



**INFOLINE TEC GROUP BERHAD**

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

**INTERIM FINANCIAL REPORT**

**THIRD QUARTER ENDED 30 SEPTEMBER 2023**

**20 NOVEMBER 2023**

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

**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
	CURRENT QUARTER 30 September 2023 RM'000	PRECEDING QUARTER 30 September 2022 RM'000	CURRENT YEAR TO DATE 30 September 2023 RM'000	PRECEDING YEAR TO DATE 30 September 2022 RM'000
Revenue	16,303	28,523	45,014	44,467
Cost of sales	(7,310)	(17,212)	(22,891)	(27,624)
Gross profit	8,993	11,311	22,123	16,843
Other income	2,479	205	3,321	626
Administrative expenses	(3,380)	(1,499)	(8,429)	(4,851)
Other expenses	(910)	(128)	(2,772)	(342)
Finance costs	(25)	(3)	(37)	(9)
Profit before tax	7,157	9,886	14,206	12,267
Income tax expense	(1,954)	(2,850)	(2,858)	(3,708)
<b>Profit after tax attributable to the owners of the Company</b>	5,203	7,036	11,348	8,559
<b>Other comprehensive income</b>				
- Foreign currency translation differences	251	(54)	157	(24)
<b>Total comprehensive income for the period attributable to the owners of the Company</b>	5,454	6,982	11,505	8,535
<b>Basic earnings per share (sen)</b>	1.43	1.97	3.12	2.74
<b>Diluted earnings per share (sen)</b>	1.43	1.97	3.12	2.74

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

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**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2023**

	<b>UNAUDITED AS AT 30 September 2023 RM'000</b>	<b>AUDITED AS AT 31 December 2022 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Equipment	10,424	9,091
Intangible assets	5,273	-
Right-of-use assets	634	308
Deferred tax assets	803	803
Goodwill	4,883	-
	<b>22,017</b>	<b>10,202</b>
<b>Current assets</b>		
Inventories	254	358
Contract cost assets	4,852	4,573
Trade receivables	16,305	16,603
Other receivables, deposits and prepayments	2,578	654
Current tax assets	1,006	167
Short-term investments	13,362	13,000
Cash and bank balances	12,922	24,884
	<b>51,279</b>	<b>60,239</b>
<b>Total assets</b>	<b>73,296</b>	<b>70,441</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	36,935	36,935
Retained profits	28,385	25,064
Reserves	416	259
Merger Reserves	(11,972)	(11,972)
<b>Total equity</b>	<b>53,764</b>	<b>50,286</b>
<b>Non-current liabilities</b>		
Contract liabilities	1,426	1,401
Lease liabilities	279	181
Term loan	144	-
Deferred liability	2,776	-
	<b>4,625</b>	<b>1,582</b>

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**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2023 (CONT'D)**

	<b>UNAUDITED AS AT 30 September 2023 RM'000</b>	<b>AUDITED AS AT 31 December 2022 RM'000</b>
<b>Current Liabilities</b>		
Trade payables	5,244	10,700
Other payables and accruals	4,000	1,636
Contract liabilities	4,502	4,445
Lease liabilities	367	135
Current tax liabilities	689	1,657
Term loan	105	-
	<b>14,907</b>	<b>18,573</b>
<b>Total liabilities</b>	<b>19,532</b>	<b>20,155</b>
<b>Total equity and liabilities</b>	<b>73,296</b>	<b>70,441</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	0.15	0.14

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

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**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

			Non-Distributable			Distributable	Total Equity RM'000
	Share Capital RM'000	Invested Equity RM'000	Foreign Exchange Translation Reserve RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Retained Profits RM'000	
Balance as at 1 January 2023	36,935	-	105	154	(11,972)	25,064	50,286
Contributions by and distributions to owners of the Company:							
Dividend paid	-	-	-	-	-	(8,027)	(8,027)
Total transaction with owners	-	-	-	-	-	(8,027)	(8,027)
Profit for the financial period	-	-	-	-	-	11,348	11,348
Foreign exchange translation	-	-	157	-	-	-	157
Total comprehensive income	-	-	157	-	-	11,348	11,505
Balance as at 30 September 2023	36,935	-	262	154	(11,972)	28,385	53,764

