



N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2024

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
SUMMARY OF KEY FINANCIAL INFORMATION
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2024

Remark:

The results for the quarter ended 31 March 2024 should be read in conjunction with the Annual Audited Financial Statements of N2N Connect Berhad and its subsidiaries ("Group") for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

	Quarter Ended		Year-To-Date Ended	
	31 Mar 2024 RM'000	31 Mar 2023 RM'000	31 Mar 2024 RM'000	31 Mar 2023 RM'000
1 Revenue	27,062	24,891	27,062	24,891
2 Profit before taxation	5,562	3,569	5,562	3,569
3 Profit for the period	4,979	2,810	4,979	2,810
4 Profit attributable to owners of the Company	5,055	2,922	5,055	2,922
5 Basic earnings per share (sen)	0.91	0.52	0.91	0.52
6 Diluted earnings per share (sen)	0.91	0.52	0.91	0.52
7 Proposed/Declared dividend per share (sen)	1.00	1.00	1.00	1.00

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2024

	Note	Quarter Ended			Year-To-Date Ended		
		31 Mar 2024	31 Mar 2023	Changes	31 Mar 2024	31 Mar 2023	Changes
		RM'000 (UNAUDITED)	RM'000 (UNAUDITED)	%	RM'000 (UNAUDITED)	RM'000 (UNAUDITED)	%
Revenue		27,062	24,891	9%	27,062	24,891	9%
Cost of sales		(11,903)	(11,297)	5%	(11,903)	(11,297)	5%
Gross profit		15,159	13,594	12%	15,159	13,594	12%
Other operating income		1,859	1,263	47%	1,859	1,263	47%
Administrative expenses		(12,157)	(10,586)	15%	(12,157)	(10,586)	15%
Finance costs		(30)	(4)	650%	(30)	(4)	650%
Share of results of an associate		731	(698)	-205%	731	(698)	-205%
Profit before taxation		5,562	3,569	56%	5,562	3,569	56%
Taxation	B6	(583)	(759)	-23%	(583)	(759)	-23%
Profit for the period		4,979	2,810	77%	4,979	2,810	77%
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
- Exchange differences arising from translation of foreign operations		2,325	(19)		2,325	(19)	
- Derivative from associate		(603)	-		(603)	-	
Total comprehensive income for the period		6,701	2,791		6,701	2,791	
Profit for the period attributable to:							
- Owners of the Company		5,055	2,922		5,055	2,922	
- Non-controlling interests		(76)	(112)		(76)	(112)	
		4,979	2,810		4,979	2,810	
Total comprehensive income for the period:							
- Owners of the Company		6,777	2,903		6,777	2,903	
- Non-controlling interests		(76)	(112)		(76)	(112)	
		6,701	2,791		6,701	2,791	
Earnings per share ("EPS") attributable to owners of the Company:							
- Basic EPS (sen)	B11	0.91	0.52		0.91	0.52	
- Diluted EPS (sen)	B11	0.91	0.52		0.91	0.52	

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	As at 31 Mar 2024	As at 31 Dec 2023
Note	RM'000 (UNAUDITED)	RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment	29,385	30,004
Investment properties	8,967	9,026
Right-of-use assets	3,055	3,369
Intangible assets	83,697	82,059
Investment in an associate	13,182	13,054
	<u>138,286</u>	<u>137,512</u>
Current assets		
Trade receivables	19,069	13,104
Other receivables	A11 9,778	9,703
Amount owing by related companies	144	239
Tax recoverable	7,059	8,466
Marketable securities	B7 61,924	61,389
Financial assets at fair value through profit or loss	A13 112	109
Cash and bank balances	86,478	93,389
	<u>184,564</u>	<u>186,399</u>
TOTAL ASSETS	<u>322,850</u>	<u>323,911</u>
EQUITY AND LIABILITIES		
Total equity		
Share capital	243,669	243,669
Exchange reserve	4,519	2,194
Fair value reserve	(345)	258
Long term incentive plan ("LTIP") reserve	2,451	2,395
Retained profits	44,722	45,249
Equity attributable to owners of the Company	<u>295,016</u>	<u>293,765</u>
Non-controlling interests	(1,109)	(1,033)
	<u>293,907</u>	<u>292,732</u>

