

Quarterly report

Quarterly report on results for the second quarter ended 31 August 2010
 The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | AS AT END OF CURRENT QUARTER <u>31/08/2010</u> RM'000 | AS AT PRECEDING FINANCIAL YEAR END <u>28/02/2010 (Audited)</u> RM'000 |
|--|--|--|
| ASSETS | | |
| Non-Current Assets | | |
| Property, Plant and Equipment | 29,451 | 32,397 |
| Prepaid land lease payment | 491 | 470 |
| Intangible Assets | 36,849 | 34,977 |
| | 66,791 | 67,844 |
| Current Assets | | |
| Trade Receivables | 4,961 | 720 |
| Other Receivables, Deposits and Prepayments | 28 | 28 |
| Tax recoverable | 13 | 9 |
| Short term investment | 711 | 3,696 |
| Cash and Bank Balances | 671 | 547 |
| | 6,385 | 5,000 |
| TOTAL ASSETS | 73,176 | 72,844 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | | |
| Ordinary shares of RM0.10 each | 72,911 | 72,911 |
| Reserves | | |
| Share Premium | - | - |
| Warrant Reserve | 13,594 | 13,594 |
| Translation Reserve | (731) | (717) |
| Retained Profits | (12,381) | (12,592) |
| Less: 3,423,300 treasury shares at cost | (669) | (669) |
| | 72,723 | 72,527 |
| Minority Interest | - | - |
| Total Equity | 72,723 | 72,527 |
| Non Current Liabilities | | |
| Hire Purchase Liabilities | - | - |
| Deferred Taxation | - | - |
| | - | - |
| Current Liabilities | | |
| Trade Payables | 40 | 40 |
| Other Payables and Accruals | 412 | 277 |
| Bank overdraft | - | - |
| Share Application Money | - | - |
| Hire Purchase Liabilities | - | - |
| Tax Payable | - | - |
| | 452 | 317 |
| Total Liabilities | 452 | 317 |
| TOTAL EQUITY AND LIABILITIES | 73,176 | 72,844 |
| Net assets per share (RM) | 0.0997 | 0.0995 |

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 28 February 2010 and the accompanying explanatory notes attached to this report.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|--|--|---|
| | Current Year Quarter <u>31/08/2010</u> RM '000 | Preceding Yr Corresponding Quarter <u>31/08/2009</u> RM '000 <u>(Re-stated)</u> | Current Year To Date <u>31/08/2010</u> RM '000 | Preceding Yr Corresponding Yr To Date <u>31/08/2009</u> RM '000 <u>(Re-stated)</u> |
| Revenue | 3,263 | 3,160 | 6,848 | 6,343 |
| Cost of services | (1,149) | (1,226) | (2,268) | (2,289) |
| Gross profit | 2,114 | 1,934 | 4,580 | 4,054 |
| Other income | 4 | - | 15 | 27 |
| Administration expenses | (796) | (572) | (1,789) | (1,352) |
| Depreciation and amortisation | (1,317) | (1,325) | (2,596) | (2,598) |
| Finance costs | 0 | (31) | 0 | (63) |
| Profit/(Loss) before tax | 5 | 6 | 210 | 68 |
| <u>Income Tax expense</u> | | | | |
| Current Tax | 2 | (1) | - | (2) |
| Deferred tax | - | - | - | - |
| PROFIT/(LOSS) FOR THE PERIOD | 7 | 5 | 210 | 66 |
| <u>Other Comprehensive Income/(Loss) :</u> | | | | |
| Exchange differences on translating foreign operations | (5) | (18) | (14) | (57) |
| Income tax relating to components of other comprehensive income | - | - | - | - |
| Other comprehensive income/(loss) for the period, net of tax | (5) | (18) | (14) | (57) |
| TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD | 2 | (13) | 196 | 9 |
| <u>Profit/(Loss) attributable to :</u> | | | | |
| Owners of the parent | 7 | 5 | 210 | 66 |
| Minority Interest | - | - | - | - |
| | 7 | 5 | 210 | 66 |
| <u>Total comprehensive income/ (loss) attributable to :</u> | | | | |
| Owners of the parent | 2 | (13) | 196 | 9 |
| Minority Interest | - | - | - | - |
| | 2 | (13) | 196 | 9 |
| <u>Earnings/(Loss) per share attributable to Owners of the Parent (sen)</u> | | | | |
| - basic | 0.00 | 0.00 | 0.03 | 0.03 |
| - diluted | 0.00 | 0.00 | 0.03 | 0.03 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 28 February 2010 and the accompanying explanatory notes attached to this report.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 AUGUST 2010**

