



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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 30 JUNE 2024

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
SUMMARY OF KEY FINANCIAL INFORMATION
FOR THE QUARTER AND YEAR TO DATE ENDED 30 JUNE 2024

Remark:

The results for the quarter ended 30 June 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	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	RM'000	RM'000	RM'000	RM'000
1 Revenue	27,664	25,525	54,726	50,416
2 Profit before taxation	2,742	4,090	8,304	7,659
3 Profit for the period	2,204	3,507	7,183	6,317
4 Profit attributable to owners of the Company	2,264	3,604	7,319	6,526
5 Basic earnings per share (sen)	0.41	0.65	1.31	1.17
6 Diluted earnings per share (sen)	0.41	0.65	1.31	1.17
7 Proposed/Declared dividend per share (sen)	-	-	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 30 JUNE 2024

	Note	Quarter Ended			Year-To-Date Ended		
		30 Jun 2024	30 Jun 2023	Changes	30 Jun 2024	30 Jun 2023	Changes
		RM'000 (UNAUDITED)	RM'000 (UNAUDITED)	%	RM'000 (UNAUDITED)	RM'000 (UNAUDITED)	%
Revenue		27,664	25,525	8%	54,726	50,416	9%
Cost of sales		(11,825)	(11,791)	0%	(23,728)	(23,088)	3%
Gross profit		15,839	13,734	15%	30,998	27,328	13%
Other operating income		1,200	2,373	-49%	3,059	3,636	-16%
Administrative expenses		(14,609)	(12,179)	20%	(26,766)	(22,765)	18%
Finance costs		(27)	(12)	125%	(57)	(16)	256%
Share of results of an associate		339	174	95%	1,070	(524)	-304%
Profit before taxation		2,742	4,090	-33%	8,304	7,659	8%
Taxation	B6	(538)	(583)	0%	(1,121)	(1,342)	-16%
Profit for the period		2,204	3,507	-37%	7,183	6,317	14%
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
- Exchange differences arising from translation of foreign operations		72	5,558		2,397	5,539	
- Derivative from associate		1,369	-		766	-	
Total comprehensive income for the period		3,645	9,065		10,346	11,856	
Profit for the period attributable to:							
- Owners of the Company		2,264	3,604		7,319	6,526	
- Non-controlling interests		(60)	(97)		(136)	(209)	
		2,204	3,507		7,183	6,317	
Total comprehensive income for the period:							
- Owners of the Company		3,705	9,162		10,482	12,065	
- Non-controlling interests		(60)	(97)		(136)	(209)	
		3,645	9,065		10,346	11,856	
Earnings per share ("EPS") attributable to owners of the Company:							
- Basic EPS (sen)	B11	0.41	0.65		1.31	1.17	
- Diluted EPS (sen)	B11	0.41	0.65		1.31	1.17	

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 30 JUNE 2024

	As at 30 Jun 2024	As at 31 Dec 2023
Note	RM'000 (UNAUDITED)	RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment	30,117	30,004
Investment properties	8,908	9,026
Right-of-use assets	2,739	3,369
Intangible assets	83,950	82,059
Investment in an associate	14,889	13,054
	<u>140,603</u>	<u>137,512</u>
Current assets		
Trade receivables	17,035	13,104
Other receivables	A11 13,105	9,703
Amount owing by related companies	120	239
Tax recoverable	7,133	8,466
Marketable securities	B7 62,442	61,389
Financial assets at fair value through profit or loss	A13 107	109
Cash and bank balances	92,720	93,389
	<u>192,662</u>	<u>186,399</u>
TOTAL ASSETS	<u>333,265</u>	<u>323,911</u>
EQUITY AND LIABILITIES		
Total equity		
Share capital	243,669	243,669
Exchange reserve	4,591	2,194
Fair value reserve	1,024	258
Long term incentive plan ("LTIP") reserve	2,508	2,395
Retained profits	46,986	45,249
Equity attributable to owners of the Company	<u>298,778</u>	<u>293,765</u>
Non-controlling interests	(1,169)	(1,033)
	<u>297,609</u>	<u>292,732</u>