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023  
(CONT'D)**

	Share Capital RM'000	Invested Equity RM'000	Non-Distributable			Distributable	Total Equity RM'000
			Foreign Exchange Translation Reserve RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Retained Profits 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	38,142	(2,490)	-	-	-	-	35,652
Listing expenses	(1,207)	-	-	-	-	-	(1,207)
Dividend paid	-	-	-	-	-	(2,016)	(2,016)
Total transaction with owners	36,935	(2,490)	-	-	-	(2,016)	32,429
Profit for the financial year	-	-	-	-	-	8,559	8,559
Foreign exchange translation	-	-	(24)	-	-	-	(24)
Total comprehensive income	-	-	(24)	-	-	8,559	8,535
Balance as at 30 September 2022	36,935	-	280	154	(11,972)	21,505	46,902

**Note:**

\* Denote RM25.

The above unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

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**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL  
PERIOD ENDED 30 SEPTEMBER 2023**

	<b>CURRENT YEAR TO DATE</b>	<b>PRECEDING YEAR TO DATE</b>
	<b>30 September 2023</b>	<b>30 September 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	14,206	12,267
Adjustments for:		
Allowance for impairment losses on inventories	115	21
Writeback for impairment losses on allowance for doubtful debts	(1,898)	-
Depreciation of equipment	1,437	54
Depreciation of right-of-use assets	238	107
Amortisation of intangible assets	442	-
Gain on disposal of equipment	-	(1)
Interest expense	37	9
Interest income	(253)	(20)
Unrealised gain on foreign exchange	(763)	(199)
<b>Operating profit before working capital changes</b>	<b>13,561</b>	<b>12,238</b>
(Increase)/ Decrease in inventories	(12)	1,259
Decrease/(Increase) in trade and other receivables	217	(21,755)
(Decrease)/Increase in trade and other payables	(3,127)	550
Increase in contract cost assets	(286)	(860)
Increase in contract liabilities	66	9,131
Increase in deferred liability	2,776	-
<b>Cash from operations</b>	<b>13,195</b>	<b>563</b>
Income tax paid	(3,877)	(1,699)
Income tax refund	45	49
Interest paid	(37)	(9)
Interest received	326	-
<b>NET CASH FROM/ (FOR) OPERATING ACTIVITIES</b>	<b>9,652</b>	<b>(1,096)</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Purchase of equipment	(2,731)	(47)
Prepayment of equipment	-	(6,664)
Purchase of intangible assets	(5,714)	-
Acquisition of a subsidiary	(4,663)	-
Placement of deposit with tenure more than 3 months	-	(18)
Proceed from disposal of equipment	-	67
Withdrawal of deposits pledged to licensed bank	-	977
Interest received	-	20
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(13,108)</b>	<b>(5,665)</b>

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**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023 (CONT'D)**

	<b>CURRENT YEAR TO DATE</b>	<b>PRECEDING YEAR TO DATE</b>
	<b>30 September 2023</b>	<b>30 September 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Net proceeds from issuance of ordinary shares	-	22,473
Dividend paid	(8,027)	(2,016)
Repayment of lease liabilities	(235)	(106)
Repayment of term loan	(9)	-
<b>NET CASH (FOR)/ FROM FINANCING ACTIVITIES</b>	<b>(8,271)</b>	<b>20,351</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(11,727)</b>	<b>13,590</b>
EFFECT OF FOREIGN EXCHANGE TRANSLATION	127	188
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	37,884	11,432
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>26,284</b>	<b>25,210</b>

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.



**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

**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.

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022.

The accounting policies and methods of computation adopted by the Group in this unaudited condensed interim financial report are consistent with the audited financial statements of the Group for the financial year ended 31 December 2022.

**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 MFRSs, amendments/improvements to MFRSs and new IC Interpretations that are mandatory for the current financial period:

MFRSs and/or IC Interpretations

Amendments to MFRS 3: Reference to the Conceptual Framework  
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use  
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract  
Annual Improvements to MFRS Standards 2018 – 2020  
MFRS 117: Insurance Contracts  
Amendments to MFRS 17: Insurance Contracts  
Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information  
Amendments to MFRS 101: Disclosure of Accounting Policies  
Amendments to MFRS 108: Definition of Accounting Estimates  
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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.

