

**QUARTERLY REPORT**

**Notes on the quarterly report for the third quarter ended 30 September 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 third quarter ended 30 September 2011**

**A8. SEGMENT INFORMATION**

The Group's segmental information is as follows:

	<b>9 months ended 30 Sep 2011 RM'000</b>	<b>9 months ended 30 Sep 2010 RM'000</b>
Customised projects	-	14
Proprietary solutions	16	51
Maintenance & training	594	893
Others	50	47
	<u>660</u>	<u>1,005</u>
Elimination of inter-segment sales	-	-
Total revenue	<u>660</u>	<u>1,005</u>
 <b>Segment results</b>		
Customised projects	-	(8)
Proprietary solutions	(33)	(38)
Maintenance & training	(78)	55
Others	35	19
(Loss)/Profit Before Taxation	<u>(76)</u>	<u>28</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**

There were no material events subsequent to the end of the current financial quarter under review.

**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 September 2011.

**QUARTERLY REPORT**

**Notes on the quarterly report for the third quarter ended 30 September 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 (LBT) of approximately of RM107,000 and RM140,000 respectively for the current financial quarter ended 30 September 2011 as compared to revenue and LBT of approximately RM151,000 and RM215,000 respectively in the corresponding quarter of the preceding financial year.

During the nine (9) months to 30 September 2011, the Group recorded revenue and LBT of approximately RM660,000 and RM76,000 respectively as compared to revenue and profit before taxation of approximately RM1,005,000 and RM28,000 respectively in the corresponding period of the preceding financial year.

The decline in revenue of approximately RM345,000 for the 9 months to 30 September 2011 is as a result of a reduction in sales of proprietary solutions and a loss of maintenance contracts on payroll software. As a result of the decline in revenue, the Company suffered a loss for the 9 months to 30 September 2011 correspondingly eventhough there was a cost saving in administrative expenses of RM330,000.

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

The Group recorded revenue of approximately RM107,000 for the current quarter under review as compared with the revenue of approximately RM248,000 in the preceding quarter ended 30 June 2011. Further, the Group recorded a LBT of approximately RM140,000 for the current quarter under review as compared with the Group's LBT of approximately RM38,000 in the preceding quarter ended 30 June 2011. The loss for the quarter was mainly due to lower revenue generated as a result of loss of maintenance contracts and an increase in share of loss of associated company.

**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 is focusing to consolidate its business operations and lower its operating costs. However, in the long run, the Group plans to diversify its business operations and inject new businesses into the Group.

**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.

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**QUARTERLY REPORT**

**Notes on the quarterly report for the third quarter ended 30 September 2011**

**B7. QUOTED AND MARKETABLE SECURITIES**

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

**B8. STATUS OF CORPORATE PROPOSAL**

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. The Company is now awaiting a reply from Bursa Malaysia Securities Berhad.

**B9. GROUP BORROWINGS**

There were no group borrowings as at 30 September 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:

	<b>As at 30 Sep 2011 RM'000</b>	<b>As at 31 Dec 2010 RM'000</b>
Total accumulated losses of the Group		
- Realized	(11,493)	(11,436)
- Unrealized	-	-
Total accumulated profits from associates		
- Realized	15	34
- Unrealized	-	-
<b>Total before consolidation adjustment</b>	<b>(11,478)</b>	<b>(11,402)</b>
Less: Consolidation adjustments	3,482	3,482
<b>Total accumulated losses as per statement of financial position</b>	<b>(7,996)</b>	<b>(7,920)</b>

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**QUARTERLY REPORT**

**Notes on the quarterly report for the third quarter ended 30 September 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:

	<b>Current quarter ended</b>		<b>Year to date quarter ended</b>	
	<b>30 Sep 2011</b>	<b>30 Sep 2010</b>	<b>30 Jun 2011</b>	<b>30 Sep 2010</b>
Net profit/(loss) attributable to owner of the parent (RM'000)	(140)	(215)	(76)	28
Weighted average number of ordinary shares in issue ('000)	72,600	66,000	72,600	66,000
Basic earnings/(loss) per share (sen)	(0.19)	(0.33)	(0.10)	0.04

(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.