>31-05-2008</u>	Preceding Yr Corresponding Quarter <u>31-05-2007</u>	Current Year To Date <u>31-05-2008</u>	Preceding Yr Corresponding Yr To Date <u>31-05-2007</u>
(a) Basic earnings per share				
Net profit / (loss) for the period (RM'000)	53	2,387	53	2,387
Weighted average number of ordinary shares for the purpose of basic earnings per share computation ('000)	234,399	217,074	234,399	217,074
New shares issue pursuant to warrants	-	133	-	-
Share buy back	(94)	-	(94)	-
	234,305	217,207	234,305	217,074
Basic earnings per share (sen)	0.02	1.10	0.02	1.10

(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>31-05-2008</u>	Preceding Yr Corresponding Quarter <u>31-05-2007</u>	Current Year To Date <u>31-05-2008</u>	Preceding Yr Corresponding Yr To Date <u>31-05-2007</u>
Net profit for the period (RM'000)	53	2,387	53	2,387
Weighted average number of ordinary shares for the purpose of basic earnings per share computation ('000)	234,305	217,207	234,305	217,074
<i>Add:</i> Adjustment for share options ('000)	-	3,699	-	3,699
Adjustment for warrants	-	32,650	-	32,650
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	234,305	253,556	234,305	253,423
Diluted earnings per share (sen)	0.02	0.94	0.02	0.94

BY ORDER OF THE BOARD OF DIRECTORS OF ASIAEP

Lee Suet Hong

Director

Selangor

Dated: 31 July 2008