

ASDION BERHAD (Company No: 590812-D) (“Asdion” or “Company”)

Quarterly report on unaudited consolidated results for the second quarter ended 30 June 2010

NOTES TO INTERIM FINANCIAL REPORT**PART A – Explanatory Notes Pursuant to Financial Reporting Standard 134 (“FRS 134”)****1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the Financial Reporting Standard ("FRS")134 - Interim Financial Reporting and Chapter 9, Part K Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Securities Exchange") for the ACE Market, and should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2009. The accounting policies and methods of computation adopted by the Group in the interim unaudited financial statements are consistent with those adopted for the financial year ended 31 December 2009.

2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2009.

On 1 January 2010, the Group had adopted the following revised FRSs, amendments to FRSs and Interpretations:

Standards/Interpretation

FRS 1	Amendment to FRS 1: First time Adoption of Financial Reporting Standards
FRS 7	Financial Instruments: Disclosures
	Amendment to FRS 7: Financial Instruments : Disclosure
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
	Amendment to FRS 123 Borrowing Costs
FRS 127	Amendment to FRS 127: Consolidated and Separate Financial Statements
FRS 138	Amendment to FRS 138: Intangible Assets
FRS 139	Financial Instruments: Recognition and Measurement
	Amendment to FRS 139: Financial Instruments: Recognition and Measurement

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

The revised FRS, amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Group.

3. Auditors’ Report

The auditors’ report on the financial statements for the financial year ended 31 December 2009 was not subject to any qualification.

4. Seasonal or Cyclical Factors

The operations of the Group were not affected by any seasonal/cyclical factors during the current quarter under review.

5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items of unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows of the Group.

6. Material Changes in Estimates

There were no materials changes in the nature and amount of estimates reported in prior interim periods of the current financial year or in prior financial years that will have a material effect in the current quarter under review.

7. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

8. Dividends Paid

There were no dividends paid and/or proposed during the current quarter under review.

9. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Group did not carry out any revaluation on the property, plant and equipment during the current quarter under review.

10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

11. Segmental Information

Business segments

No segmental reporting by industry has been prepared as the Group is primarily involved in the business of the information, communication and technology sector.

Geographical segments

Segmental revenue is presented based on the geographical location of customers.

The segmental analysis of the revenue and profit are tabulated below:

Geographical segments	Malaysia		Singapore		China		Brunei		United Kingdom#		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue	1,267	1,140	432	329	129	51	76	-	N.A	N.A	1,904	1,520
Profit/(Loss) Before Taxation	(126)	(254)	161	(46)	(61)	(90)	(0)	(2)	(389)	(511)	(415)	(903)

#associate company

Year 2010 refer to 3 months period from 1 April 2010 – 30 June 2010 as compare to the corresponding 3 months ended the preceding year.

12. Material Events Subsequent to the End of the Interim Period

Save as disclosed below, there were no material events subsequent to the end of the current quarter under review:

On 24th June 2010, Asdion Media Sdn. Bhd. (“AMS”), a wholly owned subsidiary of AB, announced that AMS had on 24 June 2010 entered into a Share Sales Agreement (“SSA”) with Messrs Khoo Eng Chuan, Chew Han Poh and Lim Moi Kim (collectively referred to as “the Vendors”) to acquire 400,000 ordinary shares of RM1.00 each representing 100% equity interest in Quipmart Sdn Bhd (“QUIPMART”), for a cash consideration of RM950,000 (“the Acquisition”).

The principal activities of QUIPMART have been those relating to the broadcast and post production solution integration for government agencies, production studios, television stations, telecommunications and training sectors.

At the date of the SSA, QUIPMART owns 100,000 issued ordinary shares of RM1.00 each in the paid up capital of HOT SCREEN SDN. BHD. (“HSSB”) is a private company limited by shares incorporated in Malaysia and has at the date of the SSA an authorized share capital of RM100,000 consisting of 100,000 ordinary shares of RM1.00 each, of which 100,000 ordinary shares have been issued and are fully paid-up.

The principal activities of HSSB have been those relating to the business of producing videos, infomercials, promos, television commercials and on-line editing services to advertising agencies, television stations and direct clients.

13. Contingent Assets or Liabilities

There were no material contingent assets or liabilities since the last annual balance sheet date up to the date of this report.

14. Capital Commitments

The amounts of capital commitments for the Group during the current quarter under review are as follows:

Approved and contracted for:	RM'000
Acquisition of 100% equity interest in Quipmart Sdn Bhd and its wholly-owned subsidiary, Hot Screen Sdn Bhd	950,000

15. Related Party Transaction

The Group has not entered into any related party transaction during the current quarter under review.

PART B - Explanatory Notes Pursuant to Rule 9.22 and Appendix 9B of the Listing Requirements of Bursa Securities for the ACE Market

16. Review of Performance for the Current Quarter and Year-to-date

For the second quarter ended 30 June 2010, the Group continue to record higher revenue of approximately RM1.9 million, an increase of 25.29% as compared to the revenue achieved in the 2009 second quarter of approximately RM1.52 million. There is also an improvement of 8.83% compared to revenue of RM1.75 million recorded in the immediate preceding first quarter ended 31 March 2010. The increase of the revenue mainly attribute to the sales generated in the Customer relationship management (“CRM”) data services segment for the both comparison.