**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

**A1 Basis of preparation (continued)**

Amendments/Improvements to MFRSs

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

		<b>Effective for financial periods beginning on or after</b>
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
MFRS 101	Non-current Liabilities with Covenants	1 January 2024
MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
MFRS 121	Lack of Exchangeability	1 January 2025

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 year of initial application.

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

The auditors' report on the financial statements of the Group for the financial year ended 31 December 2022 was not qualified.

**A3 Seasonal or cyclical factors**

The Group's 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.

**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

**A6 Debt and equity securities**

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

**A7 Dividend paid**

On 19 June 2023, the Company declared a final single-tier dividend of 1.38 sen per ordinary share amounting to approximately RM5.01 million in respect of the financial year ended 31 December 2022, which was paid on 14 July 2023 to shareholders whose names appeared in the record of depositors on 5 July 2023.

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FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

**A8 Segment information**

The unaudited segment information for the financial period ended 30 September 2023 is as follows:

	IT Infrastructure Solutions RM'000	Cybersecurity Solutions RM'000	Managed IT Services and Other IT Services RM'000	Trading of Ancillary Hardware and Software RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
<b>30 September 2023</b>							
Revenue:							
Revenue from external customers	31,080	1,917	10,024	1,993	-	-	45,014
Inter-segment revenue	154	-	339	87	3,358	(3,938)	-
	<u>31,234</u>	<u>1,917</u>	<u>10,363</u>	<u>2,080</u>	<u>3,358</u>	<u>(3,938)</u>	<u>45,014</u>
Segment profit	13,547	762	7,442	372	-	-	22,123
Other income							3,321
Administrative expenses							(8,429)
Other expenses							(2,772)
Finance costs							(37)
Income tax expense							(2,858)
Profit for the financial period							<u>11,348</u>

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**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

**A8 Segment information (continued)**

The unaudited segment information for the financial period ended 30 September 2022 is as follows:

	IT Infrastructure Solutions RM'000	Cybersecurity Solutions RM'000	Managed IT Services and Other IT Services RM'000	Trading of Ancillary Hardware and Software RM'000	Elimination RM'000	Total RM'000
<b>30 September 2022</b>						
Revenue:						
Revenue from external customers	26,870	10,720	6,178	699	-	44,467
Inter-segment revenue	-	-	121	-	(121)	-
	<u>26,870</u>	<u>10,720</u>	<u>6,299</u>	<u>699</u>	<u>(121)</u>	<u>44,467</u>
Segment profit	10,441	3,331	2,870	201	-	16,843
Other income						626
Administrative expenses						(4,851)
Other expenses						(342)
Finance costs						(9)
Income tax expense						(3,708)
Profit for the financial period						<u>8,559</u>

**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

**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**

There was no material event subsequent to the end of the quarter under review.

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

On 15 August 2023, the Company entered into a conditional share sale agreement for the acquisition of 100% equity interest in Inline Technologies Pte Ltd, for a total cash consideration of up to SGD2.65 million (equivalent to approximately RM9.01 million based on the average rate of SGD1.00: RM3.40 as at 14 August 2023 as extracted from Bank Negara Malaysia's website).

The transaction was completed on 15 September 2023. Upon completion of the transaction, Inline Technologies Pte Ltd became wholly-owned subsidiary of the Company.

Save for the above, there were no changes in the composition of the Group during the financial period ended 30 September 2023.

**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.

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Rental expenses paid to Director of the Company	12	13	38	38
Rental expenses paid to company controlled by Director of the Company	18	13	44	38
Rental expenses paid to related party of the Company	12	12	36	16

**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.

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FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

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

**B1 Review of performance**

	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 9 months ended</b>	
	<b>Unaudited 30 September 2023 RM'000</b>	<b>Unaudited 30 September 2022 RM'000</b>	<b>Unaudited 30 September 2023 RM'000</b>	<b>Unaudited 30 September 2022 RM'000</b>
Revenue	16,303	28,523	45,014	44,467
Gross profit	8,993	11,311	22,123	16,843
Profit before tax ("PBT")	7,157	9,886	14,206	12,267
Profit after tax	5,203	7,036	11,348	8,559

**Current quarter**

The Group reported a lower revenue of approximately RM16.30 million during the quarter under review as compared to the previous year's corresponding quarter of approximately RM28.52 million, which represented a decrease of approximately RM12.22 million or 42.85%. The decrease in revenue compared to the previous year's corresponding quarter was mainly attributable to lower completion and delivery of its IT infrastructure solutions and cybersecurity projects during the quarter under review.