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	As at 30 Jun 2024	As at 31 Dec 2023
Note	RM'000 (UNAUDITED)	RM'000 (AUDITED)
Non-current liabilities		
Lease liabilities	1,522	2,244
Provision for retirement benefits	A14 1,501	1,356
Deferred tax liabilities	5,512	5,483
	<u>8,535</u>	<u>9,083</u>
Current liabilities		
Trade payables	7,688	4,187
Other payables	A12 17,198	15,659
Amount owing to related companies	176	223
Lease liabilities	1,537	1,552
Provision for taxation	522	475
	<u>27,121</u>	<u>22,096</u>
Total liabilities	<u>35,656</u>	<u>31,179</u>
TOTAL EQUITY AND LIABILITIES	<u>333,265</u>	<u>323,911</u>
Net assets per share attributable to owners of the Company (sen) *	<u>54</u>	<u>53</u>

Note:

* Based on number of shares net of treasury shares ('000)

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 30 JUNE 2024

Note	Attributable to owners of the Company							Non-Controlling Interests RM'000	Total Equity RM'000
	Non-distributable					Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Exchange Reserve RM'000	LTIP Reserve RM'000	Fair value Reserve RM'000	Retained Profits RM'000	Total RM'000		
At 1 January 2024	243,669	-	2,194	2,395	258	45,249	293,765	(1,033)	292,732
Profit for the period	-	-	-	-	-	7,319	7,319	(136)	7,183
Other comprehensive income	-	-	2,397	-	766	-	3,163	-	3,163
Total comprehensive income for the period	-	-	2,397	-	766	7,319	10,482	(136)	10,346
Dividend paid	(i)	-	-	-	-	(5,582)	(5,582)	-	(5,582)
LTIP granted	-	-	-	113	-	-	113	-	113
At 30 June 2024	243,669	-	4,591	2,508	1,024	46,986	298,778	(1,169)	297,609
At 1 January 2023	243,669	-	(2,888)	2,034	-	41,917	284,732	(1,039)	283,693
Profit for the period	-	-	-	-	-	6,526	6,526	(209)	6,317
Other comprehensive income	-	-	5,539	-	-	-	5,539	-	5,539
Total comprehensive income for the period	-	-	5,539	-	-	6,526	12,065	(209)	11,856
Dividend paid	(ii)	-	-	-	-	(5,582)	(5,582)	-	(5,582)
LTIP granted	-	-	-	339	-	-	339	-	339
At 30 June 2023	243,669	-	2,651	2,373	-	42,861	291,554	(1,248)	290,306

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 30 JUNE 2024

	Year-To-Date Ended	
	30 Jun 2024	30 Jun 2023
	RM'000	RM'000
	(UNAUDITED)	(UNAUDITED)
Cash flows from operating activities		
Profit before taxation	8,304	7,659
Adjustments for:		
Amortisation of intangible assets	3,848	3,784
Bad debts written off	369	-
Depreciation of property, plant and equipment	1,911	1,990
Depreciation of investment properties	117	117
Depreciation of right-of-use assets	667	612
Fair value changes on financial assets at fair value through profit or loss	2	13
Long term incentive plan expenses	99	339
Gain on disposal of property, plant and equipment	(42)	(45)
Provision for long service payments	106	128
Impairment loss on trade receivables	53	-
Reversal of impairment loss on trade receivables	(551)	-
Share of results of an associate	(1,070)	524
Unrealised foreign exchange gain	(328)	(1,299)
Interest expense	57	16
Finance income	(1,121)	(662)
Dividend income	(1,044)	(986)
Operating profit before working capital changes	11,377	12,190
Changes in working capital		
Trade receivables	(3,892)	(2,318)
Other receivables	(3,402)	(1,785)
Trade payables	3,865	750
Other payables	1,539	3,029
Amount owing by/to related companies	72	312
Cash generated from operations	9,559	12,178
Dividend received	1,044	986
Interest paid	(57)	(16)
Interest received	1,121	662
Net tax refund/(paid)	260	(480)
Net cash generated from operating activities	11,927	13,330

