

INFORTECH ALLIANCE BERHAD
(Company No : 439230 A)

QUARTERLY REPORT

On consolidated results for the third quarter ended 30 September 2008

Unaudited Condensed Consolidated Income Statement

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30-Sep-08 RM'000	Preceding Year Corresponding Quarter 30-Sep-07 RM'000	Current Year To-date 30-Sep-08 RM'000	Preceding Year Corresponding Period 30-Sep-07 RM'000
Revenue		235	408	1040	1,468
Operating expenses		(63)	(301)	(300)	(975)
Gross Profit		<u>172</u>	<u>107</u>	<u>740</u>	<u>493</u>
Other income		8	3	24	39
Selling and distribution expenses		(4)	(15)	(12)	(37)
Administrative expenses		(241)	(261)	(718)	(819)
Other operating expenses		(70)	(108)	(236)	(287)
Finance costs		-	(1)	(2)	(25)
Share of results of associated companies		(3)	48	(68)	(187)
Profit/(Loss) before taxation		<u>(138)</u>	<u>(227)</u>	<u>(272)</u>	<u>(823)</u>
Taxation	B5	-	-	(1)	(3)
Profit/(Loss) for the period		<u><u>(138)</u></u>	<u><u>(227)</u></u>	<u><u>(273)</u></u>	<u><u>(826)</u></u>
Attributable to:					
Equity holders of the parent		(138)	(227)	(273)	(826)
Minority Interest		-	-	-	-
		<u><u>(138)</u></u>	<u><u>(227)</u></u>	<u><u>(273)</u></u>	<u><u>(826)</u></u>
Earnings per share attributable to equity holders of the parent :					
Basic Earnings/Loss Per Share (sen)		<u>(0.21)</u>	<u>(0.34)</u>	<u>(0.41)</u>	<u>(1.25)</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 third quarter ended 30 September 2008

Unaudited Condensed Consolidated Balance Sheet

	Note	As at End of Current Quarter 30-Sep-08 RM'000	As at Preceding Financial Year Ended 31-Dec-07 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A9	131	122
Investment in Associated Companies		349	401
Other investments		900	900
Development costs		323	277
	-	1,703	1,700
Current assets			
Inventories		28	28
Trade and other receivables		515	765
Amount owing by related parties		39	26
Tax refundable		71	70
Short term deposits with licensed banks		800	1,000
Cash and cash bank balances		118	88
		1,571	1,977
TOTAL ASSETS		3,274	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		23	2
Accumulated losses		(6655)	(6,382)
		3,081	3,333
Minority Interest			-
Total Equity		3,081	3,333
Current liabilities			
Trade and other payables		182	332
Borrowings	B9	-	-
Tax payable		10	10
		192	342
Long Term Liabilities			
Deferred taxation		1	2
TOTAL LIABILITIES		193	344
TOTAL EQUITY AND LIABILITIES		3,274	3,677
Net assets per share (RM)		0.047	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 third quarter ended 30 September 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
	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 2008	6600	3113	2	-	(6382)	3333	-	3333
Net loss for the period	-	-	-	-	(273)	(273)	-	(273)
Movement during the period	-	-	21	-	-	21	-	21
At 30 September 2008	6600	3113	23	-	(6655)	3081	-	3081
At 1 January 2007	6600	3113	2	-	(5240)	4475	-	4475
Net loss for the period	-	-	-	-	(826)	(826)	-	(826)
At 30 September 2007	6600	3113	2	-	(6066)	3649	-	3649

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 third quarter ended 30 September 2008

Unaudited Condensed Consolidated Cash Flow Statement

	Current Period To-date 30-Sep-08 RM'000	Preceding Year Corresponding Period 30-Sep-07 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(272)	(823)
Adjustments for:		
Non cash items	243	274
Non operating items	(24)	(17)
Operating profit before working capital changes	<u>(53)</u>	<u>(566)</u>
Net changes in current assets	237	125
Net changes in current liabilities	<u>(150)</u>	<u>(26)</u>
	35	(467)
Changes in investment	51	187
Interest paid	-	(14)
Income tax paid	(7)	(29)
Income tax refunded	4	-
Net cash used in operating activities	<u>83</u>	<u>(323)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(66)	(5)
Proceeds from disposal of fixed assets	1	-
Development Costs	(232)	-
Interest received	<u>23</u>	<u>31</u>
Net cash used in investing activities	<u>(274)</u>	<u>26</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase	-	(2)
Repayment to associates	-	(66)
Net cash used in financing activities	<u>-</u>	<u>(68)</u>
Net increase/(decrease) in cash and cash equivalents	(191)	(365)
Effects of foreign currency translation	21	(2)
Cash and cash equivalents at 1 January	<u>1,088</u>	<u>1,648</u>
Cash and cash equivalents at 30 September	<u>918</u>	<u>1,281</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licensed bank	800	1,000
Cash and bank balances	118	281
	<u>918</u>	<u>1,281</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 third quarter ended 30 September 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 of Bursa Malaysia Securities Berhad 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 and significant 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. However, the Board has disposed off its investment in Infotech Alliance India Pvt. Ltd (IAIPL) on 30 September 2008. Hence, IAIPL would cease to be a subsidiary with effect from 1 October 2008. IAIPL has been providing software development and technical support services to the group. The board has decided to concentrate all such services in Malaysia , so as to match our current business requirements, hence the disposal.

