



INFOLINE TEC GROUP BERHAD

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

INTERIM FINANCIAL REPORT

FOURTH QUARTER ENDED 31 DECEMBER 2023

23 FEBRUARY 2024

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

**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER/YEAR ENDED 31 DECEMBER 2023**

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
	UNAUDITED 31 December 2023 RM'000	UNAUDITED 31 December 2022 RM'000	UNAUDITED 31 December 2023 RM'000	AUDITED 31 December 2022 RM'000
Revenue	26,915	28,374	71,929	72,841
Cost of sales	(11,285)	(18,942)	(34,176)	(46,566)
Gross profit	15,630	9,432	37,753	26,275
Other income	175	441	3,496	1,067
Administrative expenses	(3,524)	(2,735)	(11,952)	(7,586)
Other expenses	(695)	(834)	(3,467)	(1,175)
Finance costs	(1)	(5)	(38)	(15)
Net impairment losses on financial assets	-	(1,898)	-	(1,898)
Profit before tax	11,585	4,401	25,792	16,668
Income tax expense	(3,683)	(842)	(6,542)	(4,550)
Profit after tax attributable to the owners of the Company	7,902	3,559	19,250	12,118
Other comprehensive income				
- Foreign currency translation differences	66	(176)	223	(199)
Total comprehensive income for the period/ year attributable to the owners of the Company	7,968	3,383	19,473	11,919
Basic earnings per share (sen)	2.18	0.82	5.30	3.73
Diluted earnings per share (sen)	2.18	0.82	5.30	3.73

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 FOURTH QUARTER ENDED 31 DECEMBER 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	UNAUDITED AS AT 31 December 2023 RM'000	AUDITED AS AT 31 December 2022 RM'000
ASSETS		
Non-current assets		
Equipment	16,323	9,091
Right-of-use assets	781	308
Deferred tax assets	718	803
Goodwill	3,448	-
	21,270	10,202
Current assets		
Inventories	788	358
Contract cost assets	7,149	4,573
Trade receivables	29,115	16,603
Other receivables, deposits and prepayments	2,105	654
Current tax assets	30	167
Short-term investments	10,780	13,000
Cash and bank balances	8,445	24,884
	58,412	60,239
Total assets	79,682	70,441
EQUITY AND LIABILITIES		
Equity		
Share capital	36,935	36,935
Retained profits	32,872	25,064
Reserves	482	259
Merger Reserve	(11,972)	(11,972)
Total equity	58,317	50,286
Non-current liabilities		
Contract liabilities	1,836	1,401
Lease liabilities	389	181
Term loan	119	-
Contingent consideration	2,512	-
Deferred tax liabilities	23	-
	4,879	1,582

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 (CONT'D)**

	UNAUDITED AS AT 31 December 2023 RM'000	AUDITED AS AT 31 December 2022 RM'000
Current Liabilities		
Trade payables	6,312	10,700
Other payables and accruals	3,312	1,636
Contract liabilities	5,216	4,445
Lease liabilities	407	135
Current tax liabilities	1,132	1,657
Term loan	107	-
	16,486	18,573
Total liabilities	21,365	20,155
Total equity and liabilities	79,682	70,441
Net assets per share attributable to owners of the Company (RM)	0.16	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
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Non-Distributable			Distributable		Total Equity RM'000
	Share Capital 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
Distributions to owners of the Company:						
Dividend paid	-	-	-	-	(11,442)	(11,442)
Total transaction with owners	-	-	-	-	(11,442)	(11,442)
Profit for the financial year	-	-	-	-	19,250	19,250
Foreign exchange translation	-	223	-	-	-	223
Total comprehensive income	-	223	-	-	19,250	19,473
Balance as at 31 December 2023	36,935	328	154	(11,972)	32,872	58,317

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**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS
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AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	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	-	-	-	-	-	12,118	12,118
Foreign exchange translation	-	-	(199)	-	-	-	(199)
Total comprehensive income	-	-	(199)	-	-	12,118	11,919
Balance as at 31 December 2022	36,935	-	105	154	(11,972)	25,064	50,286

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 FOURTH QUARTER ENDED 31 DECEMBER 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2023**