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

		As at 31 Mar 2024	As at 31 Dec 2023
	Note	RM'000 (UNAUDITED)	RM'000 (AUDITED)
Non-current liabilities			
Lease liabilities		2,036	2,244
Provision for retirement benefits	A14	1,445	1,356
Deferred tax liabilities		5,510	5,483
		<u>8,991</u>	<u>9,083</u>
Current liabilities			
Trade payables		3,370	4,187
Other payables	A12	14,795	15,659
Amount owing to related companies		149	223
Lease liabilities		1,394	1,552
Provision for taxation		244	475
		<u>19,952</u>	<u>22,096</u>
Total liabilities		<u>28,943</u>	<u>31,179</u>
TOTAL EQUITY AND LIABILITIES		<u>322,850</u>	<u>323,911</u>
Net assets per share attributable to owners of the Company (sen)		<u>53</u>	<u>53</u>

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2024

Note	Attributable to owners of the Company					Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Non-distributable			Distributable				
	Share Capital RM'000	Exchange Reserve RM'000	LTIP Reserve RM'000	Fair value Reserve RM'000	Retained Profits RM'000			
At 1 January 2024	243,669	2,194	2,395	-	45,249	293,507	(1,033)	292,474
Profit for the period	-	-	-	-	5,055	5,055	(76)	4,979
Other comprehensive income	-	2,325	-	(345)	-	1,980	-	1,980
Total comprehensive income for the period	-	2,325	-	(345)	5,055	7,035	(76)	6,959
Dividend paid	(i)	-	-	-	(5,582)	(5,582)	-	(5,582)
LTIP granted	-	-	56	-	-	56	-	56
At 31 March 2024	243,669	4,519	2,451	(345)	44,722	295,016	(1,109)	293,907
At 1 January 2023	243,669	(2,888)	2,034	-	41,917	284,732	(1,039)	283,693
Profit for the period	-	-	-	-	2,922	2,922	(112)	2,810
Other comprehensive income	-	(19)	-	-	-	(19)	-	(19)
Total comprehensive income for the period	-	(19)	-	-	2,922	2,903	(112)	2,791
Dividend paid	(ii)	-	-	-	(5,582)	(5,582)	-	(5,582)
LTIP granted	-	-	197	-	-	197	-	197
At 31 March 2023	243,669	(2,907)	2,231	-	39,259	282,250	(1,151)	281,099

Notes:

(i) The Company paid Second Interim Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ended 31 December 2023 on 29 March 2024.

(ii) The Company paid Second Interim Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ended 31 December 2022 on 30 March 2023.

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR TO DATE ENDED 31 MARCH 2024

	Year-To-Date Ended	
	31 Mar 2024	31 Mar 2023
	RM'000	RM'000
	(UNAUDITED)	(UNAUDITED)
Cash flows from operating activities		
Profit before taxation	5,562	3,569
Adjustments for:		
Amortisation of intangible assets	1,897	1,861
Bad debts written off	509	10
Depreciation of property, plant and equipment	962	998
Depreciation of investment properties	59	59
Depreciation of right-of-use assets	345	305
Fair value changes on financial assets at fair value through profit or loss	(3)	3
Long term incentive plan expenses	56	197
Gain on disposal of property, plant and equipment	-	(45)
Reversal of impairment loss on trade receivables	(551)	-
Provision for long service payments	53	63
(Gain)/loss on share of results of an associate	(731)	698
Unrealised foreign exchange gain	(478)	(296)
Finance cost	30	4
Finance income	(585)	(296)
Dividend income	(530)	(490)
Operating profit before working capital changes	6,595	6,640
Changes in working capital		
Trade receivables	(6,014)	727
Other receivables	(75)	(997)
Trade payables	(324)	1,389
Other payables	(864)	437
Amount owing by/to related companies	21	29
Cash (used in)/generated from operations	(661)	8,225
Dividend received	530	490
Interest paid	(30)	(4)
Interest received	585	296
Net tax refund/(paid)	591	(527)
Net cash generated from operating activities	1,015	8,480

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR TO DATE ENDED 31 MARCH 2024**

