



**INFOLINE TEC GROUP BERHAD**

Registration No. 202101032489 (1432789-M)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT**

**SECOND QUARTER ENDED 30 JUNE 2022**

**22 AUGUST 2022**

**INFOLINE TEC GROUP BERHAD**  
(Registration No. 202101032489) (1432789-M))  
(Incorporated in Malaysia)

**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE QUARTER ENDED 30 JUNE 2022<sup>(1)</sup>**

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
	UNAUDITED 30 June 2022	UNAUDITED 30 June 2021 <sup>(2)</sup>	UNAUDITED 30 June 2022	UNAUDITED 30 June 2021 <sup>(2)</sup>
	RM'000	RM'000	RM'000	RM'000
Revenue	7,081	N/A	15,944	N/A
Cost of sales	(4,745)	N/A	(10,412)	N/A
Gross profit	2,336	N/A	5,532	N/A
Other income	397	N/A	421	N/A
Administrative expenses	(1,990)	N/A	(3,352)	N/A
Other expenses	(111)	N/A	(214)	N/A
Finance costs	(3)	N/A	(6)	N/A
Profit before tax	629	N/A	2,381	N/A
Income tax expense	(423)	N/A	(858)	N/A
<b>Profit after tax attributable to the owners of the Company</b>	<b>206</b>	<b>N/A</b>	<b>1,523</b>	<b>N/A</b>
<b>Other comprehensive income</b>				
- Foreign currency translation differences	(36)	N/A	29	N/A
<b>Total comprehensive income for the period attributable to the owners of the Company</b>	<b>170</b>	<b>N/A</b>	<b>1,552</b>	<b>N/A</b>
<b>Basic earnings per share (sen)<sup>(3)</sup></b>	<b>0.25</b>	<b>N/A</b>	<b>1.83</b>	<b>N/A</b>
<b>Diluted earnings per share (sen)<sup>(3)</sup></b>	<b>0.25</b>	<b>N/A</b>	<b>1.83</b>	<b>N/A</b>

**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 of the notes to this interim financial report and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 20 June 2022 ("**Prospectus**") and the accompanying explanatory notes attached in this interim financial report.
- (2) This is the second interim financial report announced in compliance with the Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). There are no comparative figures for the preceding corresponding quarter as there was no interim financial report prepared for the comparative quarter concerned.
- (3) Basic and diluted earnings per share is calculated based on the weighted average number of ordinary shares in the Company ("**Shares**") which is in issue during the financial period under review.

N/A - Not Applicable

**INFOLINE TEC GROUP BERHAD**  
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**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022<sup>(1)</sup>**

	<u>UNAUDITED AS AT</u> <u>30 June 2022</u>	<u>AUDITED AS AT</u> <u>31 December 2021</u>
	<u>RM'000</u>	<u>RM'000</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Equipment	310	372
Right-of-use assets	259	233
Deferred tax assets	803	803
	<b>1,372</b>	<b>1,408</b>
<b>Current assets</b>		
Inventories	2,116	2,022
Contract cost assets	2,759	2,746
Trade receivables	12,895	9,519
Other receivables, deposits and prepayments	11,124	1,723
Current tax assets	433	8
Deposit with a licensed bank	-	959
Cash and bank balances	7,246	11,432
	<b>36,573</b>	<b>28,409</b>
<b>Total assets</b>	<b>37,945</b>	<b>29,817</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	14,461	-
Invested equity	-	2,490
Retained profits	14,469	14,962
Reserves	487	458
Merger Reserves	(11,972)	-
<b>Total equity</b>	<b>17,445</b>	<b>17,910</b>
<b>Non-current liabilities</b>		
Contract liabilities	333	602
Lease liabilities	111	132
	<b>444</b>	<b>734</b>
<b>Current Liabilities</b>		
Trade payables	6,764	6,561
Other payables and accruals	412	1,456
Contract liabilities	12,725	3,049
Lease liabilities	155	107
	<b>20,056</b>	<b>11,173</b>
<b>Total liabilities</b>	<b>20,500</b>	<b>11,907</b>
<b>Total equity and liabilities</b>	<b>37,945</b>	<b>29,817</b>
<b>Net assets per share attributable to owners of the Company (RM)<sup>(2)</sup></b>	<b>0.06</b>	<b>7.20</b>

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**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**Notes:**

- (1) The basis of preparation of the Condensed Consolidated Statement of Financial Position is disclosed in Note A1 of the notes to this interim financial report and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached in this interim financial report.
- (2) Net assets per share is calculated based on 289,229,120 Shares in issue after the Acquisitions and before Public Issue (as detailed in Note B5).