	CURRENT YEAR TO DATE UNAUDITED 31 December 2023 RM'000	PRECEDING YEAR TO DATE AUDITED 31 December 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	25,792	16,668
Adjustments for:		
Allowance/(Writeback) for slow moving on inventories	115	(2)
(Writeback)/Allowance for impairment losses on trade receivables	(1,898)	1,898
Depreciation of equipment	2,343	234
Depreciation of right-of-use assets	337	148
Gain on disposal of equipment	-	(1)
Gain on modification of lease	(4)	-
Equipment written off	-	5
Interest expense	38	15
Interest income	(343)	(101)
Unrealised (gain)/loss on foreign exchange	(665)	541
Operating profit before working capital changes	25,715	19,405
(Increase)/Decrease in inventories	(546)	1,666
Increase in trade and other receivables	(12,139)	(8,065)
(Decrease)/Increase in trade and other payables	(2,780)	4,357
Increase in contract cost assets	(2,615)	(1,834)
Increase in contract liabilities	1,169	2,215
Increase in deferred liability	3,017	-
Cash from operations	11,821	17,744
Income tax paid	(5,842)	(3,073)
Income tax refund	45	128
Interest paid	(115)	(15)
Interest received	416	27
NET CASH FROM OPERATING ACTIVITIES	6,325	14,811
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of equipment	(9,530)	(9,025)
Acquisition of subsidiaries	(3,663)	-
Proceed from disposal of equipment	-	67
Withdrawal of deposits pledged to licensed bank	-	959
NET CASH FOR INVESTING ACTIVITIES	(13,193)	(7,999)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2023 (CONT'D)**

	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	31 December 2023	31 December 2022
	RM'000	RM'000
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
	-	23,680
Proceeds from issuance of ordinary shares		
Payment of shares issuance expenses	-	(1,207)
Dividend paid	(11,442)	(2,016)
Repayment of lease liabilities	(327)	(146)
Interest received	-	1
Repayment of term loan	(36)	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(11,805)	20,312
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(18,673)	27,124
EFFECT OF FOREIGN EXCHANGE TRANSLATION	14	(672)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	37,884	11,432
CASH AND CASH EQUIVALENTS AT END OF YEAR	19,225	37,884

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 FOURTH QUARTER ENDED 31 DECEMBER 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 year:

MFRSs and/or IC Interpretations

MFRS 17: 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
Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules

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 FOURTH QUARTER ENDED 31 DECEMBER 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:

		Effective for financial periods beginning on or after
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 year 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 year under review.

**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

A6 Debt and equity securities

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

A7 Dividend paid

On 20 November 2023, the Company declared an interim single-tier dividend of 0.94 sen per ordinary share amounting to approximately RM3.41 million in respect of the financial year ending 31 December 2023, which was paid on 22 December 2023 to shareholders whose names appeared in the record of depositors on 8 December 2023.

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A8 Segment information

The unaudited segment information for the financial year ended 31 December 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
31 December 2023							
Revenue:							
Revenue from external customers	43,145	2,990	20,563	5,231	-	-	71,929
Inter-segment revenue	406	4	1,815	143	8,755	(11,123)	-
	<u>43,551</u>	<u>2,994</u>	<u>22,378</u>	<u>5,374</u>	<u>8,755</u>	<u>(11,123)</u>	<u>71,929</u>
Segment profit	19,142	990	16,686	935	-	-	37,753
Other income							3,496
Administrative expenses							(11,952)
Other expenses							(3,467)
Finance costs							(38)
Income tax expense							(6,542)
Profit for the financial year							<u>19,250</u>

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A8 Segment information (continued)

The unaudited segment information for the financial year ended 31 December 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	Investment Holding RM'000	Elimination RM'000	Total RM'000
31 December 2022							
Revenue:							
Revenue from external customers	45,901	16,560	9,106	1,274	-	-	72,841
Inter-segment revenue	10	-	204	-	11,500	(11,714)	-
	45,911	16,560	9,310	1,274	11,500	(11,714)	72,841
Segment profit	17,920	4,273	3,632	450	-	-	26,275
Other income							1,067
Administrative expenses							(7,586)
Other expenses							(1,175)
Finance costs							(15)
							(1,898)
Income tax expense							(4,550)
Profit for the financial year							12,118

**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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

There were no changes in the composition of the Group after the financial year ended 31 December 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

Outstanding capital commitments in respect of capital expenditure at financial position date not provided for at the end of each reporting year are as follows:

Capital expenditure commitments	Unaudited as at 31 December 2023 RM'000	Audited as at 31 December 2022 RM'000
<i>Purchase of equipment Authorised and contracted for</i>	703	647

A14 Related party transactions

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

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Rental expenses paid to Director of the Company	13	13	51	50
Rental expenses paid to company controlled by Director of the Company	19	13	63	50
Rental expenses paid to related party of the Company	12	12	48	28

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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 year under review.