	Year-To-Date Ended	
	31 Mar 2024	31 Mar 2023
	RM'000	RM'000
	(UNAUDITED)	(UNAUDITED)
Cash flows from investing activities		
Computer software development cost	(1,895)	(1,441)
Purchase of property, plant and equipment	(287)	(392)
Net changes in marketable securities	(535)	(494)
Net cash used in investing activities	(2,717)	(2,327)
Cash flows from financing activities		
Dividend paid	(5,582)	(5,582)
Repayment of lease liabilities	(447)	(344)
Net cash used in financing activities	(6,029)	(5,926)
Net (decrease)/ increase in cash and cash equivalents	(7,731)	227
Effect of exchange rate changes	820	51
Cash and cash equivalents at beginning of the period	93,389	90,248
Cash and cash equivalents at end of the period	86,478	90,526
Cash and cash equivalents at end of the period comprises:		
Cash and bank balances	86,478	90,526

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2024**

A NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A1 BASIS OF PREPARATION

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") No. 134: Interim Financial Reporting, and Part K Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

The condensed consolidated interim financial statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2023.

A2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those in the preparation of the Group's audited financial statements for the financial year ended 31 December 2023. As at the date of authorisation of these financial statements, the following Standards and amendments to standards have been issued by the Malaysian Accounting Standards Board ("MASB"):

Standards issued but not yet effective

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121, "The Effect of Changes in Foreign Exchange Rates" (Lack of Exchangeability)

Effective date of these amendments to Standards has been deferred

Amendments to MFRS 10, "Consolidated Financial Statements" and MFRS 128, "Investments in Associates and Joint Ventures" (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have a material impact to the financial statements of the Group upon their initial recognition.

A3 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

There were no audit qualifications on the audited financial statements for the financial year ended 31 December 2023.

A4 SEASONAL OR CYCLICAL FACTORS

The Group's operations were not materially affected by seasonal or cyclical changes during the current period under review.

A5 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

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

A6 MATERIAL CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior financial years, which have a material effect in the current period under review.

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2024

A7 DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities for the current period under review.

A8 DIVIDEND PAID

The Company paid Second Interim Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ended 31 December 2023 on 29 March 2024.

A9 SEGMENT INFORMATION

The reportable segments of the Group derive their revenue primarily from the provision of design, programming, consultancy services, network and infrastructure services and related services.

Management has determined the operating segments based on the reports reviewed by the Managing Director. The Board of Directors considers the business from a geographical perspective.

The Group's business by key operating companies are segmented into these main geographic segments: Malaysia and Regional. The Regional areas consist of Hong Kong SAR China, Singapore, Australia and Indonesia.

	Malaysia RM'000	Regional RM'000	Eliminations RM'000	Total RM'000
Financial period ended				
31 March 2024				
<u>Revenue</u>				
Sales to external customers	11,913	15,156	-	27,069
Inter-segment sales	(7)	-	-	(7)
Total	11,906	15,156	-	27,062
<u>Results</u>				
EBITDA *	4,128	2,467	-	6,595
Amortisation of intangible assets	(1,897)	-	-	(1,897)
Bad debt written off	(509)	-	-	(509)
Depreciation of property, plant and equipment	(691)	(271)	-	(962)
Depreciation of investment properties	(59)	-	-	(59)
Depreciation of right-of-use assets	(17)	(328)	-	(345)
Dividend income	530	-	-	530
Finance income	132	453	-	585
Finance costs	(4)	(26)	-	(30)
Long term incentive plan	(26)	(30)	-	(56)
Reversal of provision for doubtful debts	551	-	-	551
Share of results of associate	-	731	-	731
Unrealised foreign exchange gain	59	419	-	478
Other non-cash items	3	(53)	-	(50)
Taxation	(332)	(251)	-	(583)
Segment profit for the period	1,868	3,111	-	4,979

* Earnings before interest, taxes, depreciation and amortisation (excluding other significant non-cash items).

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2024

A9 SEGMENT INFORMATION (CON'T)

	Malaysia RM'000	Regional RM'000	Eliminations RM'000	Total RM'000
Financial period ended 31 March 2023				
<u>Revenue</u>				
Sales to external customers	10,715	14,176	-	24,891
Inter-segment sales	-	-	-	-
Total	10,715	14,176	-	24,891
<u>Results</u>				
EBITDA *	3,071	3,576	(7)	6,640
Amortisation of intangible assets	(1,807)	(54)	-	(1,861)
Bad debt written off	(10)	-	-	(10)
Depreciation of property, plant and equipment	(667)	(331)	-	(998)
Depreciation of investment properties	(59)	-	-	(59)
Depreciation of right-of-use assets	-	(305)	-	(305)
Dividend income	490	-	-	490
Finance income	119	177	-	296
Finance costs	-	(4)	-	(4)
Long term incentive plan	(140)	(57)	-	(197)
Share of results of associate	-	(698)	-	(698)
Unrealised foreign exchange gain/(loss)	165	131	-	296
Other non-cash items	42	(63)	-	(21)
Taxation	(371)	(388)	-	(759)
Segment profit for the period	833	1,984	(7)	2,810

* Earnings before interest, taxes, depreciation and amortisation (excluding other significant non-cash items).

