

**QUARTERLY REPORT**

**Notes on the quarterly report for the third quarter ended 30 September 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 30 September 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, except for the issue of new shares via a Private Placement as described in A6 below, 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**

On 24 July 2012, the Company issued 7,260,000 new IAB's shares at an issue price of RM0.175 per share via a Private Placement.

Other than the abovementioned issue of new shares on 24 July 2012, there were no other 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:

	<b>9 months ended 30 September 2012 RM'000</b>	<b>9 months ended 30 September 2011 RM'000</b>
Segment Revenue		
Customized projects	0	0
Proprietary solutions	67	16
Maintenance & training	424	594
Others	23	50
	<hr/> 514	<hr/> 660
Elimination of inter-segment sales	0	0
Total revenue	<hr/> 514	<hr/> 660
<b>Segment results</b>		
Customized projects	0	0
Proprietary solutions	23	(33)
Maintenance & training	(362)	(78)
Others	7	35
Gain on disposal of associated company	185	0
Loss Before Taxation	<hr/> (147)	<hr/> (76)

**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**

There were no changes in the composition of the Group during the 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 2011.

**A13. CAPITAL COMMITMENTS**

There were no significant capital commitments as at 30 September 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 a revenue and loss before taxation of approximately of RM187,000 and RM72,000 respectively for the current financial quarter ended 30 September 2012 as compared to a revenue and loss before taxation of approximately RM107,000 and RM140,000 respectively in the corresponding quarter of the preceding financial year.

The increase in revenue of approximately RM80,000 between the current financial quarter ended 30 September 2012 and the corresponding quarter of the preceding financial year is attributed to more sales secured during the current financial quarter ended 30 September 2012.

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

The Group recorded a revenue of approximately RM187,000 for the current quarter under review as compared with the revenue of approximately RM144,000 in the preceding quarter ended 30 June 2012 . Furthermore, the Group recorded a loss before taxation of approximately RM72,000 for the current quarter under review as compared with the Group's loss before taxation of approximately RM168,000 in the preceding quarter ended 30 June 2012.

**B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR**

The Board of Directors of Infortech Alliance Berhad (IAB) does not envisage any improvement to the Group's performance for the remaining of the current financial 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 continue to 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**

As reported in the previous quarters, on 16 January 2012, TA Securities had submitted a new application and a revised corporate proposal to Bursa Malaysia Securities. As the approval from Bursa Malaysia Securities was still pending, IAB and the Vendors had 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 (SSA).

On 25 June 2012, TA Securities on behalf of the Board has announced that IAB and the Vendors have mutually agreed to a further extension of two months from 24 June 2012 to 24 August 2012 for the fulfillment of the conditions precedent of the SSA.

On 24 August 2012, TA Securities on behalf of the Board has announced that IAB and the Vendors had entered into a Second Supplemental SSA on even date, pursuant to the Proposals. The Second Supplemental SSA varied the terms of the SSA to reflect the change in the identity of the Vendors and their respective shareholdings in JMI and proposed shareholdings in IAB (upon completion of the Proposed Acquisition) due to the demise of one of the Vendors namely, Mr Ng Lam San @ Ng Kok Kar.

Subsequent to the demise of Mr Ng Lam San @ Ng Kok Kar, the 653,334 JMI Shares held by the late Mr Ng Lam San @ Ng Kok Kar have been transferred to Teh Chin Ching (200,000 JMI Shares) and Ng Yaw Long (453,334 JMI Shares). In this regard, the revised allocation of the Consideration Shares among the Vendors is summarised in the table below:

Vendors	Number of JMI shares held	%	Purchase consideration (RM)	Number of consideration shares
Ng Meow Giak	1,306,667	32.7	21,168,005	151,200,036
NKKCSB	1,306,667	32.7	21,168,005	151,200,036
Ng Yaw Long	860,000	21.5	13,932,000	99,514,286
Teh Chin Ching	<u>526,666</u>	<u>13.1</u>	<u>8,531,990</u>	<u>60,942,785</u>
<b>TOTAL</b>	<u>4,000,000</u>	<u>100</u>	<u>64,800,000</u>	<u>462,857,143</u>

Further to the announcements made by TA Securities on 25 June 2012 and 24 August 2012 on the extension of time to 24 August 2012 and 24 November 2012 respectively, for the fulfillment of the conditions precedent of the SSA, IAB and the Vendors have agreed to further extend the last conditions date for the fulfillment of the conditions precedent of the SSA to 24 December 2012.

**B9. GROUP BORROWINGS**

There were no group borrowings as at 30 September 2012.

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

**B11. MATERIAL LITIGATION**

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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 Sept 2012 RM'000</b>	<b>As at 31 Dec 2011 RM'000</b>
Total accumulated losses of the Group		
- Realized	(11,698)	(11,705)
- Unrealized	0	0
Total accumulated profits from associated company		
- Realized	0	81
- Unrealized	0	0
<b>Total before consolidation adjustment</b>	<b>(11,698)</b>	<b>(11,624)</b>
Less: Consolidation adjustments	3,452	3,515
<b>Total accumulated losses as per statement of financial position</b>	<b>(8,246)</b>	<b>(8,109)</b>

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**B13. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME**

	<b>Current quarter ended 30 Sept 2012 RM'000</b>	<b>Current year to date 30 Sept 2012 RM'000</b>
Interest income	4	9
Amortization of development costs	22	66
Depreciation of property, plant and equipment	12	37
Gain on disposal of associated company	0	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 earnings/(loss) per share were calculated by dividing the net earnings/(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</b>	
	<b>30 Sept 2012</b>	<b>30 Sept 2011</b>	<b>30 Sept 2012</b>	<b>30 Sept 2011</b>
Net (loss) attributable to owner of the parent (RM'000)	(62)	(140)	(137)	(76)
Weighted average number of ordinary shares in issue ('000)	74,455	72,600	74,455	72,600
Basic (loss) per share (sen)	(0.08)	(0.19)	(0.18)	(0.10)

(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.