

INFORTECH ALLIANCE BERHAD
(Company No : 439230 A)

QUARTERLY REPORT

On consolidated results for the third quarter ended 30 September 2007

Unaudited Condensed Consolidated Income Statement

	Note	Individual Quarter Current Year Quarter 30-Sep-07 RM'000	Preceding Year Corresponding Quarter 30-Sep-06 RM'000	Cumulative Quarter Current Year To-date 30-Sep-07 RM'000	Preceding Year Corresponding Period 30-Sep-06 RM'000
Revenue		408	568	1,468	1,807
Operating expenses		(301)	(477)	(975)	(1,411)
Gross Profit		<u>107</u>	<u>91</u>	<u>493</u>	<u>396</u>
Other income		3	31	39	93
Selling and distribution expenses		(15)	(19)	(37)	(61)
Administrative expenses		(261)	(273)	(819)	(866)
Other operating expenses		(108)	(36)	(287)	(109)
Finance costs		(1)	(12)	(25)	(27)
Share of results of associated company		48	(7)	(187)	(196)
Profit/(Loss) before taxation		<u>(227)</u>	<u>(225)</u>	<u>(823)</u>	<u>(770)</u>
Taxation	B5	-	(9)	(3)	(24)
Loss for the period		<u><u>(227)</u></u>	<u><u>(234)</u></u>	<u><u>(826)</u></u>	<u><u>(794)</u></u>
Attributable to:					
Equity holders of the parent		(227)	(234)	(826)	(794)
Minority Interest		-	-	-	-
		<u><u>(227)</u></u>	<u><u>(234)</u></u>	<u><u>(826)</u></u>	<u><u>(794)</u></u>
Earnings per share attributable to equity holders of the parent :					
Basic Loss Per Share (sen)		<u>(0.34)</u>	<u>(0.35)</u>	<u>(1.25)</u>	<u>(1.20)</u>
Diluted Earnings Per Share (sen)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited financial statement for the year ended 31 December 2006 and the accompanying explanatory notes attached to this interim financial statements.

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On consolidated results for the third quarter ended 30 September 2007

Unaudited Condensed Consolidated Balance Sheet

	Note	As at End of Current Quarter 30-Sep-07 RM'000	As at Preceding Financial Year Ended 31-Dec-06 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A9	119	214
Investment in Associated Company		264	448
Other investments		900	900
Development costs		335	509
		<u>1,618</u>	<u>2,071</u>
Current assets			
Inventories		24	24
Trade and other receivables		885	888
Amount owing by related parties		112	204
Short term deposits with licensed banks		1,000	1,902
Cash and cash bank balances		280	53
		<u>2,301</u>	<u>3,071</u>
TOTAL ASSETS		<u>3,919</u>	<u>5,142</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		6,600	6,600
Share premium		3,113	3,113
Foreign Exchange Translation Reserve		2	2
Accumulated losses		(6,066)	(5,240)
		<u>3,649</u>	<u>4,475</u>
Minority Interest		-	-
Total Equity		<u>3,649</u>	<u>4,475</u>
Current liabilities			
Trade and other payables		264	295
Amount owing to an associate		-	62
Borrowings	B10	-	308
Tax payable		6	2
Total Liabilities		<u>270</u>	<u>667</u>
TOTAL EQUITY AND LIABILITIES		<u>3,919</u>	<u>5,142</u>
Net assets per share (RM)		<u>0.055</u>	<u>0.068</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to this interim financial statements.

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On consolidated results for the third quarter ended 30 September 2007

Unaudited Condensed Consolidated Statement of Changes in Equity

Group	<-----Attributable to Equity Holders of the Parent ----->					Total	Minority	Total
	Share	Share	Translation	Reserve on	Distributable			
	Capital	Premium	Reserve	Consolidation	(Accumulated			
	RM'000	RM'000	RM'000	RM'000	Losses)	RM'000	RM'000	RM'000
At 1 January 2007	6,600	3,113	2	-	(5,240)	4,475	-	4,475
Net loss for the period	-	-	-	-	(826)	(826)	-	(826)
At 30 September 2007	6,600	3,113	2	-	(6,066)	3,649	-	3,649
At 1 January 2006, as previously stated	6,600	3,113	-	320	(4,251)	5,782	-	5,782
Effects of adopting FRS 3	-	-	-	(320)	320	-	-	-
At 1 January 2006, restated	6,600	3,113	-	-	(3,931)	5,782	-	5,782
Issue of shares	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	2	-	-	2	-	2
Net loss for the year	-	-	-	-	(1,309)	(1,309)	-	(1,309)
At 31 December 2006	6,600	3,113	2	-	(5,240)	4,475	-	4,475

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to these interim financial statements.