A10 PROVISION FOR DOUBTFUL DEBTS

The Group applies a simplified approach in calculating ECL (Expected Credit Losses). The Group has established a provision matrix that is based on its client's historical payment trend, adjusted for forward-looking factors specific to the debtors and the economic environment.

A11 OTHER RECEIVABLES

	As At 31 Mar 2024 RM'000	As At 31 Dec 2023 RM'000
Prepayments	7,370	7,398
Deposits paid	2,369	2,226
Other receivables	39	79
	9,778	9,703

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2024

A12 OTHER PAYABLES

	As At 31 Mar 2024 RM'000	As At 31 Dec 2023 RM'000
Accruals	3,807	4,305
Deposit received	3,652	3,473
Other payables	7,336	7,881
	<u>14,795</u>	<u>15,659</u>

A13 FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair value hierarchy for financial instruments carried at fair value in the statement of financial position:

	As At 31 Mar 2024 Level 1 Fair Value RM'000	As At 31 Dec 2023 Level 1 Fair Value RM'000
Financial assets at fair value through profit or loss	<u>112</u>	<u>109</u>

A14 PROVISION FOR RETIREMENT BENEFITS

Provision for retirement benefits of the Group relate to long service payments ("LSP") provisions as prescribed under the Hong Kong Employment Ordinance. LSP is paid to employees of a subsidiary company upon termination of their employment, subject to completion of number of continuous year of service and meeting certain qualifying conditions. The benefit is based on final wages and service at leaving employment.

A15 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have an effect in the current period under review.

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2024

A16 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

There was no material event subsequent to the current financial period ended up to the date of the announcement of this report which is likely to substantially affect the results of the operations of the Group.

A17 CHANGES IN THE COMPOSITION OF THE GROUP

On 23 February 2024 and 26 February 2024, the Group had incorporated N2N-AFE International Limited ("N2N-AFE International") and NGN-AFE International Limited ("NGN-AFE International") respectively in Hong Kong for 2 ordinary shares at HKD 2 each.

On 28 February 2024, N2N-AFE International and NGN-AFE International has respectively increased their share capital to 182,500,000 ordinary shares and 14,000,000 ordinary shares for HKD182,500,000 and HKD14,000,000 respectively which were fully subscribed by N2N Connect Berhad.

On 28 February 2024, N2N-AFE International had entered into two Share Sales Agreement with N2N Connect Berhad, to acquire the entire equity interest in N2N Global Solutions Sdn. Bhd. and N2N-AFE (Hong Kong) Limited.

On 28 February 2024, NGN-AFE International had entered into Share Sales Agreement with N2N Connect Berhad, to acquire the entire equity interest in NGN Connection Sdn. Bhd.

A18 CONTINGENT LIABILITIES

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at 23 May 2024 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

A19 CAPITAL COMMITMENTS

There were no material capital commitments in the current period under review.

A20 SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions in the current period under review.

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2024

B ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 REVIEW OF PERFORMANCE

Performance of current quarter against the preceding year's corresponding quarter

	<u>Quarter Ended</u>	
	<u>31 Mar 2024</u>	<u>31 Mar 2023</u>
	RM'000	RM'000
Revenue	27,062	24,891
Profit after taxation	4,979	2,810
Core profit *	<u>3,475</u>	<u>2,048</u>

** Core profit represents the profits of N2N excluding unrealised gains/losses on foreign exchange and non-recurring gains or losses (which are not expected to recur).*

The Group recorded a revenue of RM27.06 million for the quarter ended 31 March 2024 in comparison to the revenue of RM24.89 million in the preceding year corresponding quarter. Higher one-time implementation revenue and transaction based revenue in the current quarter resulted in a comparatively higher revenue of 8.72%

The Group posted a profit after taxation of RM4.98 million for the current quarter which was 77.19% higher compared to a profit after taxation of RM2.81 million in the preceding year corresponding quarter. The higher profit after taxation was mainly due to a higher one-time-implementation & transaction based revenue. Besides that, there was also a higher gain on other income & gain on share of associate.