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**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2022<sup>(1) (2)</sup>**

			Non-Distributable			Distributable	Total Equity
	Share Capital	Invested Equity	Foreign Exchange Translation Reserve	Statutory Reserve	Merger Reserve	Retained Profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2022	*	2,490	304	154	-	14,962	17,910
Effect arising from acquisition	-	-	-	-	(11,972)	-	(11,972)
Contributions by and distributions to owners of the Company:							
Issuance of shares	14,461	(2,490)	-	-	-	-	11,971
Dividend paid	-	-	-	-	-	(2,016)	(2,016)
Total transaction with owners	14,461	-	-	-	-	(2,016)	9,955
Profit for the financial period	-	-	-	-	-	1,523	1,523
Foreign exchange translation	-	-	29	-	-	-	29
Total comprehensive income	-	-	29	-	-	1,523	1,552
Balance as at 30 June 2022	14,461	-	333	154	(11,972)	14,469	17,445

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**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 of the notes to this interim financial report and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
  - (2) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative quarter concerned.
- \* Denote RM25.

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**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 JUNE 2022<sup>(1)</sup>**

	<b>CURRENT YEAR TO DATE</b>	<b>PRECEDING YEAR TO DATE</b>
	<b>30 June 2022</b>	<b>30 June 2021<sup>(2)</sup></b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Profit before tax	2,381	N/A
Adjustments for:		
Allowance of impairment losses on inventories	24	N/A
Depreciation of equipment	38	N/A
Depreciation of right-of-use assets	65	N/A
Gain on disposal of equipment	(1)	N/A
Interest expense on lease liabilities	6	N/A
Interest income	(16)	N/A
Unrealised gain on foreign exchange	(145)	N/A
<b>Operating profit before working capital changes</b>	<b>2,352</b>	<b>N/A</b>
Increase in inventories	(117)	N/A
Increase in trade and other receivables	(12,777)	N/A
Increase in trade and other payables	2,971	N/A
Increase in contract cost assets	(13)	N/A
Increase in contract liabilities	9,407	N/A
<b>Cash from operations</b>	<b>1,823</b>	<b>N/A</b>
Income tax paid	(1,298)	N/A
Interest paid	(6)	N/A
Interest received	16	N/A
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>535</b>	<b>N/A</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Purchase of equipment	(3,854)	N/A
Placement of deposit with tenure more than 3 months	(18)	N/A
Proceed from disposal of equipment	67	N/A
Withdrawal of deposits pledged to licensed bank	977	N/A
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(2,828)</b>	<b>N/A</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Dividend paid	(2,016)	N/A
Repayment of lease liabilities	(64)	N/A
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<b>(2,080)</b>	<b>N/A</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,373)</b>	<b>N/A</b>
EFFECT OF FOREIGN EXCHANGE TRANSLATION	187	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,432	N/A
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>7,246</b>	<b>N/A</b>



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**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
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**Notes:**

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statement of Cash Flows is disclosed in Note A1 of the notes to this interim financial report and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative quarter concerned.

N/A - Not Applicable

**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
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**A EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1 Basis of preparation**

The interim financial report of Infoline Tec Group Berhad (“**Infoline Tec**” or the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is unaudited and had been prepared in accordance with the requirements of the Malaysian Financial Reporting Standards (“**MFRSs**”) 134 “Interim Financial Reporting” and Appendix 9B of the ACE Market Listing Requirements of Bursa Securities.

This is the second interim financial report for the second quarter ended 30 June 2022 announced by the Group in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding quarter.

The accounting policies and methods of computation adopted by the Group in this unaudited condensed interim financial report are consistent with those adopted in the annual financial statements of the Group. The interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus and the accompanying explanatory notes to this interim financial report.

**Statement of compliance**

The unaudited interim financial statements of the Group have been prepared in accordance with the MFRSs and International Financial Reporting Standards (“**IFRSs**”).