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR TO DATE ENDED 30 JUNE 2024**

	Year-To-Date Ended	
	30 Jun 2024	30 Jun 2023
	RM'000	RM'000
	(UNAUDITED)	(UNAUDITED)
Cash flows from investing activities		
Computer software development cost	(4,001)	(3,014)
Purchase of property, plant and equipment	(1,972)	(1,035)
Net changes in marketable securities	(1,053)	(994)
Net cash used in investing activities	(7,026)	(5,043)
Cash flows from financing activities		
Dividend paid	(5,582)	(5,582)
Repayment of lease liabilities	(750)	(686)
Net cash used in financing activities	(6,332)	(6,268)
Net (decrease)/increase in cash and cash equivalents	(1,431)	2,019
Effect of exchange rate changes	762	2,869
Cash and cash equivalents at beginning of the period	93,389	90,248
Cash and cash equivalents at end of the period	92,720	95,136
Cash and cash equivalents at end of the period comprises:		
Cash and bank balances	92,720	95,136

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 30 JUNE 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"):

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16, "Leases" (Lease Liability in a Sale and Leaseback)

Amendments to MFRS 101, "Presentation of Financial Statements" (Non-current Liabilities with Covenants)

Amendments to MFRS 107, "Statement of Cash Flows" and MFRS 7, "Financial Instruments: Disclosures" (Supplier Finance Arrangements)

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.

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 30 JUNE 2024

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.

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 and related services which are substantially within a single business segment.

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 operations 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 30 June 2024				
<u>Revenue</u>				
Sales to external customers	24,531	30,215	-	54,746
Inter-segment sales	(20)	-	-	(20)
Total	<u>24,511</u>	<u>30,215</u>	<u>-</u>	<u>54,726</u>
<u>Results</u>				
EBITDA *	7,598	3,779	-	11,377
Amortisation of intangible assets	(3,848)	-	-	(3,848)
Bad debt written off	(673)	304	-	(369)
Depreciation of property, plant and equipment	(1,366)	(545)	-	(1,911)
Depreciation of investment properties	(117)	-	-	(117)
Depreciation of right-of-use assets	(33)	(634)	-	(667)
Dividend income	1,044	-	-	1,044
Finance income	229	892	-	1,121
Finance costs	(8)	(49)	-	(57)
Gain on disposal of property, plant and equipment	42	-	-	42
Long term incentive plan	(53)	(46)	-	(99)
Provision for doubtful debts	-	(53)	-	(53)
Reversal of provision for doubtful debts	551	-	-	551
Share of results of associate	-	1,070	-	1,070
Unrealised foreign exchange gain	(43)	371	-	328
Other non-cash items	(2)	(106)	-	(108)
Taxation	(664)	(457)	-	(1,121)
Segment profit for the period	<u>2,657</u>	<u>4,526</u>	<u>-</u>	<u>7,183</u>

* 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 30 JUNE 2024

A9 SEGMENT INFORMATION (CON'T)

	Malaysia RM'000	Hong Kong RM'000	Eliminations RM'000	Total RM'000
Financial period ended 30 June 2023				
<u>Revenue</u>				
Sales to external customers	21,433	28,983	-	50,416
Inter-segment sales	-	-	-	-
Total	21,433	28,983	-	50,416
<u>Results</u>				
EBITDA *	6,450	5,829	(89)	12,190
Amortisation of intangible assets	(3,674)	(110)	-	(3,784)
Depreciation of property, plant and equipment	(1,336)	(654)	-	(1,990)
Depreciation of investment properties	(117)	-	-	(117)
Depreciation of right-of-use assets	-	(612)	-	(612)
Dividend income	986	-	-	986
Finance income	243	419	-	662
Finance costs	-	(16)	-	(16)
Gain on disposal of property, plant and equipment	-	45	-	45
Long term incentive plan	(242)	(97)	-	(339)
Share of results of associate	-	(524)	-	(524)
Unrealised foreign exchange gain/(loss)	815	484	-	1,299
Other non-cash items	32	(173)	-	(141)
Taxation	(742)	(600)	-	(1,342)
Segment profit for the period	2,415	3,991	(89)	6,317

* 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.

