

**QUARTERLY REPORT**

**Notes on the quarterly report for the first quarter ended 31 March 2011**

**Part A - Explanatory notes pursuant to Financial Reporting Standard 134 ("FRS 134") Interim Financial Reporting**

**A1. Basis of preparation**

The interim unaudited financial statements have been prepared in compliance with the Financial Reporting Standards 134 ("FRS 134") "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of 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 2010.

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 2010 except that the Group has adopted the Malaysian Financial Reporting Standards (FRSs) and other interpretations that are effective for financial statements commencing on 1 January 2011.

**A2. Qualification of Annual Financial Statements**

There were no audit qualifications on the annual financial statements for the year ended 31 December 2010.

**A3. Seasonal and cyclical factors**

The Group's business operation results were not materially affected by any seasonal or cyclical factors in the quarter under review.

**A4. Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows**

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. Material changes in estimates**

There were no changes in estimates of amounts reported in prior financial periods, which have a material effect in the current quarter under review.

**A6. Debts and equity securities**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter under review.

**A7. Dividend Paid**

There were no dividends paid during the current quarter under review.

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**A8. Segment information**

The Group's segmental information for the current financial period is as follows:

	<b>As at 31 Mar 2011 RM'000</b>	<b>As at 31 Mar 2010 RM'000</b>
Proprietary solutions	12	7
Maintenance & training	283	453
Others	10	37
	<u>305</u>	<u>497</u>
Elimination of inter-segment sales	-	-
Total revenue	<u>305</u>	<u>497</u>
 <b>Segment results</b>		
Proprietary solutions	10	5
Maintenance & training	102	207
Others	10	26
Profit from operations	<u>122</u>	<u>238</u>

**A9. Valuation of 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 2010.

**A10. Material events subsequent to the end of the interim period**

On 25 April 2011, the Board of Directors released to Bursa Malaysia Securities Berhad to undertake the following proposals:

- i. Proposed acquisition of the entire equity interest in Jaring Metal Industries Sdn Bhd for a total purchase consideration of RM64,800,000 to be satisfied by the issuance of 462,857,143 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.14 each;
- ii. Proposed renounceable restricted issue of up to 181,500,000 shares in the Company together with up to 108,900,000 free detachable warrants; and
- iii. Proposed increase in the authorized share capital of the Company from RM10,000,000 comprising 100,000,000 ordinary shares in the Company of RM0.10 each to RM250,000,000 comprising 2,500,000,000 ordinary shares of RM0.10 each.

**A11. Changes in the composition of the Group**

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

**A12. Changes in contingent liabilities**

As at the date of announcement, there were no material contingent liabilities incurred by the Group which, upon becoming enforceable, may have material impact on the financial position of the Group.

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**A13. Capital commitments**

There were no significant capital commitments as at 31 March 2011.

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**Part B-Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities for the ACE Market**

**B1. Review of performance**

For the 1<sup>st</sup> Quarter ended 31 March 2011, the Group recorded a revenue of RM305,000 and profit after taxation of RM102,000 as compared to a revenue of RM497,000 and profit after taxation of RM219,000 in the preceding year of the corresponding period.

**B2. Variation of results against preceding quarter**

The decline in revenue of RM193,000 for the period under review as compared to that of the preceding year was mainly due to the decrease in maintenance and training contracts in view of the intense market competition in the ICT industry. As a result, there was a corresponding decrease in profit before taxation of RM117,000.

**B3. Current year 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 focused to consolidate its business operations and lower its operating costs. The Group also plans to diversify its business operations.

**B4. Variance of actual and forecast profit**

The Group has not provided any profit forecast or profit guarantee and thus this is not applicable to the Group.

**B5. Taxation**

There was no taxation being provided during the current quarter under review as the Company has unutilized tax losses and unabsorbed capital allowances.

**B6. Unquoted investments and/or properties**

There was no sale of unquoted investments and/or properties during the current quarter under review.

**B7. Quoted and marketable investments**

There were no investments in quoted and marketable securities made during the current quarter under review.

**B8. Status of corporate proposal**

On 25 April 2011, the Board of Directors released to Bursa Malaysia Securities Berhad to undertake the following proposals:

- i. Proposed acquisition of the entire equity interest in Jaring Metal Industries Sdn Bhd for a total purchase consideration of RM64,800,000 to be satisfied by the issuance of 462,857,143 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.14 each;
- ii. Proposed renounceable restricted issue of up to 181,500,000 shares in the Company together with up to 108,900,000 free detachable warrants; and

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- iii. Proposed increase in the authorized share capital of the Company from RM10,000,000 comprising 100,000,000 ordinary shares in the Company of RM0.10 each to RM250,000,000 comprising 2,500,000,000 ordinary shares of RM0.10 each.

These proposals are expected to be completed by 4th quarter 2011, barring any unforeseen circumstances.

**B9. Group borrowings**

There were no group borrowings as at 31 March 2011.

**B10. Off balance sheet financial instruments**

There are no financial instruments with off balance sheet risk as at the date of this announcement.

**B11. Material litigation**

There was no pending material litigation as at the date of this announcement.

**B12. Dividends**

There was no dividend declared by the Company during the current quarter under review.

**B13. Retained Profits/Accumulated Losses**

The breakdown of accumulated losses of the Group as at the reporting date, into realized and unrealized is as follows:

	<b>As at 31 Mar 2011 RM'000</b>	<b>As at 31 Dec 2010 RM'000</b>
Total accumulated losses of the Company & its subsidiaries		
- Realized	(11,332)	(11,436)
- Unrealized	-	-
Total accumulated profits from associates		
- Realized	32	34
- Unrealized	-	-
<b>Total before consolidation adjustment</b>		
- Realized	(11,300)	(11,402)
- Unrealized	-	-
	(11,300)	(11,402)
Less: Consolidation adjustments	3,482	3,482
<b>Total accumulated losses as per consolidated accounts</b>	<u>(7,818)</u>	<u>(7,920)</u>

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**B14. Earnings per share**

(i) Basic earnings per share

The basic earnings per share were calculated by dividing the net profit for the quarter/period by the number of ordinary shares in issue during the quarter/period:

	<b>Individual quarter ended</b>		<b>Cumulative quarter ended</b>	
	<b>31 Mar 2011</b>	<b>31 Mar 2010</b>	<b>31 Mar 2011</b>	<b>31 Mar 2010</b>
Net profit attributable to owner of the parent (RM'000)	102	219	102	219
Weighted average number of ordinary shares in issue ('000)	72,600	66,000	72,600	66,000
Basic earnings per share (sen)	0.14	0.33	0.14	0.33

(ii) Diluted earnings per share

The diluted earnings per share are not presented as there were no potential ordinary shares to be issued as at the end of the reporting period.