

INFORTECH ALLIANCE BERHAD
(Company No : 439230 A)

QUARTERLY REPORT

On consolidated results for the fourth quarter ended 31 December 2007

Unaudited Condensed Consolidated Income Statement

	Note	Individual Quarter Current Year Quarter 31-Dec-07 RM'000	Preceding Year Corresponding Quarter 31-Dec-06 RM'000	Cumulative Quarter Current Year To-date 31-Dec-07 RM'000	Preceding Year Corresponding Period 31-Dec-06 RM'000
Revenue		150	681	1,618	2,488
Operating expenses		(273)	(456)	(1,248)	(1,870)
Gross Profit		<u>(123)</u>	<u>225</u>	<u>370</u>	<u>618</u>
Other income		66	33	105	126
Selling and distribution expenses		(11)	(46)	(48)	(83)
Administrative expenses		(310)	(286)	(1,130)	(1,182)
Other operating expenses		(73)	(617)	(360)	(693)
Finance costs		(1)	(11)	(26)	(38)
Share of results of associated company		140	164	(47)	(32)
Profit/(Loss) before taxation		<u>(312)</u>	<u>(538)</u>	<u>(1,136)</u>	<u>(1,284)</u>
Taxation-current period/year	B5	(6)	(1)	(8)	(25)
Loss for the period		<u><u>(318)</u></u>	<u><u>(539)</u></u>	<u><u>(1,144)</u></u>	<u><u>(1,309)</u></u>
Attributable to:					
Equity holders of the parent		(318)	(539)	(1,144)	(1,309)
Minority Interest		-	-	-	-
		<u><u>(318)</u></u>	<u><u>(539)</u></u>	<u><u>(1,144)</u></u>	<u><u>(1,309)</u></u>
Earnings per share attributable to equity holders of the parent :					
Basic Loss Per Share (sen)		<u>(0.48)</u>	<u>(0.82)</u>	<u>(1.73)</u>	<u>(1.98)</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 fourth quarter ended 31 December 2007

Unaudited Condensed Consolidated Balance Sheet

	Note	As at End of Current Quarter 31-Dec-07 RM'000	As at Preceding Financial Year Ended 31-Dec-06 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A9	122	214
Investment in Associated Company		401	448
Other investments		900	900
Development costs		277	509
		1,700	2,071
Current assets			
Inventories		28	24
Trade and other receivables		835	887
Amount owing by related parties		27	204
Short term deposits with licensed banks		1,000	1,902
Cash and cash bank balances		88	53
		1,978	3,070
TOTAL ASSETS		3,678	5,141
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		6,600	6,600
Share premium		3,113	3,113
Reserved on consolidation		-	-
Foreign Exchange Translation Reserve		2	2
Accumulated losses		(6,384)	(5,240)
		3,331	4,475
Minority Interest		-	-
Total Equity		3,331	4,475
Current liabilities			
Trade and other payables		331	356
Borrowings	B10	-	308
Tax payable		14	2
		345	666
Long term liabilities			
Deferred taxation		2	-
Total Liabilities		347	666
TOTAL EQUITY AND LIABILITIES		3,678	5,141
Net assets per share (RM)		0.050	0.068

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.

QUARTERLY REPORT

On consolidated results for the fourth quarter ended 31 December 2007

Unaudited Condensed Consolidated Statement of Changes in Equity

Group	<-----Attributable to Equity Holders of the Parent ----->					Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	<----- Non-Distributable ----->		Reserve on Consolidation RM'000	Distributable (Accumulated Losses) RM'000			
		Share Premium RM'000	Translation Reserve RM'000					
At 1 January 2007	6,600	3,113	2	-	(5,240)	4,475	-	4,475
Net loss for the year					(1,144)	(1,144)		(1,144)
At 31 December 2007	6,600	3,113	2	-	(6,384)	3,331		3,331
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
Foreign currency translation	-	-	2	-	-	2	-	2
Net loss for the period	-	-	-	-	(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 this interim financial statements.

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On consolidated results for the fourth quarter ended 31 December 2007

Unaudited Condensed Consolidated Cash Flow Statement

	Current Year To-date 31-Dec-07 RM'000	Preceding Year Corresponding Period 31-Dec-06 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,136)	(1,284)
Adjustments for:		
Non cash items	356	918
Non operating items	(48)	(37)
Operating profit before working capital changes	(828)	(403)
Net changes in current assets	232	(293)
Net changes in current liabilities	41	47
	(555)	(649)
Changes in investment	47	1
Interest paid	(14)	(15)
Net income tax refunded/ (paid)	1	(22)
Net cash used in operating activities	(521)	(685)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(32)	(10)
Purchase of investment in associate	-	(132)
Interest received	62	86
Net cash used in investing activities	30	(56)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase	(2)	(22)
(Payment)/Advance from an associates	(66)	3
Net cash used in financing activities	(68)	(19)
Net increase/(decrease) in cash and cash equivalents	(559)	(760)
Effects of foreign currency translation	(1)	4
Cash and cash equivalents at 1 January	1,648	2,404
Cash and cash equivalents at 31 December	1,088	1,648
Cash and cash equivalents comprise of:		
Fixed deposits with licensed bank	1,000	1,902
Cash and bank balances	88	53
Bank overdraft	-	(307)
	1,088	1,648

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 this interim financial statements.