During the current financial quarter, the Group also recorded higher administrative expenses, mainly due to expenses incurred for the incorporation of subsidiary companies in Japan and India, legal and professional fees, higher travelling expenses, staff salaries and related benefits, withholding tax, depreciation and amortisation due to business expansion.

The lower revenue and higher administrative expenses, which were partly offset by the higher other income mainly arising from the writeback of impairment losses on financial assets amounting to approximately RM1.90 million during the quarter under review, resulted in the Group recording a lower PBT of approximately RM7.16 million compared to approximately RM9.89 million recorded in the previous year's corresponding quarter. Notwithstanding the lower PBT being recorded for the current quarter, the PBT margin for the current quarter is approximately 43.90% as compared to approximately 34.66% recorded in the previous year's corresponding quarter.

**Cumulative quarter (9 months)**

The Group recorded a revenue of approximately RM45.01 million for the 9-months financial period ended 30 September 2023 as compared to the previous year's corresponding period of approximately RM44.47 million, representing a slight increase of approximately RM0.54 million or approximately 1.21%. Such increase in revenue was mainly attributable to delivery of new and completion of the Group's IT infrastructure solutions projects, as well as managed IT services and trading of ancillary hardware and software for the current financial period ended 30 September 2023.

The Group also recorded higher administrative expenses compared to the same financial period last year, mainly due to expenses incurred for the incorporation of subsidiary companies in Japan and India, legal and professional fees following the listing of the Company, higher travelling expenses, staff salaries and related benefits, withholding tax, depreciation and amortization due to business expansion.

**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

**B1 Review of performance (continued)**

**Cumulative quarter (9 months) (continued)**

Due to the higher PBT margin for the 9-months financial period ended 30 September 2023, the Group achieved a higher PBT of approximately RM14.21 million, in contrast to RM12.27 million reported during the same period last year.

**B2 Comparison with immediate preceding quarter's results**

	Unaudited Current Quarter	Unaudited Preceding Quarter	Variance	
	30 September 2023 RM'000	30 June 2023 RM'000	RM'000	%
Revenue	16,303	16,177	126	0.78
Gross profit	8,993	7,411	1,582	21.35
Profit before tax ("PBT")	7,157	3,968	3,189	80.37
Profit after tax	5,203	3,698	1,505	40.70

The Group recorded a higher revenue of approximately RM16.30 million during the quarter under review as compared to approximately RM16.18 million recorded in the immediate preceding quarter ended 30 June 2023. This was mainly due to successful delivery and completion of the Group's IT infrastructure solutions projects in the current quarter which was offset by lower revenue generated from managed IT services and trading of ancillary hardware and software segments compared to the immediate preceding quarter under review.

In the current quarter under review, the Group reported a higher PBT of approximately RM7.16 million as compared to approximately RM3.97 million recorded in the preceding quarter ended 30 June 2023 after taking into consideration of a higher other income mainly arising from the writeback of impairment losses on financial assets amounting to approximately RM1.90 million.

**B3 Prospects**

The outlook for the IT infrastructure and Cybersecurity sectors remains robust due to the uprising demand for IT solutions to support the digital transformations initiative across different industries. The Group remains buoyant on its growth trajectory for year 2023.

According to the National Tech Association of Malaysia ("PIKOM"), the digital economy in Malaysia is forecasted to contribute 24.4% to the national gross domestic product ("GDP") in year 2023 (2022:23.4%) and 25.5% contribution to the GDP in year 2024. In addition, according to the World Bank, the digital economy makes up more than 15% of the global GDP and has grown 2.5 times faster over the previous ten years than the GDP of the physical world. These developments will provide a positive avenue for the Group's endeavors in the business of IT infrastructure and cybersecurity solutions in both domestic and overseas markets.



