

INFORTECH ALLIANCE BERHAD
(Company No : 439230 A)

QUARTERLY REPORT

On consolidated results for the first quarter ended 31 March 2008

Unaudited Condensed Consolidated Income Statement

	Note	Individual Quarter Current Year Quarter 31-Mar-08 RM'000	Preceding Year Corresponding Quarter 31-Mar-07 RM'000	Cumulative Quarter Current Year To-date 31-Mar-08 RM'000	Preceding Year Corresponding Period 31-Mar-07 RM'000
Revenue		532	652	532	652
Operating expenses		(210)	(407)	(210)	(407)
Gross Profit		<u>322</u>	<u>245</u>	<u>322</u>	<u>245</u>
Other income		9	24	9	24
Selling and distribution expenses		(2)	(7)	(2)	(7)
Administrative expenses		(250)	(255)	(250)	(255)
Other operating expenses		(79)	(33)	(79)	(33)
Finance costs		(1)	(14)	(1)	(14)
Share of results of associated companies		(138)	(135)	(138)	(135)
Profit/(Loss) before taxation		<u>(139)</u>	<u>(175)</u>	<u>(139)</u>	<u>(175)</u>
Taxation	B5	(1)	(4)	(1)	(4)
Loss for the period		<u><u>(140)</u></u>	<u><u>(179)</u></u>	<u><u>(140)</u></u>	<u><u>(179)</u></u>
Attributable to:					
Equity holders of the parent		(140)	(179)	(140)	(179)
Minority Interest		-	-	-	-
		<u><u>(140)</u></u>	<u><u>(179)</u></u>	<u><u>(140)</u></u>	<u><u>(179)</u></u>
Earnings per share attributable to equity holders of the parent :					
Basic Loss Per Share (sen)		<u>(0.21)</u>	<u>(0.27)</u>	<u>(0.21)</u>	<u>(0.27)</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 2007 and the accompanying explanatory notes attached to this interim financial statements.

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On consolidated results for the first quarter ended 31 March 2008

Unaudited Condensed Consolidated Balance Sheet

	Note	As at End of Current Quarter 31-Mar-08 RM'000	As at Preceding Financial Year Ended 31-Dec-07 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A9	103	122
Investment in Associated Company		262	401
Other investments		900	900
Development costs		220	277
	-	1,485	1,700
Current assets			
Inventories		28	28
Trade and other receivables		856	765
Amount owing by related parties		53	26
Tax refundable		69	70
Short term deposits with licensed banks		800	1,000
Cash and cash bank balances		162	88
		1,968	1,977
TOTAL ASSETS		3,453	3,677
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		(6,522)	(6,382)
		3,193	3,333
Minority Interest		-	-
Total Equity		3,193	3,333
Current liabilities			
Trade and other payables		248	332
Borrowings	B9	-	-
Tax payable		10	10
		258	342
Long Term Liabilities			
Deferred taxation		2	2
TOTAL LIABILITIES		260	344
TOTAL EQUITY AND LIABILITIES		3,453	3,677
Net assets per share (RM)		0.048	0.051

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT

On consolidated results for the first quarter ended 31 March 2008

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
	<----- Non-Distributable ----->			Reserve on Consolidation RM'000	Distributable (Accumulated Losses) RM'000			
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000					
At 1 January 2008	6,600	3,113	2	-	(6,382)	3,333	-	3,333
Net loss for the period	-	-	-	-	(140)	(140)	-	(140)
At 31 March 2008	6,600	3,113	2	-	(6,522)	3,193	-	3,193
At 1 January 2007	6,600	3,113	2	-	(5,240)	4,475	-	4,475
Net loss for the year	-	-	-	-	(1,142)	(1,142)	-	(1,142)
At 31 December 2007	6,600	3,113	2	-	(6,382)	3,333	-	3,333

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 2007 and the accompanying explanatory notes attached to this interim financial statements.

INFORTECH ALLIANCE BERHAD
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On consolidated results for the first quarter ended 31 March 2008

Unaudited Condensed Consolidated Cash Flow Statement

	Current Quarter To-date 31-Mar-08 RM'000	Preceding Year Corresponding Period 31-Mar-07 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(139)	(175)
Adjustments for:		
Non cash items	76	86
Non operating items	(9)	(6)
Operating profit before working capital changes	<u>(72)</u>	<u>(95)</u>
Net changes in current assets	(117)	183
Net changes in current liabilities	(84)	28
	<u>(273)</u>	<u>116</u>
Changes in investment	138	135
Interest paid	-	(9)
Income tax paid	(5)	(13)
Income tax refunded	5	-
Net cash used in operating activities	<u>(135)</u>	<u>229</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	-	(5)
Interest received	9	14
Net cash used in investing activities	<u>9</u>	<u>9</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase	-	(2)
Repayment to associates	-	(64)
Net cash used in financing activities	<u>0</u>	<u>(66)</u>
Net increase/(decrease) in cash and cash equivalents	(126)	172
Effects of foreign currency translation	-	-
Cash and cash equivalents at 1 January	<u>1,088</u>	<u>1,648</u>
Cash and cash equivalents at 31 March	<u>962</u>	<u>1,820</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licensed bank	800	2,008
Cash and bank balances	162	70
Bank overdraft	-	(258)
	<u>962</u>	<u>1,820</u>

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2008

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 Standards 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 2007.
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 2007.