The Group has adopted the following new MFRS, amendments/improvements to MFRSs and new IC Interpretations that are mandatory for the current financial period:

Amendments/Improvements to MFRSs

- MFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021
- MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform - Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s combined financial statements.

- (a) The Group has not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

<u>New MFRS</u>	<b>Effective for financial periods beginning on or after</b>
MFRS 17 Insurance Contracts	1 January 2023

**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
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**A1 Basis of preparation (continued)**

Amendments/Improvements to MFRSs

MFRS 3	Reference to the Conceptual Framework	1 January 2022
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
MFRS 17	Insurance Contracts	1 January 2023
MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
MFRS 101	Disclosure of Accounting Policies	1 January 2023
MFRS 108	Definition of Accounting Estimates	1 January 2023
MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
	Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The Group plans to adopt the above applicable new MFRSs and amendments/improvements to MFRSs when they become effective and that the adoption of these standards and amendments are not expected to have any material impact on the financial statements of the Group in the period of initial application.

**A2 Auditors' report on preceding annual financial statements**

Infoline Tec was incorporated under the Companies Act, 2016 on 5 October 2021 and was converted to a public limited company on 29 October 2021. The Company completed the Acquisitions on 9 May 2022.

There was no auditors' report on the Group for preceding annual financial statements. However, the auditors' report for the financial year ended 31 December 2021 of the Company, Infoline Tec, Infoline Solutions and Infoline Shenzhen were not subject to any qualification. The preceding annual financial statement are prepared based on combination or aggregation of all the audited financial statements of respective companies of the Group.

**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
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**A3 Seasonal or cyclical factors**

The Group's interim operations were not subjected to any significant seasonal or cyclical factors.

**A4 Material unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

**A5 Changes in estimates**

There were no changes in the nature and estimates of amounts reported which have a material effect on the results for the financial period under review.

**A6 Debt and equity securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period under review.

**A7 Dividend paid**

On 27 April 2022 and prior to the completion of the Acquisitions, Infoline IT Solutions Sdn Bhd has declared a final dividend of RM0.9247 per ordinary share amounting to approximately RM2.016 million in respect of the financial year ended 31 December 2021. The dividend was paid on 6 May 2022.

The Directors have not recommended or declared any dividend for the financial period under review for Infoline Tec Group Berhad.

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**A8 Segment information**

The unaudited segment information for the individual quarter ended 30 June 2022 is as follows:

	<b>IT Infrastructure Solutions RM'000</b>	<b>Cybersecurity Solutions RM'000</b>	<b>Managed IT Services and Other IT Services RM'000</b>	<b>Trading of Ancillary Hardware and Software RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>30 June 2022</b>						
Revenue:						
Revenue from external customers	4,774	501	1,616	190	-	7,081
Inter-segment revenue	-	-	38	-	(38)	-
	<u>4,774</u>	<u>501</u>	<u>1,654</u>	<u>190</u>	<u>(38)</u>	<u>7,081</u>
Segment profit	1,675	200	356	105	-	2,336
Other income						397
Administrative expenses						(1,990)
Other expenses						(111)
Finance costs						(3)
Income tax expense						(423)
Profit for the financial period						<u>206</u>

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**A8 Segment information (continued)**

The unaudited segment information for the cumulative quarter ended 30 June 2022 is as follows:

	<b>IT Infrastructure Solutions RM'000</b>	<b>Cybersecurity Solutions RM'000</b>	<b>Managed IT Services and Other IT Services RM'000</b>	<b>Trading of Ancillary Hardware and Software RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>30 June 2022</b>						
Revenue:						
Revenue from external customers	11,885	665	2,940	454	-	15,944
Inter-segment revenue	-	-	83	-	(83)	-
	<u>11,885</u>	<u>665</u>	<u>3,023</u>	<u>454</u>	<u>(83)</u>	<u>15,944</u>
Segment profit	4,339	221	838	134	-	5,532
Other income						421
Administrative expenses						(3,352)
Other expenses						(214)
Finance costs						(6)
Income tax expense						(858)
Profit for the financial period						<u>1,523</u>

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**A9 Valuation of property, plant and equipment**

The Group did not carry out any valuation on its property, plant and equipment in the current quarter.

**A10 Material events subsequent to the end of the quarter**

Save as disclosed in Note B5, there was no material event subsequent to the end of the quarter under review.

