

INFORTECH ALLIANCE BERHAD
(Company No : 439230 A)

QUARTERLY REPORT

On consolidated results for the second quarter ended 30 June, 2010

Unaudited Condensed Consolidated Statement of Comprehensive Income

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30-Jun-10 RM'000	Preceding Year Corresponding Quarter 30-Jun-09 RM'000	Current Year To-date 30-Jun-10 RM'000	Preceding Year Corresponding Period 30-Jun-09 RM'000
Revenue		357	240	854	1,064
Operating expenses		(124)	(143)	(193)	(260)
Gross Profit		<u>233</u>	<u>97</u>	<u>661</u>	<u>804</u>
Other income		15	22	79	27
Selling and distribution expenses		(3)	(3)	(6)	(21)
Administrative expenses		(228)	(219)	(454)	(406)
Other operating expenses		5	(11)	(38)	(52)
Finance costs		-	-	-	-
Share of results of associated companies		2	(2)	1	2
Loss on disposal of subsidiary		-	-	-	-
Profit before taxation		<u>24</u>	<u>(116)</u>	<u>243</u>	<u>354</u>
Taxation	B5	-	-	-	-
Profit for the period		<u>24</u>	<u>(116)</u>	<u>243</u>	<u>354</u>
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		<u><u>24</u></u>	<u><u>(116)</u></u>	<u><u>243</u></u>	<u><u>354</u></u>
Total profit attributable to:					
Owners of the parent		24	(116)	243	354
Minority Interest		-	-	-	-
		<u>24</u>	<u>(116)</u>	<u>243</u>	<u>354</u>
Total comprehensive income attributable to :					
Owners of the parent		24	(116)	243	354
Minority Interest		-	-	-	-
		<u>24</u>	<u>(116)</u>	<u>243</u>	<u>354</u>
Earnings per share attributable to owners of the parent :					
Basic Earnings/(Loss) Per Share (sen)		<u>0.04</u>	<u>(0.18)</u>	<u>0.37</u>	<u>0.54</u>
Diluted Earnings Per Share (sen)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited financial statement for the year ended 31 December 2009 and the accompanying explanatory notes attached to this interim financial statements.

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On consolidated results for the second quarter ended 30 June, 2010

Unaudited Condensed Consolidated Statement of Financial Position

	Note	As at End of Current Quarter 30-Jun-10 RM'000	As at Preceding Financial Year Ended 31-Dec-09 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A9	169	162
Investment in Associated Company		383	382
Other investments		769	769
Development costs		480	401
		1,801	1,714
Current assets			
Inventories		14	14
Trade and other receivables		244	299
Amount owing by associate		4	4
Amount owing by related parties		1	1
Tax refundable		19	19
Short term deposits with licensed banks		111	208
Cash and cash bank balances		286	338
		679	883
TOTAL ASSETS		2,480	2,597
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the parent			
Share capital		6,600	6,600
Share premium		3,113	3,113
Foreign Exchange Translation Reserve		35	35
Accumulated losses		(7,301)	(7,544)
		2,447	2,204
Minority Interest		-	-
Total Equity		2,447	2,204
Current liabilities			
Trade and other payables		33	393
Borrowings	B9	-	-
Tax payable		-	-
		33	393
Long Term Liabilities			
Deferred taxation		-	-
TOTAL LIABILITIES		33	393
TOTAL EQUITY AND LIABILITIES		2,480	2,597
Net assets per share (RM) attributable to owners of the parent		0.037	0.033

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this interim financial statements.

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On consolidated results for the second quarter ended 30 June, 2010

Unaudited Condensed Consolidated Statement of Changes in Equity

Group	<-----Attributable to Equity Holders of the Parent ----->					Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Distributable (Accumulated Losses) RM'000	Total RM'000		
At 1 January 2010	6,600	3,113	35	(7,544)	2,204	-	2,204
Total comprehensive income for the period	-	-	-	243	243	-	243
At 30 June 2010	6,600	3,113	35	(7,301)	2,447	-	2,447
At 1 January 2009	6,600	3,113	24	(7,323)	2,414	-	2,414
Total comprehensive loss for the period	-	-	-	354	354	-	354
Movement during the period	-	-	11	-	11	-	11
At 30 June 2009	6,600	3,113	35	(6,969)	2,779	-	2,779

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this interim financial statements.

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QUARTERLY REPORT

On consolidated results for the second quarter ended 30 June, 2010

Unaudited Condensed Consolidated Statement of Cash Flow

	Current Quarter To-date 30-Jun-10 RM'000	Preceding Year Corresponding Period 30-Jun-09 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	243	354
Adjustments for:		
Non cash items	73	82
Non operating items	(8)	(8)
Operating profit before working capital changes	<u>308</u>	<u>428</u>
Net changes in current assets	41	(369)
Net changes in current liabilities	<u>(341)</u>	<u>(66)</u>
Cash generated from operating activities	8	(7)
Changes in investment	-	-
Interest paid	-	-
Income tax paid	-	-
Income tax refunded	-	-
Net cash generated from operating activities	<u>8</u>	<u>(7)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(30)	(32)
Proceeds from disposal of property, plant and equipment	-	-
Investments	(1)	(12)
Development costs	(115)	-
Net cashflow from disposal of subsidiary	-	-
Dividend received	-	-
Interest received	-	9
Net cash used in investing activities	<u>(146)</u>	<u>(35)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase	-	-
Repayment to associates	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	(138)	(42)
Effects of foreign currency translation	(11)	11
Cash and cash equivalents at 1 January	<u>546</u>	<u>792</u>
Cash and cash equivalents at 30 June	<u>397</u>	<u>761</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licensed banks	111	508
Cash and bank balances	286	253
	<u>397</u>	<u>761</u>

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2010

A EXPLANATORY NOTES AS PER FRS 134

A1 Basis of preparation

The interim unaudited financial statements have been prepared in compliance with the Financial Reporting Standards 134 ("FRS134") "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad's for the ACE Market, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2009. The significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted for the financial year ended 31 December 2009 except that the Group has adopted the Malaysian Financial Reporting Standards (FRSs) and other interpretations that are effective for financial statements commencing 1 January, 2010.

