

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

Quarterly report on unaudited consolidated results for the first quarter ended 31 March 2011

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 2010. 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 2010.

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 most recent annual audited financial statements for the year ended 31 December 2010, as well as the new/revised standards mandatory for annual periods beginning on or after 1 January 2011.

3. Auditors’ Report

The auditors’ report on the financial statements for the financial year ended 31 December 2010 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 segment information has not been prepared as all the Group's revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and amortisation of development expenditure are mainly confined to one business segment.. The Group's business segment is primarily within the information, communication and technology sector.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items, if any.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

For management purposes, the Group is organised into business units based on its geographical locations, notably Malaysia, Singapore, Brunei and China.

Period Ended	MALAYSIA RM	SINGAPORE RM	BRUNEI RM	CHINA RM	GROUP RM
31 March 2011					
Revenue					
External revenue	1,286,832	404,569	-	123,127	1,814,528
Inter-segment revenue	238,580	468,384	-	-	706,964
	1,525,412	872,953	-	123,127	2,521,492
Adjustments and eliminations					(706,964)
Consolidated revenue					1,814,528
Results					
Segment results	118,620	(57,060)	(1,789)	(62,407)	(2,636)
Interest income	686	-	-	14	700
Finance costs	(55,382)	(21,007)	-	-	(76,389)
Depreciation of property, plant and equipment	(236,353)	(8,440)	-	(2,736)	(247,529)
Amortisation of development costs	(59,002)	-	-	-	(59,002)
Other material income	72,805	484,510	-	-	557,315
Other non-cash and material items of expenses	(78,502)	-	-	(13,278)	(91,780)
	(237,128)	398,003	(1,789)	(78,407)	80,679
Share of loss in an associate					(311,570)
Income tax expense					(21)
Consolidated loss after taxation					(230,912)

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 28 April 2011, Asdion Digital Advance Systems Sdn Bhd entered into an Sales and Purchase Agreement in respect of the disposal of two million of its ordinary shares of Medilink-Global UK Limited for a cash consideration of GBP100,000 (equivalent to RM495,000 based on an exchange rate of RM4.95 to GBP1.00).

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 first quarter ended 31 March 2011, the Group recorded a revenue of approximately RM1.81 million, a slight increase of 3.71% as compared to the revenue achieved in the 2010 first quarter of approximately RM1.75 million. The minor increase of the revenue was attributed to the sales generated in the Media services segment.

The Group recorded a loss before taxation (“LBT”) of RM0.23 million for the current quarter compared to the LBT of RM0.46 million registered in the preceding corresponding quarter. The decrease in the LBT was attributed to the gain from disposal of assets.

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

For the current quarter ended 31 March 2011, the Group recorded a revenue of approximately RM1.81 million, representing an decrease of 16.42% compared to revenue of approximately RM2.17 million recorded in the immediate preceding quarter ended 31 December 2010.

Meanwhile, the Group recorded a LBT of approximately RM0.23 million as compared to a LBT of approximately RM1.84 million registered in the immediate preceding quarter. The decrease of the loss was mainly due to the gain from disposal of assets and lower other expenses such as depreciation and amortization.

18. Prospects for the Current Financial Year

While uncertainties in the operating environment are expected to continuous to post challenge to the Group performance, the Board takes a serious stance of the Group’s financial year ended continued losses in the financial year under review.

The Group will continue with its prudent efforts to widen the applications of our products and shall remain focused on improving operational efficiencies to achieve improved profitability and sustainable business growth.

Moving forward, the Board of Directors, management and employees will strive even harder to improve our performance and results for the coming financial year ending 31 December 2011.

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 31.03.2011	Preceding Year Corresponding Quarter 31.03.2010	Current Period To Date 31.03.2011	Preceding Year Corresponding Period 31.03.2010
	RM	RM	RM	RM
Current taxation	21	21,625	21	21,625

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 certain expenses which are not deductible for tax purposes..

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

On 11 January 2011, TIS had entered into an Option to Purchase Agreement in respect of the disposal of an office unit in a building known as “Unity Centre” in Singapore for a cash consideration of SGD580,000 (equivalent to RM1,391,188 based on an exchange rate of RM2.3986 to SGD1.00). The disposal was completed on 24 March 2011.

The gain arising from the Proposed Disposal is approximately RM459,878 after deducting expenses related to the Proposed Disposal.

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 31 March 2011 are as follows:

	Current RM'000		Non-Current RM'000		Total RM'000	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Secured						
- Bank Overdraft	69	-	-	-	69	-
- Trade Finance	322	-	-	-	322	-
- Term loan	410	851	2,491	3,068	2,901	3,919
- Finance Lease and Hire Purchase	577	749	468	600	1,045	1,349
Unsecured	-	-	-	-	-	-
Total	1,378	1,600	2,959	3,668	4,337	5,268

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

	31.03.2011		31.03.2010	
	SGD'000	RM'000	SGD'000	RM'000
Singapore Dollars	205	491	395	923

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 31.03.2011	Preceding Year Corresponding Quarter 31.03.2010	Current Period To Date 31.03.2011	Preceding Year Corresponding Period 31.03.2010
Profit attributable to the ordinary equity holders of the parent company (RM)	(195,814)	(467,673)	(195,814)	(467,673)
Weighted average number of shares	66,420,000	66,000,000	66,420,000	66,000,000
Basic EPS (sen)	(0.29)	(0.71)	(0.29)	(0.71)

b) Diluted

Not applicable