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>As at 30 Sept 2008 RM'000</i>	<i>As at 30 Sept 2007 RM'000</i>
Customised projects	329	452
Proprietary solutions	139	164
Maintenance & training	707	759
Others	43	222
	<hr/>	<hr/>
	1218	1597
Elimination of inter-segment sales	(178)	(129)
Total Revenue	<hr/> <hr/>	<hr/> <hr/>
	1,040	1,468

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QUARTERLY REPORT

Notes on the quarterly report for the third quarter ended 30 September 2008

A EXPLANATORY NOTES AS PER FRS 134

<i>Segment Results</i>	<i>As at</i> <i>30 Sept 2008</i> <i>RM'000</i>	<i>As at</i> <i>30 Sept 2007</i> <i>RM'000</i>
Customised projects	(176)	(360)
Proprietary solutions	18	28
Maintenance & training	(75)	(115)
Others	5	(29)
Loss from operations	<u>(228)</u>	<u>(476)</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 except for the disposal of IA IPL on 30 September 2008 as noted in paragraph A4 above.

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 third quarterly report ended 30 September 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 30 September 2008

For the current quarter under review, the Group registered a revenue of RM235,000, a decrease of 42.4% from RM408,000 recorded in the previous year's corresponding period ended 30 September 2007. However, the Group recorded a lower loss before taxation of RM138,000 as compared to a loss before taxation of RM227,000 as reported in the preceding year corresponding period ended 30 September 2007. The decrease in revenue is mainly due to the intense market competition in the Information & Communication Technology ("ICT") industry in Malaysia, which has adversely affected smaller players such as IAB Group. The Group managed to incur a lower loss before taxation for the current quarter ended 30 September 2008 as compared to 30 September 2007 due to the continuing stricter cost management policy introduced by the management.

B2 Variation of results against the preceding quarter

	<i>Current Quarter 30 Sept '08 RM'000</i>	<i>Preceding Quarter 30 June '08 RM'000</i>
Revenue	235	273
(Loss)/Profit before taxation	(138)	5

For the current quarter, the Group achieved a revenue of RM235,000 and incurred a loss before taxation of RM138,000 as compared to a revenue of RM273,000 accompanied by a profit before taxation of RM5,000 in the immediate preceding quarter ended 30 June 2008. The decrease in revenue is mainly due to the decreasing sales in all segments of the business in view of the intense market competition in the ICT industry in Malaysia. Though the management had introduced a stricter cost management policy since the last quarter, certain costs are fixed in nature and coupled with the share of loss instead of a profit from an associated company, the Group registered a loss before taxation of RM138,000.

B3 Current year's prospects

The Board of Directors of IAB had foreseen the weak demand for its products in view of the competitive local ICT market and believe the situation will remain the same for the financial year ending 31 December 2008. Though efforts have been taken to find new foreign customers, the desired results have yet to be achieved.

In the interim, the Group has been focusing its efforts to consolidate its business operations and lowering its operating costs. The IAB Group will explore the local market for its products and continue to serve its existing clients. Moving forward, the Group intends to continue its software development programme and is in the midst of finalising the enhanced version of its atCom HRMS Suite. The Group has plans to aggressively market the enhanced products and all existing products, which the Group hope will contribute positively to its future profitability.

B4 Profit forecast

Not applicable.

B5 Taxation

	<i>Individual quarter ended</i>		<i>Cumulative quarter ended</i>	
	<i>30 Sept '08</i>	<i>30 Sept '07</i>	<i>30 Sept '08</i>	<i>30 Sept '07</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current year provision	-	3	-	7
Under provision in previous years	-	(3)	1	(3)
	<u>-</u>	<u>-</u>	<u>1</u>	<u>4</u>

The pioneer status incentive enjoyed by Infortech 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.

QUARTERLY REPORT

Notes on the third quarterly report ended 30 September 2008

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 2008.

B7 Quoted and marketable securities

There were no investments in quoted securities as at 30 September 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 30 September 2008 no options have been offered pursuant to the scheme.

B9 Group borrowings and debts securities

As at 30 September 2008 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 21 November 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

	<i>Individual quarter ended</i>		<i>Cumulative quarter ended</i>	
	<i>30 Sept '08</i>	<i>30 Sept '07</i>	<i>30 Sept '08</i>	<i>30 Sept '07</i>
Net profit/(loss) for the period (RM'000)	(138)	(227)	(273)	(826)
Weighted average number of ordinary shares in issue ('000)	66,000	66,000	66,000	66,000
Basic earnings/(loss) per share (sen)	(0.21)	(0.34)	(0.41)	(1.25)

B14 Authorisation For Issue

The issuance of this quarterly report on consolidated results for the third quarter ended 30 September 2008 was authorised by the Board of Directors in accordance with a resolution passed during the Board of Directors' meeting held on 28 November 2008.

By Order of the Board

Jauhari Bin Hassan (LS 03681)
Company Secretary
Selangor Darul Ehsan
28 November 2008