**A11 Changes in the composition of the Group**

Save as disclosed in Note B5, there were no changes to the composition of the Group for the quarter under review.

**A12 Contingent Liabilities or Contingent Assets**

There were no contingent liabilities or contingent assets in the Group for the quarter under review.

**A13 Capital commitments**

There were no capital commitments in the Group for the quarter under review.

**A14 Related party transactions**

There were no material related party transactions during the quarter under review.

	<b>Individual quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Rental expenses paid to Director of the Company	12	N/A	25	N/A

**A15 Fair value information**

There was no gain or loss arising from fair value changes of the Group's financial liabilities for the current quarter and financial period under review.

**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**B ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET**

**B1 Review of performance**

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Revenue	7,081	N/A	15,944	N/A
Gross profit	2,336	N/A	5,532	N/A
Profit before tax	629	N/A	2,381	N/A
Profit after tax	206	N/A	1,523	N/A

**Current quarter**

The Group recorded revenue of RM7.08 million for the current financial quarter ended 30 June 2022.

The Group's revenue was mainly derived from the IT infrastructure solutions segment and managed IT services and other IT services segment, which contributed RM4.77 million or 67.4% and RM1.62 million or 22.8% of the total revenue for the current financial quarter ended 30 June 2022, respectively. The Group's Malaysia operation remained as the major revenue contributor, which contributed approximately 83.9% of the Group's total revenue for the current financial quarter ended 30 June 2022.

The Group also registered a profit before tax and profit after tax of RM0.63 million and RM0.21 million, respectively, in the current financial quarter under review. During the current financial quarter, the Group recorded higher administrative expenses (mainly due to expenses relating to the IPO exercise amounting to approximately RM0.70 million which are not recurring in nature). The normalised profit before tax and profit after tax for the current financial quarter, after adjusting for the listing expenses of approximately RM0.70 million, would be RM1.33 million and RM0.91 million, respectively.

**Cumulative quarter (6 months)**

The Group recorded revenue of RM15.94 million for the 6-months financial period ended 30 June 2022.

The Group's revenue was mainly derived from the IT infrastructure solutions segment and managed IT services and other IT services segment, which contributed RM11.89 million or 74.5% and RM2.9 million or 18.4% of the total revenue for the 6-months financial period ended 30 June 2022, respectively. The Group's Malaysia operation remained as the major revenue contributor, which contributed approximately 86.4% of the Group's total revenue for the 6-months financial period ended 30 June 2022.

The Group also registered profit before tax and profit after tax of RM2.38 million and RM1.52 million, respectively, in the 6-months financial period ended 30 June 2022. During the current financial period, the Group recorded higher administrative expenses (mainly due to expenses relating to the IPO exercise amounting to approximately RM0.92 million which are not recurring in nature). The normalised profit before tax and profit after tax for the current financial period, after adjusting for the listing expenses of approximately RM0.92 million, would be RM3.30 million and RM2.44 million, respectively.

Overall, due to the global supply chain disruption, the Group experienced delays in the scheduled delivery of its IT infrastructure solutions and cybersecurity solutions projects during the financial period ended 30 June 2022. Some of the Group's customers have made deposits and prepayments and accordingly, as at 30 June 2022, the Group has recorded contract liabilities amounting to RM4.87 million. The delivery of these projects was subsequently completed.



**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
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**B2 Comparison with immediate preceding quarter's results**

	<b>Current Quarter</b>	<b>Preceding Quarter</b>	<b>Variance</b>	
	<b>30 June 2022 RM'000</b>	<b>31 March 2022 RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	7,081	8,863	(1,782)	(20.1)
Gross profit	2,336	3,196	(860)	(26.9)
Profit before tax	629	1,752	(1,123)	(64.1)
Profit after tax	206	1,317	(1,111)	(84.4)

Compared with the immediate preceding quarter ended 31 March 2022, revenue and profit before taxation for the quarter ended 30 June 2022 decreased by 20.1% and 64.1% to RM7.08 million and RM0.63 million, respectively. The lower profit before taxation is mainly due to lower revenue recognition from IT infrastructure solutions and trading of ancillary hardware and software segment. In addition, the Group incurred higher administrative expenses, mainly due to expenses relating to the IPO exercise amounting to approximately RM0.70 million which are not recurring in nature.

