

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

Quarterly report on unaudited consolidated results for the fourth quarter ended 31 December 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	1,591	792	469	927	104	118	7	-	N.A	N.A	2,171	1,837
Profit/(Loss) Before Taxation	(1,386)	(1,319)	(63)	509	(66)	(102)	(5)	(7)	(319)	(624)	(1,839)	(1,543)

#associate company

Year 2010 refer to 3 months period from 1 October 2010 – 31 December 2010 as compare to the corresponding 3 months ended the preceding year.

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

There were no material events subsequent to the end of the interim period during the current quarter under review.

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 Group has no material capital commitments during the current quarter under review.

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 fourth quarter ended 31 December 2010, the Group recorded revenue of approximately RM2.17 million, an increase of 18.16% as compared to the revenue achieved in the preceding corresponding quarter of approximately RM1.83 million. The increase of the revenue was on track with the increasing sales generated in the Customer relationship management (“CRM”) data services segment and solutions for hospitality segment.

The Group recorded a loss before tax (“LBT”) of approximately RM1.84 million for the current quarter as compared to the immediate preceding quarter of a LBT of RM1.54 million. The increases of the loss of current quarter were attributed by the following:

- (a) Impairment of development cost
- (b) Decline of other operating income.

For the fiscal year 2010, the Group recorded revenue of approximately RM7.75 million with a LBT of approximately RM3.89 million as compared to the revenue of approximately RM6.36 million and a LBT of RM3.67 million recorded in the preceding corresponding year. The approximately 21.86% increase of revenue which was largely reflecting the continual growing sales of CRM data services segment and hospitality segment. The increase of the loss was mainly due to the increase impairment of development cost and the additional administration and distribution cost from the acquired media subsidiary in July 2010.

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

For the current quarter ended 31 December 2010, the Group recorded revenue of approximately RM2.17 million, representing an increase of approximately 12.75% as compared to the revenue of approximately RM1.93 million achieved in the immediate preceding quarter ended 30 September 2010.

The Group recorded a LBT of approximately RM1.90 million as compared to a LBT of approximately RM1.18 million registered in the immediate preceding quarter. The increase of the loss was mainly due to impairment of development cost, additional administration fee such as audit fee and the provision of bad debt.

18. Prospects for the Current Financial Year

With strong market sentiments and vibrant economies both locally and regionally, we anticipate better business prospect and stronger demand for our products and services in particularly on the Data Services and Hospitality segments. The group also expected the media unit will start to contribute positively starting from 1st quarter next year.

There will be challenges ahead but the board confident that we will continue to grow and contribute positively financially to the Group in the near future. The group will continue to be vigilant with our costs control and focused on improving margins.

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 31.12.2010	Preceding Year Corresponding Quarter 31.12.2009	Current Period To Date 31.12.2010	Preceding Year Corresponding Period 31.12.2009
	RM'000	RM'000	RM'000	RM'000
Current taxation	58	24	101	26

The effective tax rate of the Group for current period to-date is higher than the statutory tax rate of 25% as certain expenses which are not deductible for tax purposes.

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

There were no purchases or disposals of unquoted investments and/or properties during the current quarter under review and current period to-date.

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 issuing 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 31 December 2010 are as follows:

	Current RM'000		Non-Current RM'000		Total RM'000	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Secured						
- Bank Overdraft	106	732	-	-	106	732
- Trade Finance	309	541	-	-	309	541
- Term loan	563	1,500	2,809	3,085	3,372	4,585
- Finance Lease and Hire Purchase	796	837	311	600	1,107	1,437
Unsecured	-	-	-	-	-	-
Total	1,774	3,610	3,120	3,685	4,894	7,295

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

	31.12.2010		31.12.2009	
	SGD'000	RM'000	SGD'000	RM'000
Singapore Dollars	349	834	1,132	2,762

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 31.12.2010	Preceding Year Corresponding Quarter 31.12.2009	Current Period To Date 31.12.2010	Preceding Year Corresponding Period 31.12.2009
Profit attributable to the ordinary equity holders of the parent company (RM)	(1,862,472)	(1,502,426)	(3,869,672)	(3,536,576)
Weighted average number of shares	66,198,834	66,000,000	66,050,117	66,000,000
Basic EPS (sen)	(2.81)	(2.28)	(5.86)	(5.36)

b) Diluted

Not applicable