A2 Audit report

There is no audit qualification on the annual financial statements for the financial year ended 31 December 2009.

A3 Seasonality or cyclicity of interim operations

The Group's interim operations are not affected by seasonal or cyclical factors.

A4 Unusual items

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 the estimates of amounts reported that have a material effect in the current quarter.

A6 Issuance, cancellations, repurchases, resale and repayments of debts and equity securities

There were no issuance or repayment of debt securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period under review.

A7 Dividends paid

No dividends were paid during the quarter under review.

A8 Segmental reporting

The Group's segmental information for the interim financial report are as follows:

<i>Segment Revenue</i>	<i>As at 30 June 2010 RM'000</i>	<i>As at 30 June 2009 RM'000</i>
Customised projects	3	45
Proprietary solutions	16	240
Maintenance & training	791	716
Others	44	63
	854	1064
Elimination of inter-segment sales	-	-
Total Revenue	854	1,064

<i>Segment Results</i>	<i>As at 30 June 2010 RM'000</i>	<i>As at 30 June 2009 RM'000</i>
Customised projects	(7)	12
Proprietary solutions	7	60
Maintenance & training	246	236
Others	28	15
Profit from operations	274	323

A9 Property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment for the current financial period or in the preceding financial year ended 31 December 2009.

A10 Material events subsequent to the balance sheet date

There were no material events subsequent to the end of the quarter under review that have not been reflected in the financial statements.

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QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2010

A EXPLANATORY NOTES AS PER FRS 134

A11 Changes in the composition of the Group

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

A12 Changes in contingent liabilities or contingent assets

There are no material contingent liabilities as at the date of this report.

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2010

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS FOR THE ACE MARKET

B1 Review of group results for the quarter ended 31 December 2009

For the current quarter under review and financial year to-date, the Group registered a revenue of RM0.357 million, an increase of 48.8% from RM0.240 million recorded in the previous year's corresponding period. The Group recorded a profit before taxation of RM0.024 million as compared to a loss before taxation of RM0.116 million as reported in the preceding year corresponding period. The higher profit before taxation was mainly due to higher turnover.

B2 Variation of results against the preceding quarter

	<i>Current Quarter 30 June 2010 RM'000</i>	<i>Preceding Quarter 31 Mar '10 RM'000</i>
Revenue	357	497
Profit before taxation	24	219

For the current quarter, the Group achieved a revenue of RM357,000 and a profit before taxation of RM24,000 compared to a revenue of RM497,000 accompanied by a profit before taxation of RM219,000 in the immediate preceding quarter. The decrease in revenue is mainly due to the decreasing sales in proprietary solutions of the business in view of the intense market competition in the ICT industry in Malaysia.

B3 Current year's prospects

The Board of Directors of IAB had foreseen the weak demand for its products in view of the growing competition from existing and new players in the local ICT market which has made pricing very competitive. In the interim, the Group has been focusing its efforts to consolidate its business operations and lower its operating costs. The Group will market its products in the local market and endeavour to enhance its services to its existing clients.

B4 Profit forecast

Not applicable.

B5 Taxation

	<i>Individual quarter ended</i>		<i>Cumulative quarter ended</i>	
	<i>30 June '10 RM'000</i>	<i>30 June '09 RM'000</i>	<i>30 June '10 RM'000</i>	<i>30 June '09 RM'000</i>
Current year provision	-	-	-	-
Underprovision in previous years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

No provision for taxation is necessary for interest income earned during the period as it may be set-off against the company's business losses.

B6 Sale of unquoted investments and/or properties

There were no disposal of unquoted investments during the quarter under review and there were no properties owned by the Group as at 30 June 2010.

B7 Quoted and marketable securities

There were no investments in quoted securities as at 30 June 2010.

B8 Status of corporate proposals

As at 30 June 2010, there is no corporate proposals.

B9 Group borrowings and debts securities

As at 30 June 2010 the Group had zero borrowings

B10 Offbalance sheet financial instruments

There are no off balance sheet financial instruments as at the date of this report.

B11 Material litigation

There was no material litigation as at 18 August 2010, being a date not earlier than 7 days from the date of this announcement.

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2010

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS FOR THE ACE MARKET

B12 Dividends

No dividend has been recommended for the quarter under review.

B13 Basic earnings per share

	<i>Individual quarter ended</i>		<i>Cumulative quarter ended</i>	
	<i>30 June '10</i>	<i>30 June '09</i>	<i>30 June '10</i>	<i>30 June '09</i>
Net profit attributable to owners of the parent (RM'000)	24	(116)	243	354
Weighted average number of ordinary shares in issue ('000)	66,000	66,000	66,000	66,000
Basic earning/(loss) per share (sen)	0.04	(0.18)	0.37	0.54

B14 Authorisation For Issue

The issuance of this quarterly report on consolidated results for the second quarter ended 30 June 2010 was authorised by the Board of Directors in accordance with a resolution passed during the Board of Directors' meeting held on 25 August 2010.

By Order of the Board

Jauhari Bin Hassan (LS 03681)
Company Secretary
Selangor Darul Ehsan
25 August, 2010