

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

Quarterly report on unaudited consolidated results for the second quarter ended 30 June 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	CHINA RM	BRUNEI RM	GROUP RM
30 June 2011					
Revenue					
External revenue	1,686,331	402,952	89,750	-	2,179,033
Inter-segment revenue	182,976	423,496	-	-	606,472
	1,869,307	826,448	89,750	-	2,785,505
Adjustments and eliminations					(606,472)
Consolidated revenue					2,179,033
Results					
Segment results	233,047	(13,266)	(60,962)	(1,973)	156,846
Interest income	875	-	27	-	902
Finance costs	(64,733)	(20,065)	-	-	(84,798)
Depreciation of property, plant and equipment	(235,702)	(6,341)	(2,079)	-	(244,122)
Amortisation of development costs	(30,204)	-	-	-	(30,204)
Other material income	(6,322)	10,116	-	-	3,794
Other non-cash and material items of expenses	14,701	-	(26)	-	14,675
	(88,338)	(29,556)	(63,040)	(1,973)	(182,907)
Share of loss in an associate					(320,121)
Income tax expense					-
Consolidated loss after taxation					(503,028)

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 30 June 2011, Techtron Integrated Systems (S) Pte Ltd ("TIS"), a wholly-owned subsidiary of AB announced that TIS had on 13 April 2011 entered into a Sale and Purchase Agreement with the developer of the Unit, Ho Bee Realty Pte Ltd, in respect of the Acquisition for an office unit with an estimated floor area of 96 square metres in a building known or to be known as One Pemimpin in Singapore ("Acquisition") a cash consideration of 849,920 Singapore Dollar ("SGD") (equivalent to RM2,088,848 based on an exchange rate of RM2.4577 to SGD1). The Acquisition is expected to be completed within three (3) year from the date of the SPA.

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
Purchase of property at 1 Pemimpin Drive #05-07 Singapore 576151	2,088,848

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 2011, the Group continues to record improvement of revenue of approximately RM2.18 million, an increase of 14.44% as compared to the revenue achieved in the 2010 second quarter of approximately RM1.90 million. The revenue for the Year-to-date ended 30 June 2011 also recorded improvement of 9.31% to approximately RM3.99 million as compared to the same period last year of approximately RM3.65 millions. The increase of the revenue was attributed to the continuous improvement of Hospitality Solution segment and started picking up of sales by the Media Services segment, a division acquired last year.

While the Group turned into an operating profit of RM 57 thousands in the six (6) months period ended 30 June 2011, the consolidation of Group's account especially with associates continued to post a loss before taxation ("LBT") of RM 733,919 50 for the 2 cumulative quarters ended 30 June 2011.

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

For the current quarter ended 30 June 2011, the Group recorded a revenue of approximately RM2.18 million, representing an increase of 20.09% compared to revenue of approximately RM1.81 million recorded in the immediate preceding quarter ended 31 March 2011.

Meanwhile, the Group recorded a LBT of approximately RM0.50 million as compared to a LBT of approximately RM0.23 million registered in the immediate preceding quarter. The increase of the loss was mainly due to lower others income.

18. Prospects for the Current Financial Year

The Board of Directors of AB anticipate that the business outlook of the Group for the current year remains challenging. In line with the Group's business strategies, the Company will continue to focus on its core business segments and barring any unforeseen circumstances, the performance of the Group would improve moving forward.

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 30.06.2011	Preceding Year Corresponding Quarter 30.06.2010	Current Period To Date 30.06.2011	Preceding Year Corresponding Period 30.06.2010
	RM	RM	RM	RM
Current taxation	-	21,625	21	43,250

The Group's do not required to do the provision for taxation for the current quarter and current period to-date as the Group is making a losses for current quarter.

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

Save as disclosed below, there no purchases or disposals of quoted securities by the Group during 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). The effective date of the Share Transaction was 31 May 2011. The disposal was completed on 30 June 2011.

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 2011 are as follows:

	Current RM'000		Non-Current RM'000		Total RM'000	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010	30.06.2011	30.06.2010
Secured						
- Bank Overdraft	121	-	-	-	121	-
- Trade Finance	191	-	-	-	191	-
- Term loan	327	240	3,253	3,067	3,580	3,307
- Finance Lease and Hire Purchase	349	628	467	631	816	1,259
Unsecured	-	-	-	-	-	-
Total	988	868	3,720	3,698	4,708	4,566

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

	30.06.2011		30.06.2010	
	SGD'000	RM'000	SGD'000	RM'000
Singapore Dollars	278	667	171	398

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	Preceding Year Corresponding Quarter	Current Period To Date	Preceding Year Corresponding Period
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
Profit attributable to the ordinary equity holders of the parent company (RM)	(465,304)	(397,332)	(661,118)	(865,005)
Weighted average number of shares	66,420,000	66,000,000	66,420,000	66,000,000
Basic EPS (sen)	(0.70)	(0.60)	(1.00)	(1.31)

b) Diluted

Not applicable