The Group's core profit was RM3.48 million for the current quarter compared to RM2.05 million in the corresponding quarter. The core profit was 69.69% higher mainly due to higher one-time-implementation revenue and transaction based revenue. Despite excluding the higher other income, the core profit remains strong.

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2024

B2 MATERIAL CHANGES IN THE CURRENT QUARTER RESULTS COMPARED WITH IMMEDIATE PRECEDING QUARTER

	Quarter Ended	
	31 Mar 2024	31 Dec 2023
	RM'000	RM'000
Revenue	27,062	27,708
Profit after taxation	4,979	1,828
Core profit *	3,475	4,332

* Core profit represents the profits of N2N excluding unrealised gains/losses on foreign exchange and non-recurring gains or losses (which are not expected to recur).

The Group recorded a slightly lower revenue of RM27.06 million for the quarter ended 31 March 2024 compared to the revenue of RM27.71 million in the immediate preceding quarter. The comparatively lower revenue of 2.33% was mainly due to the lower one-time implementation revenue for the current quarter.

The Group's profit after taxation of RM4.98 million for the current quarter was 172.37% higher compared to the profit after taxation of RM1.83 million in the immediate preceding quarter. This was mainly due to the first time recognition on deferred tax liabilities resulted from one of the subsidiary approaching the end of the MSC Pioneer status in the preceeding quarter.

The Group's core profit of RM3.48 million for the current quarter was 19.78% lower than the core profit of RM4.33 million in the immediate preceding quarter. The lower core profit was mainly due to a lower one-time-implementation revenue. On the other hand, the one off recognition of deferred tax liability was added back in the core profit in the preceeding quarter which resulted in a higher core profit.

B3 PROSPECTS

In the April 2024 Global Economic Prospects report issued by the World Bank, it had remain its projections of global growth at 3.2% . The pace of expansion is low by historical standards. It further added that there was intensified risk of financial stress in emerging market and developing economies amidst tight global financial conditions.

Despite the challenges faced by the global economic front, Malaysia's economic growth continues to be projected to grow moderately between 4% to 5%. The World Bank maintained its forecast economic growth for Malaysia to 4.3% in 2024.

On the domestic front, the recent announcements on the National Energy Transition Roadmap and Ekonomi MADANI policy framework is expected to contribute a positive impact on the Malaysia securities market. The main stock market index in Malaysia (KLCI) has increased 120 points or 8.07% since the beginning of 2024. Nonetheless, the Group recognizes that the trading activities in the Securities Market will be influenced by various ongoing local and global developments.

Taking these into consideration, the Group is cautiously optimistic for a improve performance for the financial year of 2024.

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2024

B4 VARIATION OF ACTUAL PROFIT FROM FORECAST PROFIT

Not applicable as no profit forecast was published.

B5 ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

The following items have been charged/(credited) in arriving at the profit from operations:

	Quarter Ended		Year-To-Date Ended	
	31 Mar 2024	31 Mar 2023	31 Mar 2024	31 Mar 2023
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	(585)	(296)	(585)	(296)
(b) Dividend Income	(530)	(490)	(530)	(490)
(c) Interest expense	30	4	30	4
(d) Depreciation and amortisation	3,263	3,223	3,263	3,223
(e) Net foreign exchange (gain)/loss	(519)	(280)	(519)	(280)
(f) Fair value changes on financial assets at fair value through profit or loss	(3)	3	(3)	3

B6 TAXATION

	Quarter Ended		Year-To-Date Ended	
	31 Mar 2024	31 Mar 2023	31 Mar 2024	31 Mar 2023
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- Current year provision	(583)	(763)	(583)	(763)
- Over provision in prior years	-	4	-	4
Total Taxation	(583)	(759)	(583)	(759)

The effective tax rate of the Group for the current quarter under review was lower than the statutory tax rate of 24% mainly due to one of the subsidiary company has been granted second five year tax exemption for MSC qualifying activities under pioneer status pursuant to the Promotion of Investments Act, 1986 in Malaysia. However, the tax exemption for MSC is expected to end on May 2024.