INFORTECH ALLIANCE BERHAD
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QUARTERLY REPORT

On consolidated results for the third quarter ended 30 September 2007

Unaudited Condensed Consolidated Cash Flow Statement

	Current Year To-date 30-Sep-07 RM'000	Preceding Year Corresponding Period 30-Sep-06 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(823)	(770)
Adjustments for:		
Non cash items	274	301
Non operating items	(17)	(72)
Operating profit before working capital changes	<u>(566)</u>	<u>(541)</u>
Net changes in current assets	125	(14)
Net changes in current liabilities	(26)	(63)
	<u>(467)</u>	<u>(618)</u>
Changes in investment	187	65
Interest paid	(14)	(8)
Income tax paid	(29)	(11)
Net cash used in operating activities	<u>(323)</u>	<u>(572)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(5)	(7)
Interest received	31	80
Net cash used in investing activities	<u>26</u>	<u>73</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase	(2)	(17)
Repayment to associates	(66)	-
Net cash used in financing activities	<u>(68)</u>	<u>(17)</u>
Net increase/(decrease) in cash and cash equivalents	(365)	(516)
Effects of foreign currency translation	(2)	-
Cash and cash equivalents at 1 January	<u>1,648</u>	<u>2,404</u>
Cash and cash equivalents at 30 September	<u>1,281</u>	<u>1,888</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licensed banks	1,000	1,901
Cash and bank balances	281	359
Bank overdraft	-	(372)
	<u>1,281</u>	<u>1,888</u>

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to these interim financial statements.

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QUARTERLY REPORT

Notes on the quarterly report for the third quarter ended 30 September 2007

A EXPLANATORY NOTES AS PER FRS 134

A1 Basis of preparation

The interim unaudited financial statements have been prepared in compliance with the Financial Reporting Standard 134 ("FRS134") (formerly known as Malaysian Accounting Standards Board Standard No.26), "Interim Financial Reporting" and Appendix 9B of the Listing Requirements for the MESDAQ Market, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2006. 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 2006, except for the adoption of new/revised FRS effective for financial statements commencing 1 January 2007. This did not result in any significant change in the accounting policies.

A2 Audit report

There was no audit qualification on the annual financial statements for the financial year ended 31 December 2006.

A3 Seasonality or cyclicity of interim operations

The Group's interim operations are not affected by seasonal or cyclical factors.

A4 Unusual items

During the 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 Changes in estimates

There were no changes in the estimates of amounts reported that have a material effect in the current quarter.

A6 Issuance, cancellations, repurchases, resale and repayments of debts and equity securities

There were no issuance or repayment of debt securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period under review.

A7 Dividends paid

No dividends were paid during the quarter under review.

A8 Segmental reporting

The Group's segmental information for the interim financial report are as follows:

<i>Segment Revenue</i>	<i>Period ended 30 September 2007 RM'000</i>	<i>Period ended 30 September 2006 RM'000</i>
Customisation projects	452	752
Own proprietary software	164	230
Third party software, hardware and accessories	222	333
Maintenance, training and others	759	907
	<u>1,597</u>	<u>2,222</u>
Elimination of inter-segment sales	(129)	(415)
Total Revenue	<u>1,468</u>	<u>1,807</u>

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QUARTERLY REPORT

Notes on the quarterly report for the third quarter ended 30 September 2007

A EXPLANATORY NOTES AS PER FRS 134

<i>Segment Results</i>	<i>Period endedt</i> <i>30 September 2007</i> <i>RM'000</i>	<i>Period ended</i> <i>30 September 2006</i> <i>RM'000</i>
Customisation projects	(360)	(250)
Own proprietary software	28	(476)
Third party software, hardware and accessories	(29)	(241)
Maintenance, training and others	(115)	342
Loss from operations	<u>(476)</u>	<u>(625)</u>

A9 Plant and equipment

The Group has not carried out any valuation on its plant and equipment for the current financial period or in the preceding financial year ended 31 December 2006.

A10 Material events subsequent to the balance sheet date

There were no material events subsequent to the end of the quarter under review that have not been reflected in the financial statements.

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 are no material contingent liabilities as at the date of this report.

