

INFORTECH ALLIANCE BERHAD
(Company No. 439230 - A)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

Unaudited Condensed Consolidated Statements of Comprehensive Income

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current year Quarter 30-Jun-13 RM'000</u>	<u>Preceding year Corresponding Quarter 30-Jun-12 RM'000</u>	<u>Current Year To date 30-Jun-13 RM'000</u>	<u>Preceding year Corresponding Period 30-Jun-12 RM'000</u>
Revenue	163	144	334	328
Direct costs	(128)	(138)	(239)	(252)
Gross profit	35	6	95	76
Other income	19	18	41	28
Gain on disposal of associated company	0	0	0	185
Selling and distribution expenses	(3)	(1)	(9)	(3)
Administrative expenses	(184)	(178)	(366)	(335)
Other operating expenses	(10)	(13)	(21)	(25)
Finance cost	0	0	(1)	(1)
Loss before taxation	(143)	(168)	(261)	(75)
Taxation	0	0	0	0
Loss after taxation	(143)	(168)	(261)	(75)
Other comprehensive income/(expense), net of tax				
Foreign exchange translation	0	0	0	18
Total comprehensive (expense)/income for the period	(143)	(168)	(261)	(57)
Total loss for the period attributable to:				
Owners of the parent	(143)	(168)	(261)	(75)
Non-controlling interest	0	0	0	0
	(143)	(168)	(261)	(75)
Total comprehensive (expense)/income for the period attributable to:				
Owners of the parent	(143)	(168)	(261)	(57)
Non-controlling interest	0	0	0	0
	(143)	(168)	(261)	(57)
Loss per share attributable to owners of the parent:				
Basic loss per share (sen)	(0.18)	(0.23)	(0.33)	(0.10)
Diluted earning per share (sen)	NA	NA	NA	NA

The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

Unaudited Condensed Consolidated Statements of Financial Position

	As at end of Current Quarter 30-Jun-13 RM'000	Audited As at preceding Financial Year Ended 31-Dec-12 RM'000
ASSETS		
Non Current assets		
Property, plant and equipment	69	90
Other investment	770	770
Development costs	321	362
	<u>1,160</u>	<u>1,222</u>
Current Assets		
Inventories	0	8
Trade and other receivables	1,603	1,263
Tax refundable	6	6
Short term deposits with licensed banks	1,113	1,521
Cash and bank balances	74	71
	<u>2,796</u>	<u>2,869</u>
TOTAL ASSETS	<u>3,956</u>	<u>4,091</u>
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the parent		
Share capital	7,986	7,986
Share premium	3,729	3,729
Accumulated losses	(8,477)	(8,216)
	<u>3,238</u>	<u>3,499</u>
Non-controlling interest	0	0
Total equity	<u>3,238</u>	<u>3,499</u>
Current Liabilities		
Trade and other payables	718	592
	<u>718</u>	<u>592</u>
Long term liabilities		
Deferred taxation	0	0
Total Liabilities	<u>718</u>	<u>592</u>
TOTAL EQUITY AND LIABILITIES	<u>3,956</u>	<u>4,091</u>
Net assets per share (sen) attributable to owners of the parent	4.05	4.38

The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

Unaudited Condensed Consolidated Statements of Changes in Equity

GROUP	Attributable to Equity Holders of the Parent						Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Foreign Translation Reserve RM'000	Accumulated Losses RM'000	Non-controlling Interest RM'000	Total RM'000	
Balance as at 1 January 2013	7,986	3,729	0	(8,216)	0	3,499	3,499
Total comprehensive expense for the period	0	0	0	(261)	0	(261)	(261)
Balance as at 30 June 2013	7,986	3,729	0	(8,477)	0	3,238	3,238
Balance as at 1 January 2012	7,260	3,234	18	(8,109)	0	2,403	2,403
Total comprehensive expense for the period	0	0	(18)	(75)	0	(93)	(93)
Balance as at 30 June 2012	7,260	3,234	0	(8,184)	0	2,310	2,310

The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

Unaudited Condensed Consolidated Statements of Cash Flows

	Cumulative Current Year 30-Jun-13 RM'000	Preceding Year Corresponding Period 30-Jun-12 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(261)	(75)
Adjustments for:		
Amortisation of development costs	41	44
Depreciation of property, plant and equipment	21	24
Interest income	(18)	6
Gain on disposal of associated company	0	(185)
Operating cash outflows before working capital changes	<u>(217)</u>	<u>(186)</u>
Changes in working capital:		
Net changes in current assets	(332)	(149)
Net changes in current liabilities	126	(38)
Increase in development costs	0	(30)
Net cash used in operating activities	<u>(423)</u>	<u>(403)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of associated company	0	572
Incidental expenses incurred on the disposal of associated company	0	(24)
Interest received	18	(6)
Net cash generated from investing activities	<u>18</u>	<u>542</u>
Net (decrease)/increase in cash and cash equivalents	(405)	139
Cash and cash equivalents at 1 January	<u>1,592</u>	<u>415</u>
Cash and cash equivalents at 30 June	<u>1,187</u>	<u>554</u>
Cash and cash equivalents at end of financial period comprised:		
Cash & bank balances	74	147
Fixed deposits with licensed banks	<u>1,113</u>	<u>407</u>
	<u>1,187</u>	<u>554</u>

The unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.