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 30 JUNE 2024

A11 OTHER RECEIVABLES

	As At 30 Jun 2024 RM'000	As At 31 Dec 2023 RM'000
Prepayments	10,606	7,398
Deposits paid	2,499	2,226
Other receivables	-	79
	<u>13,105</u>	<u>9,703</u>

A12 OTHER PAYABLES

	As At 30 Jun 2024 RM'000	As At 31 Dec 2023 RM'000
Accruals	4,869	4,305
Deposit received	3,654	3,473
Other payables	8,675	7,881
	<u>17,198</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 30 Jun 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>107</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 30 JUNE 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 22 August 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 30 JUNE 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>30 Jun 2024</u>	<u>30 Jun 2023</u>
	RM'000	RM'000
Revenue	27,664	25,525
Profit after taxation	2,204	3,507
Core profit *	<u>1,709</u>	<u>1,297</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 RM27.66 million for the quarter ended 30 June 2024 in comparison to the revenue of RM25.53 million in the preceding year's corresponding quarter. Higher managed service revenue and transaction based revenue in the current quarter resulted in a comparatively higher revenue of 8.38%

The Group posted a profit after taxation of RM2.20 million for the current quarter which was 37.15% lower compared to a profit after taxation of RM3.51 million in the preceding year's corresponding quarter. The lower profit after taxation was mainly due to a lower gain on unrealised forex, higher operating expense and litigation expense. However, it was softened by a higher gain on share of associate.

The Group's core profit was RM1.71 million for the current quarter compared to RM1.30 million in the corresponding quarter. The core profits was 31.85% higher mainly due to a higher gain on unrealised gain in the corresponding quarter. Besides that, there is also a higher litigation expense in the current quarter.

(b) Performance of the current financial period against the preceding year's corresponding period

	<u>Year-To-Date Ended</u>	
	<u>30 Jun 2024</u>	<u>30 Jun 2023</u>
	RM'000	RM'000
Revenue	54,726	50,416
Profit for the period	7,183	6,317
Core profit *	<u>5,184</u>	<u>3,351</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 RM54.73 million for the period ended 30 June 2024 in comparison to revenue of RM50.42 million in the preceding year's corresponding period. The revenue increased by 8.55% mainly due to the comparatively higher managed service revenue, transaction based revenue & one-time-implementation revenue.

The profit after taxation for the current period amounted to RM7.18 million was 13.71% higher than the profit after tax of RM6.32 million recorded in the corresponding period mainly due to higher managed service revenue, transaction based revenue, one-time-implementation revenue and gain on share of associate.

The Group recorded a core profit of RM5.18 million for the current period compared to RM3.35 million in the corresponding period. The core profit was 54.71% lower mainly due to a higher gain on unrealised forex in the corresponding period. Besides that, there is also a higher litigation expense in the current period.

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 30 JUNE 2024

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

	Quarter Ended	
	30 Jun 2024	31 Mar 2024
	RM'000	RM'000
Revenue	27,664	27,062
Profit after taxation	2,204	4,979
Core profit *	1,709	3,475

* 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 higher revenue of RM27.66 million for the quarter ended 30 June 2024 compared to the revenue of RM27.06 million in the immediate preceding quarter. The comparatively higher revenue of 2.22% was mainly due to a higher transaction based revenue and one-time implementation revenue for the current quarter.

The Group's profit after taxation of RM2.20 million for the current quarter was 55.73% lower compared to the profit after taxation of RM4.98 million in the immediate preceding quarter. This was mainly due to the lower gain of unrealised forex and a higher operating expense in the current quarter.