QUARTERLY REPORT

Notes on the quarterly report for the fourth quarter ended 31 December 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") "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.

A2 Audit report

There is 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.

QUARTERLY REPORT

Notes on the quarterly report for the fourth quarter ended 31 December 2007

A EXPLANATORY NOTES AS PER FRS 134

A8 Segmental reporting

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

<i>Segment Revenue</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>31 Dec 2007</i>	<i>31 Dec 2006</i>
	<i>RM'000</i>	<i>RM'000</i>
Customisation projects	653	1,197
Own proprietary software	184	259
Third party software, hardware and accessories	281	336
Maintenance, training and others	1,061	1,241
	<u>2,179</u>	<u>3,033</u>
Elimination of inter-segment sales	(561)	(545)
Total Revenue	<u>1,618</u>	<u>2,488</u>

<i>Segment Results</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>31 Dec 2007</i>	<i>31 Dec 2006</i>
	<i>RM'000</i>	<i>RM'000</i>
Customisation projects	(304)	(366)
Own proprietary software	(9)	(560)
Third party software, hardware and accessories	(84)	(424)
Maintenance, training and others	(540)	316
Loss from operations	<u>(937)</u>	<u>(1,034)</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 fourth quarterly report ended 31 December 2007

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

B1 Review of group results for the year ended 31 December 2007

For the current financial year to-date, the Group registered a revenue of RM1.618 million, a decrease of approximately 35% from RM2.488 million recorded in the previous corresponding year, while gross profit margin decreased from approximately 24.8% in the corresponding year to approximately 22.8% in the current year. Meanwhile, the loss before taxation was RM1.136 million as compared to a loss before taxation of RM1.284 million as reported in the preceding year. The losses incurred is mainly due to the lower sales in all segments of the business in view of the intense market competition in the Malaysian ICT industry, which has adversely affected the smaller players such as IAB Group.

B2 Variation of results against the preceding quarter

	<i>Current Quarter 31 Dec'07 RM'000</i>	<i>Preceding Quarter 30 Sept '07 RM'000</i>
Revenue	150	408
Profit/(Loss) before taxation	(312)	(227)

For the current quarter, the Group registered a lower revenue compared to the previous quarter. However, the loss registered is lower due to the continuing cost-cutting measures, recovery of bad debts and better performance achieved by the associated companies.

B3 Next 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 to lower the operating expenses. 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 to the future revenue of the Group.

B4 Profit Forecast

Not applicable

B5 Taxation

	<i>31 Dec '07 RM'000</i>	<i>31 Dec '06 RM'000</i>	<i>31 Dec '07 RM'000</i>	<i>31 Dec '06 RM'000</i>
Current year provision	9	1	14	25
Overprovision in the previous years	(3)	-	(6)	-
	<u>6</u>	<u>-</u>	<u>8</u>	<u>-</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 for the year is a direct result of a reduction in interest income earned.

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 31 December 2007.

B7 Quoted and marketable securities

There were no investments in quoted securities as at 31 December 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 31 December 2007.

B9 Group borrowings and debts securities

As at 31 December 2007 the Group had zero borrowings

B10 Off balance sheet financial instruments

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

B11 Material litigation

There was no material litigation as at 19 February 2008, being a date not earlier than 7 days from the date of this announcement.

B12 Dividends

No dividend has been recommended for the quarter under review.

B13 Basic earnings per share

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(Company No : 439230 A)

QUARTERLY REPORT

Notes on the fourth quarterly report ended 31 December 2007

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

	<i>Individual quarter ended</i>		<i>Cumulative quarter ended</i>	
	<i>31 Dec '07</i>	<i>31 Dec '06</i>	<i>31 Dec '07</i>	<i>31 Dec '06</i>
Net profit/(loss) for the period (RM'000)	(318)	(539)	(1,144)	(1,309)
Weighted average number of ordinary shares in issue ('000)	66,000	66,000	66,000	66,000
Basic earning/(loss) per share (sen)	(0.48)	(0.82)	(1.73)	(1.98)

B14 Authorisation For Issue

The issuance of this quarterly report on consolidated results for the fourth quarter ended 31 December 2007 was authorised by the Board of Directors in accordance with a resolution passed during the Board of Directors' meeting held on 26 February 2008.

By Order of the Board

Mah Li Chen (MAICSA 7022751)
Tan Fong Shian @ Lim Fong Shian (MAICSA 7023187)
Company Secretaries
Kuala Lumpur
26 February 2008