

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

Unaudited Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current year Quarter 30-Sep-13 RM'000	Preceding year Corresponding Quarter 30-Sep-12 RM'000	Current Year To date 30-Sep-13 RM'000	Preceding year Corresponding Period 30-Sep-12 RM'000
Revenue	114	187	447	514
Direct costs	(67)	(160)	(305)	(412)
Gross profit	<u>47</u>	<u>27</u>	<u>142</u>	<u>102</u>
Other income	18	14	59	42
Gain on disposal of associated company	0	0	0	185
Selling and distribution expenses	(2)	(1)	(11)	(4)
Administrative expenses	(175)	(99)	(542)	(433)
Other operating expenses	(9)	(13)	(30)	(38)
Finance cost	0	0	0	(1)
Loss before taxation	<u>(121)</u>	<u>(72)</u>	<u>(382)</u>	<u>(147)</u>
Taxation	0	10	0	10
Loss after taxation	<u>(121)</u>	<u>(62)</u>	<u>(382)</u>	<u>(137)</u>
Other comprehensive income, net of tax				
Foreign exchange translation	0	0	0	18
Total comprehensive expense for the period	<u>(121)</u>	<u>(62)</u>	<u>(382)</u>	<u>(119)</u>
Total loss for the period attributable to:				
Owners of the parent	(121)	(62)	(382)	(137)
Non-controlling interest	0	0	0	0
	<u>(121)</u>	<u>(62)</u>	<u>(382)</u>	<u>(137)</u>
Total comprehensive expense for the period attributable to:				
Owners of the parent	(121)	(62)	(382)	(119)
Non-controlling interest	0	0	0	0
	<u>(121)</u>	<u>(62)</u>	<u>(382)</u>	<u>(119)</u>
Loss per share attributable to owners of the parent:				
Basic loss per share (sen)	<u>(0.15)</u>	<u>(0.08)</u>	<u>(0.48)</u>	<u>(0.18)</u>
Diluted earning per share (sen)	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>

The unaudited Condensed Consolidated Statements of Profit and Loss and Other 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.

INFORTECH ALLIANCE BERHAD
(Company No. 439230 - A)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

Unaudited Condensed Consolidated Statements of Financial Position

	As at end of Current Quarter 30-Sep-13 RM'000	Audited As at preceding Financial Year Ended 31-Dec-12 RM'000
ASSETS		
Non Current assets		
Property, plant and equipment	67	90
Other investment	770	770
Development costs	301	362
	<u>1,138</u>	<u>1,222</u>
Current Assets		
Inventories	0	8
Trade and other receivables	1,646	1,263
Tax refundable	6	6
Short term deposits with licensed banks	813	1,521
Cash and bank balances	113	71
	<u>2,578</u>	<u>2,869</u>
	<u>3,716</u>	<u>4,091</u>
TOTAL ASSETS		
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	(8,598)	(8,216)
	<u>3,117</u>	<u>3,499</u>
Non-controlling interest	0	0
Total equity	<u>3,117</u>	<u>3,499</u>
Current Liabilities		
Trade and other payables	599	592
	<u>599</u>	<u>592</u>
Long term liabilities		
Deferred taxation	0	0
Total Liabilities	<u>599</u>	<u>592</u>
	<u>3,716</u>	<u>4,091</u>
TOTAL EQUITY AND LIABILITIES		
Net assets per share (sen) attributable to owners of the parent	3.90	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.

INFORTECH ALLIANCE BERHAD
(Company No. 439230 - A)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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-distributable -----	Distributable -----	Non-controlling Interest RM'000		
Balance as at 1 January 2013	7,986	3,729	0	(8,216)	0	0	3,499	0	3,499
Total comprehensive expense for the period	0	0	0	(382)	0	0	(382)	0	(382)
Balance as at 30 September 2013	7,986	3,729	0	(8,598)	0	0	3,117	0	3,117
Balance as at 1 January 2012	7,260	3,234	18	(8,109)	0	0	2,403	0	2,403
Shares issued during the period	726	495	0	0	0	0	1,221	0	1,221
Total comprehensive expense for the period	0	0	(18)	(137)	0	0	(155)	0	(155)
Balance as at 30 September 2012	7,986	3,729	0	(8,246)	0	0	3,469	0	3,469