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**B3 Prospects (continued)**

Looking ahead, the Board remains optimistic about the prospects of the industry and the Group. The Board continues to believe in the management's capacity to capitalize on the promising opportunities within the market and be able to continue thriving and creating greater performance and added value for all our stakeholders.

Barring any unforeseen circumstances, the Group expects to continue to register growth in its sales, market share and profitability.

**B4 Taxation**

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
<b>Income tax expense:</b>				
Current financial period	(1,395)	(2,850)	(2,299)	(3,708)
Overprovision in prior years	(559)	-	(559)	-
	<u>(1,954)</u>	<u>(2,850)</u>	<u>(2,858)</u>	<u>(3,708)</u>
<b>Movement in deferred tax:</b>				
Origination and reversal of temporary differences	-	-	-	-
Overprovision in prior years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total tax expense</b>	(1,954)	(2,850)	(2,858)	(3,708)
Effective tax rate <sup>(1)</sup>	27.3%	28.8%	20.1%	30.2%

**Note:**

- (1) *The effective tax rate for the current quarter was higher than the statutory tax rate due to certain expenses which are not deductible for tax purposes. The effective tax rate for the cumulative quarter was below the statutory tax rate due to setting off of capital allowances arising from the higher qualifying capital expenditure (computer, office equipment, renovation and intangible assets) incurred by a subsidiary and overprovision of tax in current quarter.*

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

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.

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 13 November 2023, RM22.03 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	(8,460)	-	Within 9 months
Enhancement of Network Operation Centre (NOC)	4,300	(4,300)	-	Within 8 months
Setting of a Security Operation Centre (SOC)	4,700	(4,700)	-	Within 18 months
Business expansion	2,220	(567)	1,653	Within 12 months <sup>(1)</sup>
Estimated listing expenses	4,000	(4,000)	-	Within 3 months
	<b>23,680</b>	<b>(22,027)</b>	<b>1,653</b>	

**Note:**

(1) On 7 June 2023, the Company announced to extend the timeframe for utilisation of IPO proceeds of RM2.22 million allocated for business expansion from 12 July 2023 to 1 March 2024.

**B6 Borrowings**

The Group's borrowings as at 30 September 2023 were as follows:

	<b>Unaudited as at 30 September 2023 RM'000</b>	<b>Audited as at 31 December 2022 RM'000</b>
<b><u>Non-current</u></b> <b><u>Unsecured</u></b> Term loan	144	-
<b><u>Current</u></b> <b><u>Secured</u></b> Term loan	105	-

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**B6 Borrowings (continued)**

Details of the borrowings denominated in each currency are as follows.

	<u>Foreign Currency '000</u>	<u>RM Equivalent '000</u>
<i>Singapore Dollar</i>	72	249

**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**

The Board of Directors has declared an interim single tier tax-exempt dividend of 0.94 sen per ordinary share, amounting to approximately RM3.41 million in respect of the financial year ending 31 December 2023. The dividend will be paid on 22 December 2023 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 8 December 2023.

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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 9 months ended</b>	
	<b>30 September 2023</b>	<b>30 September 2022</b>	<b>30 September 2023</b>	<b>30 September 2022</b>
Profit attributable to owners of the Company (RM'000)	5,203	7,036	11,348	8,559
Weighted average number of Shares in issue ('000)	363,229	357,599	363,229	312,269
Basic earnings per Share (sen) <sup>(1)</sup>	1.43	1.97	3.12	2.74
Diluted earnings per Share (sen) <sup>(1)</sup>	<u>1.43</u>	<u>1.97</u>	<u>3.12</u>	<u>2.74</u>

**Note:**

(1) *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 tax**

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Profit before tax is arrived at after charging/(crediting):				
Allowance/(Writeback) for impairment losses on inventories	-	(2)	115	21
Writeback for impairment losses on allowance for doubtful debts	(1,898)	-	(1,898)	-
Depreciation of equipment	515	16	1,437	54
Depreciation of right-of-use assets	100	42	238	107
Amortisation of intangible assets	265	-	442	-
Interest expense	25	3	37	9
Interest income	(115)	(4)	(253)	(20)
Unrealised gain on foreign exchange	(161)	(54)	(763)	(199)
Gain on disposal of equipment	-	-	-	(1)

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  
20 November 2023