B7 MARKETABLE SECURITIES

	As At 31 Mar 2024	As At 31 Dec 2023
	RM'000	RM'000
Quoted unit trusts in Malaysia*	61,924	61,389

Note * : These relate to quoted Islamic unit trusts, which have the flexibility of withdrawal.

B8 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with off balance sheet risk as at the date of this announcement applicable to the Group.

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2024**

B9 MATERIAL LITIGATION

On 31 March 2021, N2N Connect Berhad and a few of its subsidiaries (collectively referred to as "Plaintiffs") filed a civil suit at the High Court of Malaya at Kuala Lumpur ("High Court") against Chua Tiong Hoong, Ahmad Ashraf bin Azman, Shyam Sundar Rayudu, Wong Voon Fui, Finevo Technology Sdn Bhd and AK Partner Hybrid Connect Sdn Bhd (collectively referred to as "Defendants") inter alia for breach of N2N's intellectual property rights, including but not limited to the copyright and trade secrets in the source codes and marketing materials; breach of fiduciary duties and breach of confidence.

On 2 April 2021, the Plaintiffs obtained an Anton Piller Order ("Order" or "APO") from the High Court. The Order allows the Plaintiffs, subject to the terms and conditions of the Order, to enter the Defendants' premises to inspect, take possession of documents, records or other items, which may form evidence in an action against the Defendants.

On 22 October 2021, the Defendants filed their appeals in the Court of Appeal against the High Court's dismissal of their applications to set aside the APO on 24 September 2021. The Court of Appeal had on 6 July 2023 allowed the Defendants' appeals and set aside the APO.

Following the decision of the Court of Appeal, the Plaintiffs had on 14 July 2023 filed the Notices of Motion for Leave to Appeal to the Federal Court. The Federal Court had on 7 December 2023 granted the Plaintiffs' Motions for Leave to Appeal. On 18 December 2023 the Plaintiffs filed their Notices of Appeal to the Federal Court. The Federal Court heard the Appeals on 29 April 2024 and allowed the Plaintiffs' Appeal against the 1st, 3rd, 4th, 5th and 6th Defendants with costs and set aside the Court of Appeal's Order dated 6 July 2023 and reinstated the Plaintiffs' Anton Piller Order granted by the High Court on 2 April 2021.

On 25 July 2023, the Plaintiffs have filed an application for discovery in the High Court against the Defendants to obtain documents from Defendants to be used as evidence during the Trial. On 8 December 2023, the High Court dismissed the Plaintiffs' Discovery Application ("Encl. 423"). On 4 January 2024, the Plaintiffs filed a Notice of Appeal to the Court of Appeal against the dismissal of Encl. 423.

The High Court has fixed the dates for trial of the main suit from 25th to 29th November 2024.

B10 PROPOSED DIVIDENDS

No dividend has been declared or recommended during the current period under review.

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2024

B11 EARNINGS PER SHARE ("EPS")

	Quarter Ended		Year-To-Date Ended	
	31 Mar 2024	31 Mar 2023	31 Mar 2024	31 Mar 2023
(a) Basic earnings per share				
Profit attributable to owners of the Company (RM'000)	5,055	2,922	5,055	2,922
Weighted average number of ordinary shares in issue ('000)	558,204	558,204	558,204	558,204
Basic EPS (sen)	0.91	0.52	0.91	0.52
(b) Diluted earnings per share				
Profit attributable to owners of the Company (RM'000)	5,055	2,922	5,055	2,922
Weighted average number of ordinary shares in issue ('000)	558,204	558,204	558,204	558,204
Assumed exercise of LTIP at no consideration ('000)	-*	-*	-*	-*
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	558,204	558,204	558,204	558,204
Diluted EPS (sen)	0.91	0.52	0.91	0.52

* No LTIP is assumed to be exercised at no consideration as the average fair value of the Company's quoted share price during the financial period is below the exercise price of the LTIP.

B12 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED AT THE LATEST PRACTICABLE DATE WHICH MUST NOT BE EARLIER THAN 7 DAYS FROM THE DATE OF ISSUE OF THE QUARTERLY REPORT

There are no corporate proposals announced by the Group as at the date of this announcement.

B13 AUTHORISATION FOR ISSUE

The unaudited condensed consolidated financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 23 May 2024.

By Order of the Board

Tiang Boon Hwa
Managing Director

Date : 23 May 2024