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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 12 months ended	
	Unaudited 31 December 2023 RM'000	Audited 31 December 2022 RM'000	Unaudited 31 December 2023 RM'000	Audited 31 December 2022 RM'000
Revenue	26,915	28,374	71,929	72,841
Gross profit	15,630	9,432	37,753	26,275
Profit before tax ("PBT")	11,585	4,401	25,792	16,668
Profit after tax	7,902	3,559	19,250	12,118

Current quarter

The Group's revenue for the quarter under review was approximately RM26.92 million, slightly lower than the previous year's corresponding quarter of approximately RM28.37 million. The lower revenue in the current quarter was primarily due to reduced revenue from the completion and delivery of IT infrastructure solutions and cybersecurity projects. Nonetheless, this impact was offset by the increase in managed IT services, including project management and NOC support services. This was, in fact, a result to the deliberate shift in the Group's focus from a lower margin contribution segment, i.e. IT infrastructure solutions, to a higher margin contribution segment, i.e. managed IT services and other services. It is worth noting that the gross profit margin has increased significantly from 33.24% in the previous year's corresponding quarter to 58.07% in the current quarter under review.

During the current financial quarter, the Group recorded higher administrative expenses, mainly due to expenses incurred for the subsidiary companies which include audit fees, legal and professional fees, higher travelling expenses, staff salaries and related benefits, depreciation and amortisation.

The Group's profit margins received a boost in the current quarter under review due to the increase in new orders from managed IT services and other IT services segment. As a result, the Group recorded a significantly higher Profit before Tax ("PBT") of approximately RM11.59 million compared to approximately RM4.40 million in the previous year's corresponding quarter. This increase in PBT translated into a much higher PBT margin of approximately 43.04% compared to approximately 15.51% in the previous year's corresponding quarter.

Cumulative quarter (12 months)

As a result of the above mentioned shift in the focus into higher margin segment by the Group, a lower revenue of approximately RM71.93 million for the 12-months financial year ended 31 December 2023 was recorded as compared to the previous year's corresponding period of approximately RM72.84 million, representing a slight decrease of approximately RM0.91 million or approximately 1.25%. Such insignificant decrease in revenue was due to the lower completion and delivery of the Group's IT infrastructure solutions and cybersecurity solutions projects, set off by the increase in revenue generated from the managed IT services, including project management and NOC support services and higher revenue from trading of ancillary hardware and software. Overall, managed IT services and other services segment commanded higher profit margins compared to IT infrastructure solutions segment.

**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

B1 Review of performance (continued)

Cumulative quarter (12 months) (continued)

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

As a result of the increase in new orders from managed IT services and other IT services segment which contributed to higher margin to the Group for the 12-months financial year ended 31 December 2023, the Group achieved a higher PBT of approximately RM25.79 million, in contrast to RM16.67 million reported during the same period last year.

B2 Comparison with immediate preceding quarter's results

	Unaudited Current Quarter	Unaudited Preceding Quarter
	31 December 2023	30 September 2023
	RM'000	RM'000
Revenue	26,915	16,303
Gross profit	15,630	8,993
Profit before tax (" PBT ")	11,585	7,157
Profit after tax	7,902	5,203

The Group recorded a higher revenue of approximately RM26.92 million during the quarter under review as compared to approximately RM16.30 million recorded in the immediate preceding quarter ended 30 September 2023. This was mainly due to increase in orders of the Group's managed IT services and other IT services, trading of ancillary hardware and software, as well as projects from cybersecurity solutions segment in the current quarter but offset by lower revenue generated from IT infrastructure solutions in comparison with the immediate preceding quarter ended 30 September 2023.

In the current quarter under review, the Group reported a higher PBT of approximately RM11.59 million as compared to approximately RM7.16 million recorded in the preceding quarter ended 30 September 2023 as a result of higher margin contributed by the increase in new orders from managed IT services and other IT services segment.

B3 Prospects

According to Infrastructure Software Global Market Report 2024, the infrastructure software market size has grown steadily in recent years from USD238.51 billion in year 2023 to USD249.79 billion in year 2024 at compound annual growth rate (CAGR) of 4.7%. It is expected to see a stronger growth in the next few years to USD316.91 billion in year 2028 at a CAGR of 6.1%. The growth in the forecast year can be attributed to the edge computing expansion, focus on zero trust security models, containerization and microservices architecture, increased emphasis on devOps (a methodology in the software development and IT industry) practices, focus on user experience.