| Group | Share capital RM'000 | Share premium RM'000 | Warrant reserve RM'000 | Retained profits RM'000 | Translation reserve RM'000 | Other reserve RM'000 | Treasury shares RM'000 | Total equity RM'000 |
|--|----------------------------|----------------------------|------------------------------|-------------------------------|----------------------------------|----------------------------|------------------------------|---------------------------|
| <u>6 months ended</u> | | | | | | | | |
| <u>31 August 2010</u> | | | | | | | | |
| As at 1 March 2010 | 72,911 | - | 13,594 | (12,592) | (717) | - | (669) | 72,527 |
| Total comprehensive income for the period | - | - | - | 210 | (14) | - | - | 196 |
| As at 31 August 2010 | <u>72,911</u> | <u>-</u> | <u>13,594</u> | <u>(12,381)</u> | <u>(731)</u> | <u>-</u> | <u>(669)</u> | <u>72,723</u> |
| <u>6 months ended</u> | | | | | | | | |
| <u>31 August 2009</u> | | | | | | | | |
| As at 1 March 2009 | 24,532 | 20,661 | 319 | 17,537 | (704) | - | (669) | 61,676 |
| Issuance of ordinary shares | - | (284) | - | (130) | - | - | - | (414) |
| Total comprehensive income for the period | - | - | - | 66 | (57) | - | - | 9 |
| As at 31 August 2009 | <u>24,532</u> | <u>20,377</u> | <u>319</u> | <u>17,472</u> | <u>(761)</u> | <u>-</u> | <u>(669)</u> | <u>61,270</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 2010 and the accompanying explanatory notes attached to this report.

**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE PERIOD FROM 01 MARCH 2010 TO 31 AUGUST 2010**

| | 01/03/2010 to 31/08/2010 | 01/03/2009 to 31/08/2009 |
|---|-------------------------------------|-------------------------------------|
| | RM '000 | RM '000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before tax | 210 | 68 |
| Adjustments for non cash item | 4,060 | 3,934 |
| Operating profit before working capital changes | 4,270 | 4,002 |
| Changes in working capital: | | |
| Trade and other receivables | (4,242) | (54) |
| Trade and other payables | 136 | 579 |
| Cash generated from operations | 164 | 4,527 |
| Development cost paid | (333) | (1,252) |
| Tax paid | (4) | (2) |
| Net cash generated from operating activities | (173) | 3,273 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 15 | 1 |
| Proceeds from disposal of property, plant and equipment | - | 28 |
| Purchase of property, plant and equipment | (2,694) | (2,944) |
| Net cash used in investing activities | (2,679) | (2,915) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | - | (63) |
| Right issue expenses | - | (414) |
| Proceeds from right issues | - | 6,788 |
| Repayment of bank overdraft | - | (6) |
| Hire purchase liabilities | - | 81 |
| Net cash generated/(used in) from financing activities | - | 6,386 |
| Net increase/(decrease) in cash and cash equivalents | (2,852) | 6,745 |
| Effect on Exchange Rate Changes on Opening Cash | (10) | - |
| Cash and cash equivalents at beginning of financial period | 4,243 | 531 |
| Cash and cash equivalents at end of financial period | 1,381 | 7,276 |
| Cash and cash equivalents comprise | | |
| Short term investment | 711 | 2,300 |
| Cash and bank balances | 670 | 4,976 |
| Bank overdraft | - | - |
| | 1,381 | 7,276 |

The Condensed Consolidated Statement of Cashflows should be read in conjunction with the audited financial statements for the financial year ended 28 February 2010 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 ACE Market. The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 28 February 2010.

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 2010.

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 2010, except for the adoption of new and revised FRS which are effective for the financial period beginning on or after 01 January 2010.

FRS 101: Presentation of Financial Statements

FRS 8 : Operating Segments

FRS 101: Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the financial statements presented will consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The gains/(losses) that were recognised directly in equity in the preceding year/corresponding period are presented as components in other comprehensive income in the statement of comprehensive income. The total comprehensive income is presented separately in the statement of comprehensive income and allocation is made to show the amount attributable to owners of the parent and to non-controlling interests.

The total comprehensive income is presented as a one-line item in the statement of changes in equity and the comparative information has been represented in order to conform with the revised standard. This standard only affects the presentation aspects and will not have any impact on the earnings per share.

FRS 8 : Operating Segments

Prior to the adoption of FRS 8, the Company's segment reporting was based on primary reporting format of two segments which are "business" and "geographical". FRS 8 requires operating segments to be identified on the basis of internal segment information that are regularly provided to and reviewed by the management. The adoption of FRS 8 has not resulted in a redesignation of the Company's reportable segments as compared to previous years.

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the FYE 28 February 2010 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 31 August 2010.

A7. DIVIDENDS

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

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A8. SEGMENTAL REPORTING

Segmental reporting is presented in respect of the Group's business and geographical segments. The primary format, geographical segments by location of customer, is based on the Group's management and internal reporting structure.

Segmental results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segmental capital expenditure during the year-to-date consists of acquisition of property, plant and equipment, and capitalisation of research and development expenditures.

Business Segments

No business segmental reporting is prepared as the Group's activities are predominantly in one industry.

