

INFORTECH ALLIANCE BERHAD
(Company No : 439230 A)

QUARTERLY REPORT

On consolidated results for the third quarter ended 31 December 2008

Unaudited Condensed Consolidated Income Statement

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Dec-08 RM'000	Preceding Year Corresponding Quarter 31-Dec-07 RM'000	Current Year To-date 31-Dec-08 RM'000	Preceding Year Corresponding Period 31-Dec-07 RM'000
Revenue		72	150	1112	1,618
Operating expenses		(147)	(273)	(447)	(1,248)
Gross Profit/(Loss)		<u>(75)</u>	<u>(123)</u>	<u>665</u>	<u>370</u>
Other income		7	66	31	106
Selling and distribution expenses		(14)	(11)	(26)	(49)
Administrative expenses		(159)	(310)	(877)	(1,131)
Other operating expenses		(394)	(73)	(630)	(361)
Finance costs		-	(1)	(2)	(26)
Share of results of associated companies		2	140	(66)	(47)
Loss on disposal of subsidiary		(34)	-	(34)	-
Profit/(Loss) before taxation		<u>(667)</u>	<u>(312)</u>	<u>(939)</u>	<u>(1,138)</u>
Taxation	B5	(1)	(6)	(2)	(4)
Profit/(Loss) for the period		<u><u>(668)</u></u>	<u><u>(318)</u></u>	<u><u>(941)</u></u>	<u><u>(1,142)</u></u>
Attributable to:					
Equity holders of the parent		(668)	(318)	(941)	(1,142)
Minority Interest		-	-	-	-
		<u><u>(668)</u></u>	<u><u>(318)</u></u>	<u><u>(941)</u></u>	<u><u>(1,142)</u></u>
Earnings per share attributable to equity holders of the parent :					
Basic Earnings/(Loss) Per Share (sen)		<u><u>(1.01)</u></u>	<u><u>(0.48)</u></u>	<u><u>(1.43)</u></u>	<u><u>(1.73)</u></u>
Diluted Earnings Per Share (sen)		<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>

The unaudited Condensed Consolidated Income 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 these interim financial statements.

INFORTECH ALLIANCE BERHAD
(Company No : 439230 A)

QUARTERLY REPORT

On consolidated results for the fourth quarter ended 31 December 2008

Unaudited Condensed Consolidated Balance Sheet

	Note	As at End of Current Quarter 31-Dec-08 RM'000	As at Preceding Financial Year Ended 31-Dec-07 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A9	110	122
Investment in Associated Companies		355	401
Other investments		769	900
Development costs		347	277
	-	1,581	1,700
Current assets			
Inventories		14	28
Trade and other receivables		227	765
Amount owing by related parties		13	26
Tax refundable		30	70
Short term deposits with licensed banks		704	1,000
Cash and cash bank balances		88	88
		1,076	1,977
TOTAL ASSETS		2,657	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		24	2
Accumulated losses		(7323)	(6,382)
		2,414	3,333
Minority Interest		-	-
Total Equity		2,414	3,333
Current liabilities			
Trade and other payables		233	332
Borrowings	B9	-	-
Tax payable		10	10
		243	342
Long Term Liabilities			
Deferred taxation		-	2
TOTAL LIABILITIES		243	344
TOTAL EQUITY AND LIABILITIES		2,657	3,677
Net assets per share (RM)		0.037	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 these interim financial statements.

QUARTERLY REPORT

On consolidated results for the fourth quarter ended 31 December 2008

Unaudited Condensed Consolidated Statement of Changes in Equity

Group	<-----Attributable to Equity Holders of the Parent ----->					Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Non-Distributable Translation Reserve	Reserve on Consolidation	Distributable (Accumulated Losses)			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2008	6600	3113	2	-	(6382)	3333	-	3333
Net loss for the year	-	-	-	-	(941)	(941)	-	(941)
Movement during the year	-	-	22	-	-	22	-	22
At 31 December 2008	6600	3113	24	-	(7323)	2414	-	2414
At 1 January 2007	6600	3113	2	-	(5240)	4475	-	4475
Net loss for the year	-	-	-	-	(1142)	(1142)	-	(1142)
At 31 December 2007	6600	3113	2	-	(6382)	3333	-	3333

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 these interim financial statements.

INFORTECH ALLIANCE BERHAD
(Company No : 439230 A)