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B3 Prospects (continued)

Riding on the current upward momentum, we foresee a significant increase in the adoption of technology in workplaces, with a particular emphasis on the need for advanced technological upgrades. This rising demand is anticipated to extend to the back-end IT infrastructure. We expect companies to increase their investments in enhancing IT infrastructure and cybersecurity solutions, aiming to facilitate smooth digital transformations that ensure uninterrupted business operations. The growing dependence on IT infrastructure will naturally lead to an increased demand for pertinent software solutions.

The Group has also adopted a strategic approach by expanding its business presence into India and Singapore which serves as a testament to the company's resilience and determination to overcome challenges following lower projects secured from the China market in 2023 which resulted in a reduction in revenue from the China market. The Group believes that such a well-executed global strategy can compensate for localized setbacks and pave the way for sustained growth.

Infoline Tec Group is dedicated to adopting measures that will reinforce our resilience and strength as we navigate the increasingly complex and unpredictable business landscape ahead.

The Board remains confident in the capabilities of the management team to seize and capitalize on promising opportunities within the market. By staying attuned to market dynamics, consumer preferences, and emerging trends, the Group is poised to navigate the competitive landscape adeptly. The Board emphasizes its dedication to sound decision-making, prudent risk management, and strategic investments to fuel sustained growth.

B4 Taxation

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	Unaudited 31 December 2023 RM'000	Unaudited 31 December 2022 RM'000	Unaudited 31 December 2023 RM'000	Audited 31 December 2022 RM'000
Income tax expense:				
Current financial period/year	(3,546)	(842)	(6,964)	(4,550)
(Under)/overprovision in prior years	(29)	-	530	-
	<u>(3,575)</u>	<u>(842)</u>	<u>(6,434)</u>	<u>(4,550)</u>
Movement in deferred tax:				
Origination and reversal of temporary differences	(108)	-	(108)	-
Overprovision in prior years	-	-	-	-
	<u>(108)</u>	<u>-</u>	<u>(108)</u>	<u>-</u>
Total tax expense	(3,683)	(842)	(6,542)	(4,550)
Effective tax rate ⁽¹⁾	31.8%	19.1%	25.4%	27.3%

Note:

(1) *The effective tax rate for the current quarter and cumulative quarter are higher than the statutory tax rate due to certain expenses which are not deductible for tax purposes.*

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**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS
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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 of 16 February 2024, RM22.99 million of the total proceeds raised has been utilised as follows:

	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Estimated time frame for utilisation upon Listing
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	(1,529)	691	Within 12 months ⁽¹⁾
Estimated listing expenses	4,000	(4,000)	-	Within 3 months
	23,680	(22,989)	691	

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 31 December 2023 were as follows:

	Unaudited as at 31 December 2023 RM'000	Audited as at 31 December 2022 RM'000
<u>Non-current</u>		
<u>Unsecured</u>		
Term loan	119	-
<u>Current</u>		
<u>Secured</u>		
Term loan	107	-

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B6 Borrowings (continued)

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

	Foreign Currency '000	RM Equivalent '000
<i>Singapore Dollar</i>	65	226
	65	226

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

On 20 November 2023, the Company declared an interim single-tier dividend of 0.94 sen per ordinary share amounting to approximately RM3.41 million in respect of the financial year ending 31 December 2023, which was paid on 22 December 2023 to shareholders whose names appeared in the record of depositors on 8 December 2023.

B10 Earnings per share

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

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	Unaudited	Unaudited	Unaudited	Audited
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Profit attributable to owners of the Company (RM'000)	7,902	3,559	19,250	12,118
Weighted average number of Shares in issue ('000)	363,229	431,599	363,229	325,114
Basic earnings per Share (sen) ⁽¹⁾	2.18	0.82	5.30	3.73
Diluted earnings per Share (sen) ⁽¹⁾	2.18	0.82	5.30	3.73

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/ year under review.

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B11 Profit before tax

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	Unaudited 31 December 2023 RM'000	Unaudited 31 December 2022 RM'000	Unaudited 31 December 2023 RM'000	Audited 31 December 2022 RM'000
Profit before tax is arrived at after charging/(crediting):				
(Writeback)/Allowance for slow moving on inventories	-	(23)	115	(2)
Allowance/(Writeback) for trade receivables	-	1,898	(1,898)	1,898
Depreciation of equipment	465	181	2,343	234
Depreciation of right-of-use assets	99	41	337	148
Interest expense	1	6	38	15
Interest income	(90)	(81)	(343)	(101)
Unrealised loss/ (gain) on foreign exchange	97	740	(665)	541
Gain on disposal of equipment	-	-	-	(1)
Gain on modification of lease	(4)	-	(4)	-
Equipment written off	-	5	-	5

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
23 February 2024