The Group's core profit of RM1.71 million for the current quarter was 50.81% lower than the core profit of RM3.48 million in the immediate preceding quarter. Despite reversing the high gain on unrealised forex from the preceding quarter and the higher litigation expense from the current period, the core profit are still much lower as the profit after taxation is low.

B3 PROSPECTS

The World Economic Outlook report issued by the World Bank, forecasted the world growth to be at 3.2% in 2024 and 3.3% in 2025. It had reported that the global growth is stabilizing at 2.6% in 2024. Global activity and world trade firmed up at the turn of the year, with trade spurred by strong exports from Asia, particularly in the technology sector.

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 4.4% 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 (FKLCI) increased 156 points or 10.73% since the beginning of 2024, according to trading on a contract for difference (CFD) that tracks this benchmark index from Malaysia. 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 expects a slightly better 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 30 JUNE 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	
	30 Jun 2024 RM'000	30 Jun 2023 RM'000	30 Jun 2024 RM'000	30 Jun 2023 RM'000
(a) Interest income	(536)	(366)	(1,121)	(662)
(b) Dividend Income	(514)	(496)	(1,044)	(986)
(c) Interest expense	27	12	57	16
(d) Depreciation and amortisation	3,280	3,280	6,543	6,503
(e) Loss/(gain) on foreign exchange	159	(973)	(360)	(1,253)
(f) Fair value changes on financial assets at fair value through profit or loss	5	10	2	13

B6 TAXATION

	Quarter Ended		Year-To-Date Ended	
	30 Jun 2024 RM'000	30 Jun 2023 RM'000	30 Jun 2024 RM'000	30 Jun 2023 RM'000
Current tax:				
- Current year provision	(538)	(558)	(1,121)	(1,321)
- Over provision in prior years	-	3	-	7
	(538)	(555)	(1,121)	(1,314)
Deferred tax:				
- Current year provision	-	(28)	-	(28)
	-	(28)	-	(28)
Total Taxation	(538)	(583)	(1,121)	(1,342)

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.

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 30 JUNE 2024

B7 MARKETABLE SECURITIES

	As At 30 Jun 2024 RM'000	As At 31 Dec 2023 RM'000
Quoted unit trusts in Malaysia*	<u>62,442</u>	<u>61,389</u>

Note * : These relate to quoted Islamic unit trusts, which are exempted from corporate tax and 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.

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("Main Suit").

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. 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 Court of Appeal has fixed a hearing of the Appeal on 11 October 2024.

The Plaintiffs have filed an Originating Summons at the Kuala Lumpur High Court to set aside the Consent Judgment dated 1st March 2024 for the withdrawal of the 2nd, 3rd and 4th Defendants from the Main Suit. The hearing of the Originating Summons is fixed on 6 November 2024.

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

In the Directors opinion, based on its examination of the developments to date and discussions with its legal counsel, the ultimate outcome of legal proceedings is not expected to have a material adverse effect on the Group and the Company's financial position.

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 30 JUNE 2024

B10 PROPOSED DIVIDENDS

The Company has declared a First Interim Dividend of 1 sen per share (Single Tier Dividend) for the financial year ending 31 December 2024 which will be payable on 27 September 2024.

B11 EARNINGS PER SHARE ("EPS")

	Quarter Ended		Year-To-Date Ended	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
(a) Basic earnings per share				
Profit attributable to owners of the Company (RM'000)	2,264	3,604	7,319	6,526
Weighted average number of ordinary shares in issue ('000)	558,204	558,204	558,204	558,204
Basic EPS (sen)	0.41	0.65	1.31	1.17
(b) Diluted earnings per share				
Profit attributable to owners of the Company (RM'000)	2,264	3,604	7,319	6,526
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)	0.41	0.65	1.31	1.17

* 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.

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 22 August 2024.

By Order of the Board

Tiang Boon Hwa
Managing Director

Date : 22 August 2024