A2 Audit report

There is no audit qualification on the annual financial statements for the financial year ended 31 December 2007.

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 first quarter ended 31 March 2008

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>As at 31 Mar 2008 RM'000</i>	<i>As at 31 Mar 2007 RM'000</i>
Customised projects	196	222
Proprietary solutions	79	82
Maintenance & training	343	473
Others	8	76
	<u>626</u>	<u>853</u>
Elimination of inter-segment sales	(94)	(201)
Total Revenue	<u>532</u>	<u>652</u>

<i>Segment Results</i>	<i>As at 31 Mar 2008 RM'000</i>	<i>As at 31 Mar 2007 RM'000</i>
Customised projects	(117)	(82)
Proprietary solutions	24	(153)
Maintenance & training	87	236
Others	(4)	(42)
Loss from operations	<u>(10)</u>	<u>(41)</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 2007.

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 first quarterly report ended 31 March 2008

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

B1 Review of group results for the quarter ended 31 March 2008

For the current quarter under review and financial period to-date, the Group registered a revenue of RM0.532 million, a decrease of 18.4% from RM0.652 million recorded in the previous year's corresponding period. However, the Group recorded a loss before taxation of RM0.139 million as compared to a loss before taxation of RM0.175 million as reported in the preceding year corresponding period. The improved financial performance was mainly due to the continuing cost-cutting measures which the Group undertook in 2007.

B2 Variation of results against the preceding quarter

	<i>Current Quarter 31 Mar '08 RM'000</i>	<i>Preceding Quarter 31 Dec '07 RM'000</i>
Revenue	532	150
Loss before taxation	(139)	(312)

For the current quarter, the Group achieved a revenue of RM532,000 and registered a loss before taxation of RM139,000 compared to a revenue of RM150,000 accompanied by a loss before taxation of RM312,000 in the immediate preceding quarter.

Though operating costs have decreased due to continuing cost-cutting measures, the effect has been negated by the share of loss of RM138,000 in its associated companies as compared to share of profits of RM140,000 in the immediate preceding quarter.

B3 Current year's prospects

Due to the highly competitive local ICT market, the Directors of IAB had foreseen the weak demand for its products and believe the situation will remain the same for the rest of the year.

Though efforts have been taken to find new foreign customers, the desired results have yet to be achieved. As reported in the last quarter, the Group expects to introduce an enhanced version of its atCom Products which is expected to contribute 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>31 Mar '08</i>	<i>31 Mar '07</i>	<i>31 Mar '08</i>	<i>31 Mar '07</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current year provision	-	4	-	4
Underprovision in previous years	1	-	1	-
	<u>1</u>	<u>4</u>	<u>1</u>	<u>4</u>

The pioneer status incentive enjoyed by Infotech Alliance Berhad (IAB) expired in 2007. Accordingly, no provision for taxation is necessary for interest income earned during the period as it may be set-off against the company's business losses. The provision in the corresponding quarter was purely on interest income earned by IAB during that period.

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 March 2008.

B7 Quoted and marketable securities

There were no investments in quoted securities as at 31 March 2008.

B8 Status of corporate proposals

The only approved scheme is the employee share option scheme of up to 15% of the issued and paid-up share capital of the Company. However, as at 31 March 2008 no options have been offered pursuant to the scheme.

B9 Group borrowings and debts securities

As at 31 March 2008 the Group had zero borrowings.

B10 Offbalance 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 7 May 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.

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(Company No : 439230 A)

QUARTERLY REPORT

Notes on the first quarterly report ended 31 March 2008

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

B13 Basic earnings per share

	<i>Individual quarter ended</i>		<i>Cumulative quarter ended</i>	
	<i>31 Mar '08</i>	<i>31 Mar '07</i>	<i>31 Mar '08</i>	<i>31 Mar '07</i>
Net profit/(loss) for the period (RM'000)	(140)	(179)	(140)	(179)
Weighted average number of ordinary shares in issue ('000)	66,000	66,000	66,000	66,000
Basic earning/(loss) per share (sen)	(0.21)	(0.27)	(0.21)	(0.27)

B14 Authorisation For Issue

The issuance of this quarterly report on consolidated results for the first quarter ended 31 March 2008 was authorised by the Board of Directors in accordance with a resolution passed during the Board of Directors' meeting held on 14 May 2008.

By Order of the Board

Mah Li Chen (MAICSA 7022751)
Lau Chin Lee (MAICSA 7040063)
Company Secretaries
Kuala Lumpur
14 May 2008