

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2012

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

A1. BASIS OF PREPARATION

This interim financial report is based on the unaudited financial statements for the quarter ended 31 March 2012 and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

These are the Group's interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

The adoption of the MFRSs and Amendments do not have any material impact on the financial statements of the Group.

A2. QUALIFICATION OF ANNUAL FINANCIAL STATEMENTS

There was no audit qualification on the annual financial statements for the financial year ended 31 December 2011.

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 except the disposal of associated company, Shanghai Infotech Software Co. Ltd, which resulted in a net gain of approximately RM185,000 in the Consolidated Statement of Comprehensive Income.

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:

	3 months ended 31 Mar 2012 RM'000	3 months ended 31 Mar 2011 RM'000
Customized projects	-	-
Proprietary solutions	11	12
Maintenance & training	155	283
Others	17	10
	<u>183</u>	<u>305</u>
Elimination of inter-segment sales	-	-
Total revenue	<u>183</u>	<u>305</u>
 Segment results		
Customized projects	-	-
Proprietary solutions	2	1
Maintenance & training	(98)	92
Others	4	9
Gain on disposal of associated company	185	-
Profit Before Taxation	<u>93</u>	<u>102</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 2011.

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

During the financial quarter under review, the Group completed its disposal of associated company, Shanghai Infotech Software Co. Ltd and now the Group is comprised Infotech Alliance Berhad, Infotech atCom Sdn Bhd and Infotech Software Sdn Bhd.

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 2011.

A13. CAPITAL COMMITMENTS

There were no significant capital commitments as at 31 March 2012.

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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 profit before taxation (PBT) of approximately of RM183,000 and RM93,000 respectively for the current financial quarter ended 31 March 2012 as compared to revenue and PBT of approximately RM305,000 and RM102,000 respectively in the corresponding quarter of the preceding financial year.

The decline in revenue of approximately RM122,000 for the 3 months to 31 March 2012 is mainly due to a more equitable basis of recognition of revenue based on the duration of maintenance contracts to be in compliance with MFRS. This decline in revenue is off set with the gain on disposal of associated company of approximately RM185,000.

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

The Group recorded revenue of approximately RM183,000 for the current quarter under review as compared with the revenue of approximately RM257,000 in the preceding quarter ended 31 December 2011. Furthermore, the Group recorded a PBT of approximately RM93,000 for the current quarter under review as compared with the Group's Loss before taxation of approximately RM113,000 in the preceding quarter ended 31 December 2011. The improvement in the profitability of the Group for the quarter was mainly due to the exceptional gain on disposal of associated company.

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Board of Directors of Infortech Alliance Berhad (IAB) envisaged that the prospects of the Group for the current financial year would not be exceptionally better than that of last year. The Group hopes that the corporate proposal would be approved by the Authorities soon, which would then improve the profitability of the Group. In the interim, the Group would manage its operating costs.

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.

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B8. STATUS OF 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.

On 24 April 2012, TA Securities on behalf of the Board has announced that IAB and the Vendors have mutually agreed to an extension of two months from 25 April 2012 to 24 June 2012 for the fulfillment of the conditions precedent of Share Sale Agreement.

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.

B12. REALISED AND UNREALISED PROFITS/LOSSES DISCLOSURE

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

	As at 31 Mar 2012 RM'000	As at 31 Dec 2011 RM'000
Total accumulated losses of the Group		
- Realized	(11,468)	(11,705)
- Unrealized	-	-
Total accumulated profits from associated company		
- Realized	-	81
- Unrealized	-	-
Total before consolidation adjustment	(11,468)	(11,624)
Less: Consolidation adjustments	3,452	3,515
Total accumulated losses as per statement of financial position	(8,016)	(8,109)

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B13. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Current quarter ended 31 Mar 2012 RM'000	Current year to date 31 Mar 2012 RM'000
Interest income	1	1
Amortization of development costs	22	22
Depreciation of property, plant and equipment	13	13
Gain on disposal of associated company	185	185

Other than as disclosed above, the Group does not have other material items that are recognized as profit/(loss) in the Statement of Comprehensive Income.

B14. 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 Mar 2012	31 Mar 2011	31 Mar 2012	31 Mar 2011
Net earning/(loss) attributable to owner of the parent (RM'000)	93	102	93	102
Weighted average number of ordinary shares in issue ('000)	72,600	72,600	72,600	72,600
Basic earning/(loss) per share (sen)	0.13	0.14	0.13	0.14

(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.