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QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2013

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 June 2013 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 2012.

A2. QUALIFICATION OF ANNUAL FINANCIAL STATEMENTS

There was no audit qualification on the annual financial statements for the financial year ended 31 December 2012.

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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Notes on the quarterly report for the second quarter ended 30 June 2013

A8. SEGMENT INFORMATION

The Group's segmental information is as follows:

Segment Revenue	Six months ended 30 June 2013 RM'000	Six months ended 30 June 2012 RM'000
Proprietary solutions	41	17
Maintenance & training	282	288
Others	11	23
	<u>334</u>	<u>328</u>
Elimination of inter-segment sales	0	0
Total revenue	<u>334</u>	<u>328</u>
Segment results		
Proprietary solutions	6	4
Maintenance & training	(268)	(269)
Others	1	5
Gain on disposal of associated company	0	185
Loss Before Taxation	<u>(261)</u>	<u>(75)</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 2012.

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 2012.

A13. CAPITAL COMMITMENTS

There were no significant capital commitments as at 30 June 2013.

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Notes on the quarterly report for the second quarter ended 30 June 2013

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 RM163,000 and RM143,000 respectively for the current financial quarter ended 30 June 2013 as compared to a revenue and loss before taxation of approximately RM144,000 and RM168,000 respectively in the corresponding quarter of the preceding financial year.

The increase in revenue of approximately RM19,000 between the current financial quarter ended 30 June 2013 and the corresponding quarter of the preceding financial year is attributed to more sales secured during the current financial quarter ended 30 June 2013.

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

The Group recorded a revenue of approximately RM163,000 for the current quarter under review as compared with the revenue of approximately RM171,000 in the preceding quarter ended 31 March 2013 . Furthermore, the Group incurred a loss before taxation of approximately RM143,000 for the current quarter under review as compared with the Group's loss before taxation of approximately RM117,000 in the preceding quarter ended 31 March 2013.

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

With the deferment of the corporate exercise which is expected to be completed in December 2013, the Group foresees a challenging period for remaining of the current financial year. 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 unutilised 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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Notes on the quarterly report for the second quarter ended 30 June 2013

B8. STATUS OF CORPORATE PROPOSAL

Bursa Malaysia Securities has vide its letter dated 10 June 2013 granted the Company an extension of time of six (6) months until 17 December 2013 for the completion of the implementation of the corporate proposal.

IAB and the Vendors have on 24 June 2013 mutually agreed to yet another extension of six (6) months from 25 June 2013 to 24 December 2013 for the fulfilment of the conditions precedent of the Share Sale Agreement (SSA).

B9. GROUP BORROWINGS

There were no group borrowings as at 30 June 2013.

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 analysed as follows:

	As at 30 June 2013 RM'000	As at 31 Dec 2012 RM'000
Total accumulated losses of the Group		
- Realised	(11,743)	(11,482)
- Unrealised	0	0
Total before consolidation adjustments	(11,743)	(11,482)
Less: Consolidation adjustments	3,266	3,266
Total accumulated losses as per statement of financial position	(8,477)	(8,216)

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Notes on the quarterly report for the second quarter ended 30 June 2013

B13. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Current quarter ended 30 June 2013 RM'000	Current year to date 30 June 2013 RM'000
Interest income	9	18
Amortization of development costs	20	41
Depreciation of property, plant and equipment	10	21

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

B14. EARNINGS/(LOSS) PER SHARE

(i) Basic loss per share

The basic loss per share was calculated by dividing the net loss for the current financial quarter and the current financial quarter to date by the number of ordinary shares in issue during the quarter:

	Quarter ended		Year to date	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Net loss attributable to owners of the parent (RM'000)	(143)	(168)	(261)	(75)
Weighted average number of ordinary shares in issue ('000)	79,860	72,600	79,860	72,600
Basic loss per share (sen)	(0.18)	(0.23)	(0.33)	(0.10)

(ii) Diluted earnings per share

Diluted earnings per share are not applicable for the financial quarter under review.