QUARTERLY REPORT

Notes on the quarterly report for the third quarter ended 30 September 2007

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS FOR THE MESDAQ MARKET

B1 Review of group results for the period ended 30 September 2007

For the current financial period to-date, the Group registered a revenue of RM1.468 million, a decrease of 18.7% from RM1.807 million recorded in the previous year's corresponding period. Despite an improvement in the gross profit margin from 21.9% in the preceding year corresponding period to 33.5% in the current period, the Group recorded a loss before taxation of RM0.823 million as compared to a loss before taxation of RM0.770 million as reported in the preceding year corresponding period.

This can be attributed to lower interest income earned and higher operating costs incurred during the period under review.

However, slightly lower losses incurred by the associated companies during the quarter ended 30 September 2007 provided some cushion.

B2 Variation of results against the preceding quarter

	<i>Current Quarter 30 Sept '07 RM'000</i>	<i>Preceding Quarter 30 June '07 RM'000</i>
Revenue	408	408
Loss before taxation	(227)	(422)

Though revenue had remained at a constant level of RM408,000 the Group managed to reduce the loss substantially during the current quarter. This is a result of the combination of cost cutting measures and positive results of RM48,000 contributed by the two associated companies in China compared to the share of losses of RM100,000 during the preceding quarter.

B3 Current year's prospects

The directors of IAB had foreseen the weak demand for its products locally due to the intense market competition in the Malaysian ICT industry, which has adversely affected the smaller players in the said industry such as the IAB Group.

As a result of the above, the management of IAB had previously taken the initiative to re-direct its marketing efforts overseas. However, this has yet to produce the desired results for the Group. In addition, the Group has also taken steps to reduce its operation costs, resulting in lower operating expenses in the current quarter and current year-to-date.

Moving forward, the Group will continue its software improvement programme. In this respect, the Group is expected to introduce an enhanced version of its atCom Performance Appraisal module which is expected to contribute positively to the future revenue of the Group.

B4 Profit forecast

Not applicable.

B5 Taxation

	<i>Individual quarter ended</i>		<i>Cumulative quarter ended</i>	
	<i>30 Sept '07</i>	<i>30 Sept '06</i>	<i>30 Sept '07</i>	<i>30 Sept '06</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current year provision	-	9	3	24
Underprovision/(Overprovision)in the previous year	-	-	-	-
	<u>-</u>	<u>9</u>	<u>3</u>	<u>24</u>

The current taxation provision relates to interest income and no further provision for taxation was made mainly due to the pioneer status incentive enjoyed by Infotech Alliance Berhad whilst some of its other subsidiaries have yet to generate taxable profits during the quarter. The reduction in current taxation provision is a direct result of a reduction in interest income earned during the period ended 30 September 2007.

QUARTERLY REPORT

Notes on the quarterly report for the third quarter ended 30 September 2007

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS FOR THE MESDAQ MARKET

B6 Sale of unquoted investments and/or properties

There were no disposal of unquoted investments during the quarter under review and there were no properties owned by the Group as at 30 September 2007.

B7 Quoted and marketable securities

There were no investments in quoted securities as at 30 September 2007.

B8 Status of corporate proposals

No corporate proposals have been announced during this period. The status of corporate proposals announced by the Company in 2004 is set out below:

- (1) The proposed employee share option scheme of up to 15% of the issued and paid-up share capital of the Company was approved for implementation. However, no options have been offered pursuant to the scheme as at 30 September 2007.

B9 Off balance sheet financial instruments

There are no off balance sheet financial instruments as at the date of this report.

B10 Material litigation

There was no material litigation as at 21 November 2007, being a date not earlier than 7 days from the date of this announcement.

B11 Dividends

No dividend has been recommended for the quarter under review.

B12 Basic earnings per share

	<i>Individual quarter ended</i>		<i>Cumulative quarter ended</i>	
	<i>30 September '07</i>	<i>30 Sept '06</i>	<i>30 September '07</i>	<i>30 Sept '06</i>
Net profit/(loss) for the period (RM'000)	(227)	(234)	(826)	(794)
Weighted average number of ordinary shares in issue ('000)	66,000	66,000	66,000	66,000
Basic earning/(loss) per share (sen)	(0.34)	(0.35)	(1.25)	(1.20)

B13 Authorisation For Issue

The Authority was given for the release of this quarterly report by way of a resolution passed during the Board of Directors' meeting held on 28 November 2007.

By Order of the Board

Mah Li Chen (MAICSA 7022751)
Tan Fong Shian @ Lim Fong Shian (MAICSA 7023187)
Company Secretaries
Kuala Lumpur
28 November 2007