**B3 Prospects**

The Group is an IT infrastructure and cybersecurity service provider. Acceleration in digital transformation and the evolution of technologies in daily lives such as artificial intelligence (AI), big data, cloud computing, internet of things (IoT) and mobile and social computing will lead to an increase in demand for IT infrastructure and cybersecurity solutions to address the increasing volume of data generated.

With the upcoming IPO proceeds, the Group will be able to pursue its future plans and strategies as disclosed in the Company's Prospectus dated 20 June 2022, which include, amongst others:

- Enhancement of facilities for managed IT services;
- Setting up of technology centre and disaster recovery centre; and
- Geographical expansion in Malaysia and in international markets.

Moving forward, the Board is optimistic that initiatives such as the above will enhance the Group's competitiveness and strengthen its market position in the IT infrastructure and cybersecurity industries. Furthermore, by leveraging on the Group's established track record and management's strong technical capabilities, the Group is confident of capitalising on the attractive industry prospects ahead.

For the quarter ended 30 June 2022, the Group was affected by the disruption in supply chain which resulted in the delay in the scheduled delivery of its IT infrastructure solutions and cybersecurity solutions projects. As at 30 June 2022, some of the Group's customers have made deposits and prepayments and accordingly, the Group has recorded a contract liabilities of RM4.87 million. The delivery of these projects to the customers was subsequently completed and, hence, will be recognised as revenue in the following financial period/quarter.

Despite the challenging environment posed by the Covid-19 pandemic, inflationary pressures from higher input prices, and most recently the uncertainties caused by the Russian military invasion of Ukraine, the management has assessed the impact on the Group and is of the opinion that there were no material financial impacts and barring any unforeseen circumstances, expects to continue to register growth in its sales, market share and profitability.

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**B4 Taxation**

	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 6 months ended</b>	
	<b>30 June 2022 RM'000</b>	<b>30 June 2021<sup>(1)</sup> RM'000</b>	<b>30 June 2022 RM'000</b>	<b>30 June 2021<sup>(1)</sup> RM'000</b>
<b>Income tax expense:</b>				
Current financial period	(423)	N/A	(858)	N/A
<b>Movement in deferred tax:</b>				
Originating of temporary difference	-	N/A	-	N/A
<b>Total tax expense</b>	(423)	N/A	(858)	N/A
Effective tax rate <sup>(2)</sup>	67.2%	N/A	36.0%	N/A

**Notes:**

- (1) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no available comparative figures for the preceding corresponding quarter as no interim financial report prepared for the comparative quarter concerned.
- (2) The effective tax rate of the Group's current tax charge for the current financial period under review was above the statutory tax rate due to certain expenses which are not deductible for tax purposes.

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**B5 Status of corporate proposals and utilisation of proceeds**

On 3 November 2021, the Company had entered into the following share sale agreements:

- (a) Share sale agreement between the Company and the vendors of Infoline Solutions for the acquisition of 100% equity interest in Infoline Solutions, for a purchase consideration of RM9,553,502 which was wholly satisfied by the issuance of 191,070,040 new Shares at an issue price of RM0.05 each ("**Infoline Solutions Acquisition**"); and
- (b) Share sale agreement between the Company and the vendors of Infoline Shenzhen for the acquisition of 100% equity interest in Infoline Shenzhen, for a purchase consideration of RM4,907,929 (equivalent to RMB7,635,236 based on the closing exchange rate on 30 June 2021 of RMB1:RM0.6428) which was wholly satisfied by the issuance of 98,158,580 new Shares at an issue price of RM0.05 per each ("**Infoline Shenzhen Acquisition**").

Infoline Solutions Acquisition and Infoline Shenzhen Acquisition are collectively referred to as the "**Acquisitions**".

The Acquisitions were completed on 9 May 2022.