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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(Company No. 439230 - A)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

Unaudited Condensed Consolidated Statements of Cash Flows

	Cumulative Current Year 30-Sep-13 RM'000	Preceding Year Corresponding Period 30-Sep-12 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(382)	(147)
Adjustments for:		
Amortisation of development costs	61	66
Depreciation of property, plant and equipment	30	37
Interest income	(25)	(9)
Gain on disposal of associated company	0	(185)
Operating cash outflows before working capital changes	<u>(316)</u>	<u>(238)</u>
Changes in working capital:		
Net changes in current assets	(375)	(137)
Net changes in current liabilities	7	(92)
Increase in development costs	0	(61)
Cash used in operations	<u>(684)</u>	<u>(528)</u>
Tax refund	0	18
Net cash used in operating activities	<u>(684)</u>	<u>(510)</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)
Purchase of property, plant and equipment	(7)	0
Interest received	25	9
Net cash generated from investing activities	<u>18</u>	<u>557</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	0	1,271
Share issuance expense	0	(50)
Net cash generated from/(used in) financing activities	<u>0</u>	<u>1,221</u>
Net (decrease)/increase in cash and cash equivalents	(666)	1,268
Effect of exchange rate changes	0	0
Cash and cash equivalents at 1 January	1,592	415
Cash and cash equivalents at 30 September	<u>926</u>	<u>1,683</u>
Cash and cash equivalents at end of financial period comprised:		
Cash & bank balances	113	180
Fixed deposits with licensed banks	813	1,503
	<u>926</u>	<u>1,683</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.

QUARTERLY REPORT

Notes on the quarterly report for the third quarter ended 30 September 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 September 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.

QUARTERLY REPORT

Notes on the quarterly report for the third quarter ended 30 September 2013

A8. SEGMENT INFORMATION

The Group's segmental information is as follows:

Segment Revenue	Six months ended 30 September 2013 RM'000	Six months ended 30 September 2012 RM'000
Proprietary solutions	41	67
Maintenance & training	385	424
Others	21	23
	<u>447</u>	<u>514</u>
Elimination of inter-segment sales	0	0
Total revenue	<u>447</u>	<u>514</u>
 Segment results		
Proprietary solutions	4	23
Maintenance & training	(388)	(362)
Others	2	7
Gain on disposal of associated company	0	185
Loss Before Taxation	<u>(382)</u>	<u>(147)</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

Recital:-

- (I) Proposed Acquisition of 4,000,000 ordinary shares of RM1/- each representing the entire equity interest in Jaring Metal Industries Sdn. Bhd. from Ng Meow Giak, NKK Capital Sdn. Bhd., Ng Yaw Long and Teh Chin Ching (collectively referred to as "**Vendors**") for a total purchase consideration of RM64,800,000/- to be satisfied by the issuance of 462,857,143 new ordinary shares of RM0.10 each in IAB ("**IAB Share(s)**") or "**Share(s)**") at an issue price of RM0.14 each ("**Consideration Shares**") ("**Proposed Acquisition**");
- (II) Proposed Exemption for the Vendors and Parties Acting in Concert with the Vendors ("**PACs**") under Paragraph 16.1(A) of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010 from the obligation to undertake a Mandatory Take-Over Offer for the remaining IAB Shares not already held by them after the Proposed Acquisition ("**Proposed Exemption**");
- (III) Proposed Private Placement of up to 107,091,400 IAB Shares ("**Placement Shares**") representing not more than twenty per centum (20%) of the total Issued and Paid-Up Share Capital of IAB upon completion of the Proposed Acquisition to eligible investors to be identified ("**Proposed Private Placement**"); and

QUARTERLY REPORT

Notes on the quarterly report for the third quarter ended 30 September 2013

- (IV) Proposed Increase in the Authorised Share Capital of the Company from RM10,000,000/- comprising 100,000,000 IAB Shares to RM250,000,000/- comprising 2,500,000,000 IAB Shares ("**Proposed Increase in Authorised Share Capital**").

(collectively, "**the Proposals**").