QUARTERLY REPORT

On consolidated results for the fourth quarter ended 31 December 2008

Unaudited Condensed Consolidated Cash Flow Statement

	Current Period To-date 31-Dec-08 RM'000	Preceding Year Corresponding Period 31-Dec-07 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(939)	(1,138)
Adjustments for:		
Non cash items	455	333
Non operating items	(28)	(62)
Operating profit before working capital changes	<u>(512)</u>	<u>(867)</u>
Net changes in current assets	544	260
Net changes in current liabilities	<u>(81)</u>	<u>(23)</u>
	(49)	(630)
Changes in investment	46	47
Interest paid	-	(14)
Income tax paid	(2)	(32)
Income tax refunded	<u>40</u>	<u>32</u>
Net cash used in operating activities	<u>35</u>	<u>(597)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(82)	(33)
Proceeds from disposal of fixed assets	2	3
Development Costs	(293)	-
Net cashflow from disposal of subsidiary	(9)	-
Interest received	<u>27</u>	<u>62</u>
Net cash used in investing activities	<u>(355)</u>	<u>32</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase	-	(2)
Repayment from related parties	-	7
Net cash used in financing activities	<u>-</u>	<u>5</u>
Net increase/(decrease) in cash and cash equivalents	(320)	(560)
Effects of foreign currency translation	24	-
Cash and cash equivalents at 1 January	1,088	1,648
Cash and cash equivalents at 31 December	<u>792</u>	<u>1,088</u>
Cash and cash equivalents comprise :		
Fixed deposits with licensed bank	704	1,000
Cash and bank balances	88	88
	<u>792</u>	<u>1,088</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 these interim financial statements.

QUARTERLY REPORT

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

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 31 Dec 2008 RM'000</i>	<i>As at 31 Dec 2007 RM'000</i>
Customised projects	335	653
Proprietary solutions	153	184
Maintenance & training	755	1,061
Others	47	281
	<hr/>	<hr/>
	1290	2179
Elimination of inter-segment sales	(178)	(561)
Total Revenue	<hr/> <hr/>	<hr/> <hr/>
	1,112	1,618

INFORTECH ALLIANCE BERHAD
(Company No : 439230 A)

QUARTERLY REPORT

Notes on the quarterly report for the fourth quarter ended 31 December 2008

A EXPLANATORY NOTES AS PER FRS 134

<i>Segment Results</i>	<i>As at</i> <i>31 Dec 2008</i> <i>RM'000</i>	<i>As at</i> <i>31 Dec 2007</i> <i>RM'000</i>
Customised projects	(278)	(304)
Proprietary solutions	(45)	(9)
Maintenance & training	(464)	(540)
Others	(83)	(84)
Loss from operations	<u>(870)</u>	<u>(937)</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 fourth quarterly report ended 31 December 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 December 2008

For the current quarter under review, the Group registered a revenue of RM72,000, a decrease of 52% from RM150,000 recorded in the previous year's corresponding period ended 31 December 2007. The Group recorded a higher loss before taxation of RM667,000 as compared to a loss before taxation of RM312,000 as reported in the preceding year corresponding period ended 31 December 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 increase in loss before taxation can be attributed to the loss on the disposal of the Indian subsidiary, Infotech Alliance India Pvt. Ltd (IAIPL) amounting to RM35,000, provision for doubtful debts of RM155,000, provision for diminution in value of investment of RM130,000 and bad debts written off of RM26,000 and also a much lower share of profit from associated companies of RM2,000 as opposed to RM140,000 in the previous year's corresponding period.

B2 Variation of results against the preceding quarter

	<i>Current Quarter 31 Dec '08 RM'000</i>	<i>Preceding Quarter 30 Sept '08 RM'000</i>
Revenue	72	235
(Loss)/Profit before taxation	(667)	(138)

For the current quarter, the Group achieved a revenue of RM72,000 and incurred a loss before taxation of RM667,000 as compared to a revenue of RM235,000 accompanied by a loss before taxation of RM138,000 in the immediate preceding quarter ended 30 September 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 loss on the disposal of the Indian subsidiary, Infotech Alliance India Pvt. Ltd (IAIPL) amounting to RM35,000 plus provision for doubtful debts of RM155,000, bad debts written off of RM26,000 and the provision for diminution in value of investment of RM130,000, the Group registered a loss before taxation of RM667,000.

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. 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>31Dec '08 RM'000</i>	<i>31 Dec '07 RM'000</i>	<i>31Dec '08 RM'000</i>	<i>31 Dec '07 RM'000</i>
Current year provision	-	(6)	-	(10)
(Under)/Over provision in previous years	(1)	-	(2)	6
	<u>(1)</u>	<u>(6)</u>	<u>(2)</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.

QUARTERLY REPORT

Notes on the fourth quarterly report ended 31 December 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 31 December 2008.

B7 Quoted and marketable securities

There were no investments in quoted securities as at 31 December 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 December 2008 no options have been offered pursuant to the scheme.

B9 Group borrowings and debts securities

As at 31 December 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 19 February 2009, 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>31 Dec '08</i>	<i>31 Dec '07</i>	<i>31 Dec '08</i>	<i>31 Dec '07</i>
Net profit/(loss) for the period (RM'000)	(668)	(318)	(941)	(1,142)
Weighted average number of ordinary shares in issue ('000)	66,000	66,000	66,000	66,000
Basic earnings/(loss) per share (sen)	(1.01)	(0.48)	(1.43)	(1.73)

B14 Authorisation For Issue

The issuance of this quarterly report on the consolidated results for the fourth quarter ended 31 December 2008 was authorised by the Board of Directors in accordance with a resolution passed during the Board of Directors' meeting held on 26 February 2009.

By Order of the Board

Jauhari Bin Hassan (LS 03681)
Company Secretary
Selangor Darul Ehsan
26 February 2009