

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2011

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

A1. BASIS OF PREPARATION

The unaudited interim 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 was no audit qualification on the annual financial statements for the financial year ended 31 December 2010.

A3. SEASONAL AND CYCLICAL FACTORS

The Group's business operations were not materially affected by any seasonal or cyclical factors during the financial quarter under review.

A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

During the financial 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 material changes in estimates that have had effect on the current financial quarter under review.

A6. 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 held as treasury shares or resale of treasury shares during the current financial quarter under review.

A7. DIVIDEND

No dividend has been declared, recommended or paid during the financial quarter under review.

INFORTECH ALLIANCE BERHAD
(Company No: 439230 - A)

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2011

A8. SEGMENT INFORMATION

The Group's segmental information is as follows:

	6 months ended 30 Jun 2011 RM'000	6 months ended 30 Jun 2010 RM'000
Customised projects	-	3
Proprietary solutions	14	16
Maintenance & training	489	791
Others	50	44
	<u>553</u>	<u>854</u>
Elimination of inter-segment sales	-	-
Total revenue	<u>553</u>	<u>854</u>
 Segment results		
Customised projects	-	(7)
Proprietary solutions	(10)	7
Maintenance & training	36	215
Others	39	28
Profit from operations	<u>64</u>	<u>243</u>

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment during the financial quarter under review or in the preceding financial year ended 31 December 2010.

A10. MATERIAL EVENTS SUBSEQUENT TO THE CURRENT FINANCIAL QUARTER

On 25 July 2011, PM Securities on behalf of the Board announced that the applications in relation to the corporate proposals have been submitted to Bursa Malaysia Securities Berhad, Securities Commission (Equity Compliance Unit) and Bank Negara Malaysia.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

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

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no changes in the contingent liabilities and contingent assets since the last financial year ended 31 December 2010.

A13. CAPITAL COMMITMENTS

There were no significant capital commitments as at 30 June 2011.

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2011

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

B1. REVIEW OF PERFORMANCE

The Group recorded revenue and loss before taxation of approximately of RM248,000 and RM38,000 respectively for the current financial quarter ended 30 June 2011 as compared to revenue and profit before taxation (PBT) of approximately RM357,000 and RM24,000 respectively in the corresponding quarter of the preceding financial year.

During the six (6) months to 30 June 2011, the Group recorded revenue and PBT of approximately RM553,000 and RM64,000 respectively as compared to revenue and PBT of approximately RM854,000 and RM243,000 respectively in the corresponding period of the preceding financial year.

Despite the decline in revenue of approximately RM301,000 for the 6 months to 30 June 2011, the Group managed to have a modest PBT of RM64,000 as a result of cost saving in administration expenditure.

B2. COMPARISON OF CURRENT FINANCIAL QUARTER RESULTS WITH THE PRECEDING QUARTER

The Group recorded revenue of approximately RM248,000 for the current quarter under review as compared with the revenue of approximately RM305,000 in the preceding quarter ended 31 March 2011. Further, the Group recorded a loss before taxation of approximately RM38,000 for the current quarter under review as compared with the Group's profit before taxation of approximately RM102,000 in the preceding quarter ended 31 March 2011. The loss for the quarter was mainly due to lower revenue generated.

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

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 FORECAST PROFIT AND PROFIT GUARANTEE

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 financial 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 financial quarter under review.

B7. QUOTED AND MARKETABLE SECURITIES

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

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2011

B8. STATUS OF CORPORATE PROPOSAL

Further to the announcement on 25 April 2011 to Bursa Malaysia Securities Berhad to undertake the corporate proposals, PM Securities on behalf of the Board has announced on 25 July 2011 that the applications in relation to the corporate proposals have been submitted to Bursa Malaysia Securities Berhad, Securities Commission (Equity Compliance Unit) and Bank Negara Malaysia.

This corporate proposal is expected to be completed by 4th quarter 2011, barring any unforeseen circumstances.

B9. GROUP BORROWINGS

There were no group borrowings as at 30 June 2011.

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at the date of this announcement.

B11. MATERIAL LITIGATION

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

B12. REALISED AND UNREALISED PROFITS/LOSSES DISCLOSURE

The accumulated losses of the Group may be analyzed as follows:

	As at 30 Jun 2011 RM'000	As at 31 Dec 2010 RM'000
Total accumulated losses of the Group		
- Realized	(11,364)	(11,436)
- Unrealized	-	-
Total accumulated profits from associates		
- Realized	26	34
- Unrealized	-	-
Total before consolidation adjustment	(11,338)	(11,402)
Less: Consolidation adjustments	3,482	3,482
Total accumulated losses as per statement of financial position	(7,856)	(7,920)

INFORTECH ALLIANCE BERHAD
(Company No: 439230 - A)

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2011

B13. EARNINGS/(LOSS) PER SHARE

(i) Basic earnings/(loss) per share

The basic earnings/(loss) per share were calculated by dividing the net profit/(loss) for the current financial quarter and the current financial quarter to date by the number of ordinary shares in issue during the quarter:

	Current quarter ended		Year to date quarter ended	
	30 Jun 2011	30 Jun 2010	30 Jun 2011	30 Jun 2010
Net profit/(loss) attributable to owner of the parent (RM'000)	(38)	24	64	243
Weighted average number of ordinary shares in issue ('000)	72,600	66,000	72,600	66,000
Basic earnings/(loss) per share (sen)	(0.05)	0.04	0.09	0.37

(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 financial quarter under review.