On 20 June 2022, the Company issued its Prospectus in conjunction with the Company's listing on the ACE Market of Bursa Securities where it has undertaken an initial public offering ("**IPO**") comprising:-

- (i) Public issue of 74,000,000 new Shares ("**Public Issue**") allocated in the following manner:
  - 18,162,000 new Shares available for application by the Malaysian public;
  - 8,269,000 new Shares available for application by the eligible directors and employees, and persons who have contributed to the success of the Group;
  - 2,165,300 new Shares made available by way of private placement to selected investors; and
  - 45,403,700 new Shares made available by way of private placement to identified Bumiputera investors approved by the Ministry of International Trade and Industry, Malaysia; and
- (ii) Offer for sale of 22,250,000 existing Shares by way of private placement to selected investors,

at an issue/offer price of RM0.32 per Share.

The listing of and quotation for the entire enlarged issued Shares of the Company on the ACE Market of Bursa Securities was completed on 13 July 2022. The enlarged issued Shares of the Company arising from the IPO were 363,229,120 Shares equivalent to RM38.14 million.

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**B5 Status of corporate proposals and utilisation of proceeds (continued)**

Further to the completion of the IPO on 13 July 2022, the Company raised gross proceeds of RM23.68 million from the IPO via Public Issue. As at 15 August 2022, RM10.50 million of the total proceeds raised has been utilised as follows:

	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance unutilised RM'000</b>	<b>Estimated time frame for utilisation upon Listing</b>
Setting up of technology centre and disaster recovery centre	8,460	(4,469)	3,991	Within 9 months
Enhancement of Network Operation Centre (NOC)	4,300	(2,203)	2,097	Within 8 months
Setting of a Security Operation Centre (SOC)	4,700	(135)	4,565	Within 18 months
Business expansion	2,220	-	2,220	Within 12 months
Estimated listing expenses	4,000	(3,693)	307	Within 3 months
	<b>23,680</b>	<b>(10,500)</b>	<b>13,180</b>	

The proposed utilisation of the proceeds as disclosed above should be read in conjunction with the Company's Prospectus.

**B6 Borrowings**

The Group has no borrowings as at 30 June 2022.

**B7 Profit forecast / Profit guarantee**

The Group did not issue any profit forecast or profit guarantee in any public documents.

**B8 Material litigation**

The Group has no outstanding material litigation as at the date of this interim report.

**B9 Dividend**

Save as disclosed in Note A7, the Directors have not recommended or declared any dividend for the quarter ended 30 June 2022.

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**B10 Earnings per share**

The basic and diluted earnings per share for the current quarter and financial period is calculated as follows:

	<b>INDIVIDUAL QUARTER 3 MONTHS ENDED</b>		<b>CUMULATIVE QUARTER 6 MONTHS ENDED</b>	
	<b>UNAUDITED</b>	<b>UNAUDITED</b>	<b>UNAUDITED</b>	<b>UNAUDITED</b>
	<b>30 June 2022</b>	<b>30 June 2021<sup>(1)</sup></b>	<b>30 June 2022</b>	<b>30 June 2021<sup>(1)</sup></b>
Profit attributable to owners of the Company (RM'000)	206	N/A	1,523	N/A
Weighted average number of Shares in issue ('000)	83,094	N/A	83,094	N/A
Basic earnings per Share (sen) <sup>(2)</sup>	0.25	N/A	1.83	N/A
Diluted earnings per Share (sen) <sup>(2)</sup>	0.25	N/A	1.83	N/A

**Notes:**

- (1) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no available comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative quarter concerned.
- (2) Basic and diluted earnings per share is calculated by dividing the profit after tax attributable to owners of the Company by the weighted average number of Shares in issue during the financial period under review.

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**B11 Profit before taxation**

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 June 2022 RM'000	30 June 2021 <sup>(1)</sup> RM'000	30 June 2022 RM'000	30 June 2021 <sup>(1)</sup> RM'000
Profit before tax is arrived at after charging/(crediting):				
Allowance of impairment losses on inventories	13	N/A	24	N/A
Depreciation of equipment	18	N/A	38	N/A
Depreciation of right-of-use assets	34	N/A	65	N/A
Interest expense on lease liabilities	3	N/A	6	N/A
Interest income	(9)	N/A	(16)	N/A
Unrealised gain on foreign exchange	(135)	N/A	(145)	N/A
Gain on disposal of equipment	(1)	N/A	(1)	N/A

**Note:**

(1) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no available comparative figures for the preceding year's quarter as no interim financial report was prepared for the comparative quarter concerned.

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements are not applicable.

By order of the Board of Directors  
Infoline Tec Group Berhad  
22 August 2022