

Quarterly report

Quarterly report on results for the fourth quarter ended 28 February 2010

The figures have not been audited.

CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER 28/02/2010 RM'000	AS AT PRECEDING FINANCIAL YEAR END 28/02/2009 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	32,397	28,976
Prepaid land lease payment	469	475
Intangible Assets	34,978	32,723
	67,844	62,174
Current Assets		
Trade Receivables	721	1,644
Other Receivables, Deposits and Prepayments	28	117
Tax recoverable	10	5
Short term investment	3,697	-
Cash and Bank Balances	546	531
	5,002	2,297
TOTAL ASSETS	72,846	64,471
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital		
Ordinary shares of RM0.10 each	72,911	24,532
Reserves		
Share Premium	-	20,661
Warrant Reserve	319	319
Translation Reserve	(717)	(704)
Retained Profits	684	17,537
Less: 3,423,300 treasury shares, at cost	(669)	(669)
	72,528	61,675
Minority Interest	-	-
Total Equity	72,528	61,675
Non Current Liabilities		
Hire Purchase Liabilities	-	226
Deferred Tax	-	240
	-	466
Current Liabilities		
Trade Payables	40	24
Other Payables and Accruals	278	673
Bank overdraft	-	1,504
Share Application Money	-	-
Hire Purchase Liabilities	-	129
Tax Payable	-	-
	318	2,330
Total Liabilities	318	2,796
TOTAL EQUITY AND LIABILITIES	72,846	64,471
Net assets per share (RM)	0.0995	0.2514

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 28 February 2009 and the accompanying explanatory notes attached to this report.

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CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 28/02/2010 RM '000	Preceding Yr Corresponding Quarter 28/02/2009 RM '000	Current Year To Date 28/02/2010 RM '000	Preceding Yr Corresponding Yr To Date 28/02/2009 RM '000
Revenue	1,633	492	9,860	5,831
Cost of services	(512)	(333)	(1,836)	(1,692)
Gross profit	1,121	159	8,025	4,139
Other income	24	-	76	228
Administration expenses	(1,208)	(1,384)	(3,378)	(4,001)
Depreciation and amortisation	(1,655)	(1,957)	(7,765)	(7,920)
Finance costs	0	(32)	(83)	(62)
Profit/(Loss) before tax	(1,718)	(3,214)	(3,124)	(7,616)
Taxation	2	(1)	(2)	(63)
Deferred tax	240	-	240	-
Profit/(Loss) after tax	(1,476)	(3,215)	(2,887)	(7,679)
Minority interests	-	-	-	-
Net profit/(loss) for the period	(1,476)	(3,215)	(2,887)	(7,679)
Equity holders of the parent	(1,476)	(3,215)	(2,887)	(7,679)
Minority Interest	-	-	-	-
	(1,476)	(3,215)	(2,887)	(7,679)
Profit/(Loss) per share (sen) :				
- basic	(0.31)	(1.35)	(0.61)	(1.82)
- diluted	(0.31)	(1.35)	(0.61)	(1.82)

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 28 February 2009 and the accompanying explanatory notes attached to this report.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 28 FEBRUARY 2010

Group	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Total equity RM'000
12 months ended							
28 February 2010							
As previously stated							
As at 1 March 2009	24,532	20,661	319	(704)	17,537	(669)	61,676
Proposed two call rights and bonus issues	-	-	-	-	-	-	-
	48,379	(20,661)			(13,965)		13,753
Exchange differences	-	-	-	(13)		-	(13)
Net loss for the period	-	-	-	-	(2,887)	-	(2,887)
As at 28 February 2010	<u>72,911</u>	<u>-</u>	<u>319</u>	<u>(717)</u>	<u>684</u>	<u>(669)</u>	<u>72,529</u>
12 months ended							
28 February 2009							
As at 1 March 2008	24,532	20,661	319	(209)	25,221	(324)	70,200
Purchase of treasury shares shares at cost						(345)	(345)
Exchange differences				(495)	(5)		(500)
Net loss for the period	-	-	-	-	(7,679)	-	(7,679)
As at 28 February 2009	<u>24,532</u>	<u>20,661</u>	<u>319</u>	<u>(704)</u>	<u>17,537</u>	<u>(669)</u>	<u>61,676</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 2009 and the accompanying explanatory notes attached to this report.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD FROM 01 MARCH 2009 TO 28 FEBRUARY 2010**

	01/03/2009 to 28/02/2010	01/03/2008 to 28/02/2009
	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(3,124)	(7,616)
Adjustments for non cash item	8,220	7,785
Amortisation of development costs	2,999	3,110
Amortisation of Intellectual Property	1,399	1,175
Amortisation of prepaid land lease payments	5	5
Currency realignment	(13)	(506)
Depreciation	3,580	3,708
Interest expense	83	62
Interest income	(46)	(12)
Disposal loss/(gain) on PPE	(27)	419
Share based payment under ESOS	-	-
Loss on winding up of subsidiary	-	29
Bad Debt Recovered	-	(216)
Changes in Deferred Tax	240	-
Development Cost Written Off	-	11
Operating profit before working capital changes	5,096	169
Changes in working capital:		
Trade and other receivables	1,008	2,696
Trade and other payables	(619)	221
Cash generated from operations	5,485	3,086
Development cost paid	(640)	(1,752)
Tax paid	(2)	(12)
Net cash generated from operating activities	4,842	1,322
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	46	12
Proceeds from disposal of property, plant and equipment	30	-
Acquisition of new leasehold building	-	-
Purchase of property, plant and equipment	(13,023)	(5,167)
Loss on winding up of subsidiary	-	(29)
Net cash used in investing activities	(12,947)	(5,184)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(83)	(62)
Right issue expenses	(760)	-
Proceeds from right issues	14,514	-
Share Premium	-	-
Drawdown of short term borrowing	-	1,504
Repayment of bank overdraft	(1,504)	-
Hire purchase liabilities	(355)	(61)
Payment for share buy back	-	(345)
Net cash generated/(used in) from financing activities	11,812	1,036
Net increase/(decrease) in cash and cash equivalents	3,707	(2,826)
Effect on Exchange Rate Changes on Opening Cash	5	(6)
Cash and cash equivalents at beginning of financial period	531	3,363
Cash and cash equivalents at end of financial period	4,243	531
Cash and cash equivalents comprise		
Short term investment	3,697	-
Cash and bank balances	546	531
Bank overdraft	-	-
	4,243	531

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 28 February 2009 and the accompanying explanatory notes attached to this report.

