

QUARTERLY REPORT

Notes on the quarterly report for the fourth quarter ended 31 December 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.

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A8. SEGMENT INFORMATION

The Group's segmental information is as follows:

	12 months ended 31 Dec 2011 RM'000	12 months ended 31 Dec 2010 RM'000
Customized projects	70	36
Proprietary solutions	29	55
Maintenance & training	735	845
Others	83	58
	<u>917</u>	<u>994</u>
Elimination of inter-segment sales	-	-
Total revenue	<u>917</u>	<u>994</u>
 Segment results		
Customized projects	(79)	(11)
Proprietary solutions	5	(66)
Maintenance & training	(100)	(282)
Others	(15)	(17)
Loss Before Taxation	<u>(189)</u>	<u>(376)</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 31 December 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

The Group recorded revenue and loss before taxation (LBT) of approximately of RM257,000 and RM113,000 respectively for the current financial quarter ended 31 December 2011 as compared to revenue and LBT of approximately RM60,000 and RM404,000 respectively in the corresponding quarter of the preceding financial year.

For the year ended 31 December 2011, the Group recorded revenue and LBT of approximately RM917,000 and RM189,000 respectively as compared to revenue and LBT of approximately RM994,000 and RM375,000 respectively in the corresponding period of the preceding financial year.

The slight decline in revenue of approximately RM77,000 for the 12 months to 31 December 2011 is mainly as a result of loss of maintenance contracts on payroll software. Even though there was a decline in Group's revenue, the Group almost halved its LBT of approximately RM375,000 in the preceding financial year to approximately RM189,000 in the current financial year. This improvement in performance is as a result of mainly cost savings in administrative expenses.

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

The Group recorded revenue of approximately RM257,000 for the current quarter under review as compared with the revenue of approximately RM107,000 in the preceding quarter ended 30 September 2011. Furthermore, the Group recorded a LBT of approximately RM113,000 for the current quarter under review as compared with the Group's LBT of approximately RM140,000 in the preceding quarter ended 30 September 2011. The reduction in the LBT for the quarter was mainly due to higher revenue achieved and increase in share of profits from associated company.

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Board of Directors of Infortech Alliance Berhad (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. 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.

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B6. UNQUOTED INVESTMENTS AND/OR PROPERTIES

On 12 December 2011, the Company entered into a conditional share sale agreement in relation to the disposal of 25% equity interest in Shanghai Infortech Software Co. Ltd for a cash consideration of RM572,000. This disposal was completed with full receipt of the consideration on 8 February 2012.

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

IAB and PM Securities have on 28 December 2011 mutually terminated the appointment of PM Securities as the Adviser and Sponsor for the corporate proposal as PM Securities is no longer able to meet the requirements to be a Principal Adviser and Sponsor pursuant to the Principal Adviser Guidelines of the Securities Commission and the ACE Market Listing Requirements of Bursa Malaysia Securities, respectively.

In view of the above, IAB has on 28 December 2011 appointed TA Securities Holdings Berhad (TA Securities) as the replacement Adviser and Sponsor for the corporate proposal. On 16 January 2012, TA Securities has submitted a new application and a revised corporate proposal to Bursa Malaysia Securities. IAB is now awaiting a reply from Bursa Malaysia Securities.

B9. GROUP BORROWINGS

There were no group borrowings as at 31 December 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.

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B12. REALISED AND UNREALISED PROFITS/LOSSES DISCLOSURE

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

	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
Total accumulated losses of the Group		
- Realized	(11,672)	(11,432)
- Unrealized	-	-
Total accumulated profits from associates		
- Realized	81	30
- Unrealized	-	-
Total before consolidation adjustment	(11,591)	(11,402)
Less: Consolidation adjustments	3,482	3,482
Total accumulated losses as per statement of financial position	(8,109)	(7,920)

B13. EARNINGS/(LOSS) PER SHARE

- (i) Basic earnings/(loss) per share

The basic earning/(loss) per share were calculated by dividing the net earning/(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	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Net earning/(loss) attributable to owner of the parent (RM'000)	(113)	(404)	(189)	(376)
Weighted average number of ordinary shares in issue ('000)	72,600	66,550	72,600	66,550
Basic earning/(loss) per share (sen)	(0.16)	(0.60)	(0.26)	(0.56)

- (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.

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B14. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Current quarter ended 31 Dec 2011 RM'000	Current year to date 31 Dec 2011 RM'000
Interest income	4	13
Interest expense	0	1
Depreciation and amortization	33	134
Provision for and written off of receivables	76	76
Provision for and written off of inventories	8	8
(Gain)/Loss on disposal of investment	0	0
(Gain)/Loss on disposal of property, plant and equipment	3	3

Other than as disclosed above, the group does not have other material items that recognized as profit/loss in the statement of comprehensive income.