On 30 October 2013, the Securities Commission Malaysia had granted its consent for the issuance of Independent Advice Letter by Hong Leong Investment Bank Berhad to non-interested shareholders of IAB in relation to the Proposed Exemption ("**the IAL**").

The IAL has been duly incorporated as part of the Circular to Shareholders in relation to the Proposals, which has been issued to the shareholders of IAB on 12 November 2013.

On 12 November 2013, IAB has called for an Extraordinary General Meeting ("**EGM**"), scheduled to be held on 27 November 2013 in order to seek shareholders' approval in relation to the Proposals.

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 September 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 of RM114,000 and RM121,000 respectively for the current financial quarter ended 30 September 2013 as compared to a revenue and loss before taxation of approximately RM187,000 and RM72,000 respectively in the corresponding quarter of the preceding financial year.

The decrease in revenue of approximately RM73,000 between the current financial quarter ended 30 September 2013 and the corresponding quarter of the preceding financial year is attributed to less sales secured during the current financial quarter ended 30 September 2013.

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

The Group recorded a revenue of approximately RM114,000 for the current quarter under review as compared with the revenue of approximately RM163,000 in the preceding quarter ended 30 June 2013 . Furthermore, the Group incurred a loss before taxation of approximately RM121,000 for the current quarter under review as compared with the Group's loss before taxation of approximately RM143,000 in the preceding quarter ended 30 June 2013.

QUARTERLY REPORT

Notes on the quarterly report for the third quarter ended 30 September 2013

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

Barring unforeseen circumstances and premised on the approval of the IAB shareholders in relation to the Proposals at the forthcoming EGM scheduled to be held on 27 November 2013, the Proposed Acquisition will enable IAB to diversify into the recycling of Scheduled waste industry where there are favourable growth prospects. Consequent thereto, the Group foresees a better financial position of 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 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.

QUARTERLY REPORT

Notes on the quarterly report for the third quarter ended 30 September 2013

B8. STATUS OF CORPORATE PROPOSAL

On 10 June 2013, TA Securities Holdings Berhad (“**TA Securities**”), being the Adviser in respect of the Proposals, had on behalf of the Board announced that Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has granted IAB an extension of time of six (6) months until 17 December 2013 for the completion of the implementation of the Proposals.

On 24 June 2013, TA Securities had on behalf of the Board announced that IAB and the Vendors had mutually agreed to an extension of six (6) months from 25 June 2013 to 24 December 2013 for the fulfilment of the conditions precedent of the conditional Share Sale Agreement.

On 30 October 2013, the Securities Commission Malaysia had granted its consent for the issuance of the IAL.

The IAL has been duly incorporated as part of the Circular to Shareholders in relation to the Proposals, which has been issued to the shareholders of IAB on 12 November 2013.

On 12 November 2013, IAB has called for an EGM, scheduled to be held on 27 November 2013 in order to seek shareholders’ approval in relation to the Proposals.

B9. GROUP BORROWINGS

There were no group borrowings as at 30 September 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 analyzed as follows:

	As at 30 Sept 2013 RM’000	As at 31 Dec 2012 RM’000
Total accumulated losses of the Group		
- Realised	(11,864)	(11,482)
- Unrealised	0	0
Total before consolidation adjustments	(11,864)	(11,482)
Less: Consolidation adjustments	3,266	3,266
Total accumulated losses as per statement of financial position	(8,598)	(8,216)

INFORTECH ALLIANCE BERHAD
(Company No: 439230 - A)

QUARTERLY REPORT

Notes on the quarterly report for the third quarter ended 30 September 2013

B13. NOTES TO THE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Current quarter ended 30 Sept 2013 RM'000	Current year to date 30 Sept 2013 RM'000
Interest income	7	25
Amortization of development costs	20	61
Depreciation of property, plant and equipment	9	30

Other than as disclosed above, the Group does not have other material items that are recognised as profit/(loss) in the Statement of Profit and Loss and Other 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 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012
Net loss attributable to owners of the parent (RM'000)	(121)	(62)	(382)	(137)
Weighted average number of ordinary shares in issue ('000)	79,860	74,455	79,860	74,455
Basic loss per share (sen)	(0.15)	(0.08)	(0.48)	(0.18)

(ii) Diluted earnings per share

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