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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") 28 February 2009.

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 28 February 2009.

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 28 February 2009.

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the FYE 28 February 2009 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 quarter ended 28 February 2010.

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 except as disclosed in B8.

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 2009.

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A13. CAPITAL COMMITMENTS

There were no capital commitments in the fourth quarter ended 28 February 2010.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. REVIEW OF RESULTS FOR THE QUARTER ENDED 28 FEBRUARY 2010

The Group recorded a consolidated loss after taxation of approximately RM1.476 million with revenue of approximately RM1.633 million for the current quarter ended 28 February 2010, as compared with the corresponding period of the preceding year ended 28 February 2009 when the Group achieved a consolidated loss after taxation of approximately RM3.215 million and revenue of approximately RM0.492 million. The consolidated revenue for the current quarter ended 28 February 2010 increased by approximately 231.91% on year on year basis.

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

The Group recorded a consolidated revenue of approximately RM1.633 million for the fourth quarter ended 28 February 2010, representing decrease of approximately 13.36% from the consolidated revenue recorded in the immediate preceding third quarter ended 30 November 2009 of approximately RM1.884 million. The Group's loss before tax of approximately RM1.718 million as compared to the loss before tax recorded in the previous quarter ended 30 November 2009 of approximately RM2.013 million.

The loss was mainly due to the non cash items such as amortisation of development charges and depreciation of the computer equipments.

B3. COMING YEAR PROSPECTS

With the successful implementation of Right Issues in the previous quarter, the Group is better placed to strengthen its operational capacity. With the economic recovery in Malaysia and abroad, the Board hopes to achieve better result in the financial year ending 28 February 2011 although the prospects remain challenging.

B4. PROFIT FORECAST

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

B5. TAXATION

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

There are no other corporate proposals announced but not completed as at the date of this report.

B9. BORROWING AND DEBT SECURITIES

The Company does not have any borrowings and debt securities as at 28 February 2010.

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at the date of this report.

B11. MATERIAL LITIGATION

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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.

B12. LOSS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter <u>28/02/2010</u>	Preceding Yr Corresponding Quarter <u>28/02/2009</u>	Current Year To Date <u>28/02/2010</u>	Preceding Yr Corresponding Yr To Date <u>28/02/2009</u>
(a)	Basic loss per share				
	Net loss for the period (RM'000)	(1,476)	(3,215)	(2,887)	(7,679)
	Weighted average number of ordinary shares for the purpose of basic loss per share computation ('000)	471,198	234,399	471,198	234,399
	New shares issue pursuant to warrants	-	-	-	-
	New shares issue pursuant to share options	-	-	-	-
	Share buy back	-	(421)	-	(516)
		<u>471,198</u>	<u>233,978</u>	<u>471,198</u>	<u>233,883</u>
	Basic loss per share (sen)	(0.31)	(1.37)	(0.61)	(3.28)

(b) Diluted loss per share

For the purpose of calculating diluted loss 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>28/02/2010</u>	Preceding Yr Corresponding Quarter <u>28/02/2009</u>	Current Year To Date <u>28/02/2010</u>	Preceding Yr Corresponding Yr To Date <u>28/02/2009</u>
	Net loss for the period (RM'000)	(1,476)	(3,215)	(2,887)	(7,679)
	Weighted average number of ordinary shares for the purpose of basic earnings per share computation ('000)	471,198	233,978	471,198	233,883
Add:	Adjustment for share options ('000)	-	-	-	-
	Adjustment for warrants	-	-	-	-
	Weighted average number of ordinary shares for the purpose of diluted loss per share ('000)	<u>471,198</u>	<u>233,978</u>	<u>471,198</u>	<u>233,883</u>
	Diluted loss per share (sen)	(0.31)	(1.37)	(0.61)	(3.28)

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B14. UTILISATION OF PROCEEDS

As at 28 February 2010 the Company has utilised approximately 78.02% of the proceeds raised from its Right Issues in September 2009.

<u>Nature of expenses</u>	Proposed Amt	Actual Utilisation		Unused Amt.
	RM'000	RM	%	RM
i. Repayment of bank borrowings of asiaEP Group	2,000	1,932	96.60	68
ii. Purchase of computer equipments and peripherals	2,000	2,000	100.00	-
iii. Marketing and promotional activities	3,000	393	13.11	2,607
iv. Working capital requirements **	6,514	6,239	95.77	275
v. Defraying of expenses relating to the Right Issue	1,000	760	76.00	240
	<u>14,514</u>	<u>11,324</u>	<u>78.02</u>	<u>3,190</u>

** The allocation to the working capital is based on the balancing amount after taking into consideration any repayment of bank borrowings and expenses related to the Right Issues. If there is any variation from the repayment of bank borrowings and the estimated expenses incidental to the Right Issues, the working capital will be adjusted accordingly.

BY ORDER OF THE BOARD OF DIRECTORS OF ASIAEP

Lee Suet Hong

Director

Selangor

Dated: 30-Apr-2010