Geographical Segments

| | <u>Malaysia</u> RM'000 | <u>Hong Kong</u> RM'000 | <u>Total</u> RM'000 |
|---|---------------------------|----------------------------|------------------------|
| <u>For the year-to-date ended 31/08/2010</u> | | | |
| Revenue from external customers | 6,823 | 25 | 6,848 |
| Segment assets | 72,934 | 229 | 73,162 |
| Segment liabilities | 448 | 4 | 452 |
| Capital Expenditure | 6,827 | 140 | 6,967 |
| Depreciation | 1,884 | 9 | 1,893 |
| Amortisation | 2,206 | - | 2,206 |
| Interest Income | 15 | - | 15 |
| Interest Expenses | 0 | - | 0 |
| Profit/(loss) before taxation | 200 | 10 | 210 |
| Taxation | - | - | - |
| Profit/(loss) after taxation | 200 | 10 | 210 |

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 2010.

A13. CAPITAL COMMITMENTS

There were no capital commitments in the second quarter ended 31 August 2010.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. REVIEW OF RESULTS FOR THE QUARTER ENDED 31 AUGUST 2010

The Group recorded a consolidated profit after taxation of approximately RM0.007 million with revenue of approximately RM3.263 million for the current quarter ended 31 August 2010, as compared with the corresponding period of the preceding year ended 31 August 2009 when the Group achieved a consolidated profit after taxation of approximately RM0.005 million and revenue of approximately RM3.16 million. The consolidated revenue for the current quarter ended 31 August 2010 increased by approximately 3.26% as compared to the preceding year corresponding quarter.

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

The Group recorded a consolidated revenue of approximately RM3.263 million for the second quarter ended 31 August 2010, representing decrease of approximately 9.00% from the consolidated revenue recorded in the immediate preceding first quarter ended 31 May 2010 of approximately RM3.586 million. The Group registered profit before tax of approximately RM0.005 million as compared to the profit before tax recorded in the previous quarter ended 31 May 2010 of approximately RM0.205 million.

The reason for the above is that the administration expenses is higher in comparison with the previous quarter.

B3. COMING YEAR PROSPECTS

As a result of the worldwide market sentiments being expected to be cautious, therefore the prospect of the Group towards the financial year end remains to be challenging.

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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 31 August 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

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 countered 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. EARNINGS / (LOSS) PER SHARE

| | | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|----------|------------------------------------|--|------------------------------------|---|
| | | Current Year Quarter 31/08/2010 | Preceding Yr Corresponding Quarter 31/08/2009 | Current Year To Date 31/08/2010 | Preceding Yr Corresponding Yr To Date 31/08/2009 |
| (a) Basic earnings/(loss) per share | | | | | |
| Profit / (Loss) attributable to the owners of the parent | (RM'000) | 7 | 5 | 210 | 66 |
| Weighted average number of ordinary shares for the purpose of basic loss per share computation ('000) | | 715,081 | 232,911 | 715,081 | 232,911 |
| New shares issue pursuant to warrants | | - | - | - | - |
| New shares issue pursuant to share options | | - | - | - | - |
| Share buy back | | - | - | - | - |
| | | 715,081 | 232,911 | 715,081 | 232,911 |
| Basic earnings/(loss) per share | (sen) | 0.00 | 0.00 | 0.03 | 0.03 |



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(b) **Diluted earnings/(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 31/08/2010 | Preceding Yr Corresponding Quarter 31/08/2009 | Current Year To Date 31/08/2010 | Preceding Yr Corresponding Yr To Date 31/08/2009 |
| Profit / (Loss) attributable to the owners of the parent | (RM'000) | 7 | 5 | 210 | 66 |
| Weighted average number of ordinary shares for the purpose of basic earnings per share computation ('000) | | 715,081 | 232,911 | 715,081 | 232,911 |
| Add: Adjustment for share options | ('000) | - | - | - | - |
| Adjustment for warrants | | - | - | - | - |
| Weighted average number of ordinary shares for the purpose of diluted loss per share | ('000) | 715,081 | 232,911 | 715,081 | 232,911 |
| Diluted earnings/(loss) per share | (sen) | 0.00 | 0.00 | 0.03 | 0.03 |

B13. UTILISATION OF PROCEEDS

As at 31 August 2010 the Company has utilised approximately 97.88% of the proceeds raised from its Right Issues in September 2009.

| Nature of expenses | Proposed Amt | Actual Utilisation | | Unused Amt. |
|--|---------------|--------------------|--------|-------------|
| | RM'000 | RM'000 | % | RM'000 |
| 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 | 0 |
| iii. Marketing and promotional activities | 3,000 | 3,000 | 100.00 | 0 |
| iv. Working capital requirements ** | 6,514 | 6,514 | 100.00 | 0 |
| v. Defraying of expenses relating to the Right Issue | 1,000 | 760 | 76.00 | 240 |
| | <u>14,514</u> | <u>14,206</u> | 97.88 | <u>308</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 (Ms)
Director
Selangor
Dated: 28-Oct-2010