While the Group managed to achieve operating profit in this quarter, the consolidated income statement recorded a LBT of approximately RM0.42 million for the current quarter mainly due to share of loss of associates.

For the six (6) months period ended 30 June 2010, the Group recorded a revenue of approximately RM3.65 million with a LBT of approximately RM0.88 million as compared to the revenue of approximately RM2.95 million and a LBT of RM1.39 million registered in the preceding corresponding periods. The improvement was largely attributed to higher revenue generated and gain on the disposal of the property for the current year.

17. Comparison between the Current Quarter and the Immediate Preceding Quarter

For the current quarter ended 30 June 2010, the Group’s revenue was approximately RM1.90 million, representing a increase of 8.83% compared to revenue of approximately RM1.75 million recorded in the immediate preceding quarter ended 31 March 2010. The slight increase in revenue was largely attributed to the continuing strengthening of the sales of CRM data services segment.

The Group recorded a LBT of approximately RM0.42 million as compared to a LBT of approximately RM0.46 million registered in the immediate preceding quarter.

18. Prospects for the Current Financial Year

The Board expects the Group to register continuous growth and contribute positively to the earnings and financial position of the Group especially in the CRM data services and hospitality segments in current year and future year.

19. Profit Forecast and Profit Guarantee

The Group did not issue any profit forecast or profit guarantee during the current financial period to-date.

20. Taxation

Taxation comprises:

	Individual Quarter		Cumulative Quarters	
	Current Quarter 30.06.2010 RM'000	Preceding Year Corresponding Quarter 30.06.2009 RM'000	Current Period To Date 30.06.2010 RM'000	Preceding Year Corresponding Period 30.06.2009 RM'000
Current taxation	21	1	43	1

The effective tax rate of the Group for the current quarter and current period to-date is higher than the statutory tax rate of 25% as one of the subsidiaries is making profit which is required to make provision for the tax.

21. Profits/(Losses) on Sale of Unquoted Investments and/or Properties

During the current financial quarter, there was a disposal of an office unit with an estimated floor area of 112 square metres in a building known as "Redhill Forum" in Singapore by Techtron Integrated Systems (S) Pte Ltd, a wholly-owned subsidiary of AB for a total consideration of cash consideration of 480,000 Singapore Dollars ("SGD") (equivalent to approximately RM1,111,584 based on an exchange rate of RM2.3158 to SGD1.00). The disposal has resulted the Group to record a net gain arising of approximately RM312,290 after deducting expenses related to the Disposal. The disposal had been completed on 11 May 2010.

22. Purchase or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities by the Group during the current quarter under review and current period to-date.

23. Status of Corporate Proposals and Utilisation of Proceeds

(a) Corporate Proposal

As at the date of issue this quarterly report, there were no corporate proposals announced but not yet completed.

(b) Utilisation of Proceeds

Not Applicable.

24. Borrowings

Details of the Group's borrowings at 30 June 2010 are as follows:

	Current RM'000		Non-Current RM'000		Total RM'000	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009	30.06.2010	30.06.2009
Secured						
- Bank Overdraft	-	711	-	-	-	711
- Trade Finance	-	1,235	-	-	-	1,235
- Term loan	240	183	3,067	4,556	3,307	4,739
- Finance Lease and Hire Purchase	628	423	631	1,416	1,259	1,839
Unsecured	-	-	-	-	-	-
Total	868	2,552	3,698	5,972	4,566	8,524

The total borrowings include borrowings denominated in foreign currency which is set out as follows:

	30.06.2010		30.06.2009	
	SGD'000	RM'000	SGD'000	RM'000
Singapore Dollars	171	398	1,447	3,481

25. Off Balance Sheet Financial Instruments

The Group has not entered into any off balance sheet financial instruments as at the date of this quarterly report.

26. Material Litigation

As at the date of issue this quarterly report, the Group is not engaged in any litigation and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Group, and the Board of Directors of the Company are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the financial position or business performance of the Group.

27. Dividend

No interim dividend has been declared or paid during the current quarter under review.

28. Earnings Per Share

The basic EPS for the current quarter and cumulative period to date are computed as follows:

a) Basic

Basic EPS is calculated by dividing the net profit attributable to the shareholders of the Group by the weighted average number of shares during the period.

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.06.2010	Preceding Year Corresponding Quarter 30.06.2009	Current Period To Date 30.06.2010	Preceding Year Corresponding Period 30.06.2009
Profit attributable to the ordinary equity holders of the parent company (RM)	(397,332)	(851,351)	(865,005)	(1,323,001)
Weighted average number of shares	66,000,000	66,000,000	66,000,000	66,000,000
Basic EPS (sen)	(0.60)	(1.29)	(1.31)	(2.00)

b) Diluted

Not applicable