



**N2N CONNECT BERHAD 20001020530 (523137-K)**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2021**

**N2N CONNECT BERHAD 200001020530 (523137-K)**  
(Incorporated in Malaysia)  
**SUMMARY OF KEY FINANCIAL INFORMATION**  
**FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2021**

Remark:

The results for the quarter and year to date ended 31 March 2021 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 2020 and the accompanying explanatory notes attached to the interim financial statements.

		<u>Quarter and Year-To-Date Ended</u>	
		<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
		RM'000	RM'000
1	Revenue	30,434	26,261
2	Profit before taxation	7,912	4,719
3	Profit for the period	7,550	3,656
4	Profit attributable to owners of the Company	7,759	3,762
5	Basic earnings per share (sen)	1.39	0.70
6	Diluted earnings per share (sen)	1.39	0.70
7	Proposed/Declared dividend per share (sen)	-	2.00

**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 2021**

	Note	Quarter and Year-To-Date Ended		Changes %
		31 Mar 2021 RM'000 (UNAUDITED)	31 Mar 2020 RM'000 (UNAUDITED)	
Revenue		30,434	26,261	16%
Cost of sales		(11,326)	(10,994)	3%
Gross profit		<u>19,108</u>	<u>15,267</u>	25%
Other operating income		572	345	66%
Administrative expenses		(10,842)	(10,667)	2%
Finance costs		(103)	(226)	-54%
Share of results of an associate		(823)	-	0%
Profit before taxation		<u>7,912</u>	<u>4,719</u>	68%
Taxation	B6	(362)	(1,063)	-66%
Profit for the period		<u>7,550</u>	<u>3,656</u>	107%
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
- Exchange differences arising from translation of foreign operations		2,266	4,217	
Total comprehensive income for the period		<u>9,816</u>	<u>7,873</u>	
Profit for the period attributable to:				
- Owners of the Company		7,759	3,762	
- Non-controlling interests		<u>(209)</u>	<u>(106)</u>	
		<u>7,550</u>	<u>3,656</u>	
Total comprehensive income for the period:				
- Owners of the Company		10,025	7,979	
- Non-controlling interests		<u>(209)</u>	<u>(106)</u>	
		<u>9,816</u>	<u>7,873</u>	
Earnings per share ("EPS") attributable to owners of the Company:				
- Basic EPS (sen)	B12	1.39	0.70	
- Diluted EPS (sen)	B12	<u>1.39</u>	<u>0.70</u>	

*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 2020 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 FINANCIAL POSITION  
AS AT 31 MARCH 2021**

	Note	As at 31 Mar 2021 RM'000 (UNAUDITED)	As at 31 Dec 2020 RM'000 (AUDITED)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		29,970	29,735
Investment properties		9,670	9,729
Right-of-use assets		2,647	2,902
Intangible assets		79,436	77,628
Investment in associates		8,606	9,429
		<u>130,329</u>	<u>129,423</u>
<b>Current assets</b>			
Trade receivables		20,507	22,305
Other receivables	A11	5,097	4,171
Amount owing by related companies		483	343
Tax recoverable		8,632	7,399
Marketable securities	B7	67,718	58,426
Financial assets at fair value through profit or loss	A13	150	127
Deposits with licensed bank		359	358
Cash and bank balances		75,522	74,861
		<u>178,468</u>	<u>167,990</u>
<b>TOTAL ASSETS</b>		<u>308,797</u>	<u>297,413</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>			
Share capital		260,987	260,987
Treasury shares		(37,237)	(37,237)
Exchange reserve		(6,784)	(9,050)
Retained profits		56,383	48,624
<b>Equity attributable to owners of the Company</b>		<u>273,349</u>	<u>263,324</u>
Non-controlling interests		(848)	(639)
		<u>272,501</u>	<u>262,685</u>
<b>Non-current liabilities</b>			
Bank borrowings	B8	-	2,232
Lease liabilities		1,789	1,892
Provision for retirement benefits	A14	2,476	2,312
Deferred tax liabilities		693	673
		<u>4,958</u>	<u>7,109</u>
<b>Current liabilities</b>			
Trade payables		5,573	4,275
Other payables	A12	15,170	12,294
Amount owing to related companies		278	131
Bank borrowings	B8	9,213	8,927
Lease liabilities		1,104	1,249
Provision for taxation		-	743
		<u>31,338</u>	<u>27,619</u>
<b>Total liabilities</b>		<u>36,296</u>	<u>34,728</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>308,797</u>	<u>297,413</u>
<b>Net assets per share attributable to owners of the Company (sen) *</b>		<u>49</u>	<u>47</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 2020 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 2021**

	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	Retained Profits RM'000	Total RM'000		
<b>At 1 January 2021</b>	260,987	(37,237)	(9,050)	48,624	263,324	(639)	262,685
Profit for the period	-	-	-	7,759	7,759	(209)	7,550
Other comprehensive income	-	-	2,266	-	2,266	-	2,266
Total comprehensive income for the period	-	-	2,266	7,759	10,025	(209)	9,816
<b>At 31 March 2021</b>	<b>260,987</b>	<b>(37,237)</b>	<b>(6,784)</b>	<b>56,383</b>	<b>273,349</b>	<b>(848)</b>	<b>272,501</b>
<b>At 1 January 2020</b>	260,987	(37,198)	(8,025)	40,645	256,409	(508)	255,901
Profit for the period	-	-	-	3,762	3,762	(106)	3,656
Other comprehensive income	-	-	4,217	-	4,217	-	4,217
Total comprehensive income for the period	-	-	4,217	3,762	7,979	(106)	7,873
Shares repurchased during the year held as treasury shares	-	(39)	-	-	(39)	-	(39)
<b>At 31 March 2020</b>	<b>260,987</b>	<b>(37,237)</b>	<b>(3,808)</b>	<b>44,407</b>	<b>264,349</b>	<b>(614)</b>	<b>263,735</b>

*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 2020 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 QUARTER AND YEAR TO DATE ENDED 31 MARCH 2021**

	<b>Quarter and Year-To-Date Ended</b>	
	<b>31 Mar 2021</b>	<b>31 Mar 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(UNAUDITED)</b>	<b>(UNAUDITED)</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	7,912	4,719
Adjustments for:		
Amortisation of intangible assets	1,622	1,451
Depreciation of property, plant and equipment	1,045	1,152
Depreciation of investment properties	59	59
Depreciation of right-of-use assets	321	40
Fair value change on financial assets at fair value through profit or loss	(23)	51
Provision for long service payments	94	90
Share of results of an associate	823	-
Unrealised foreign exchange (gain)/loss	(29)	375
Finance cost	103	226
Finance income	(71)	(73)
Dividend income	(289)	(699)
Operating profit before working capital changes	<u>11,567</u>	<u>7,391</u>
Changes in working capital		
Trade receivables	1,844	(1,952)
Other receivables	(926)	(898)
Trade payables	1,421	105
Other payables	2,876	941
Amount owing by/to related companies	7	22
Cash generated from operations	<u>16,789</u>	<u>5,609</u>
Dividend received	289	699
Interest paid	(103)	(226)
Interest received	71	73
Net tax paid	<u>(1,568)</u>	<u>(4,168)</u>
<b>Net cash generated from operating activities</b>	<b><u>15,478</u></b>	<b><u>1,987</u></b>
<b>Cash flows from investing activities</b>		
Computer software development cost	(4,205)	(1,664)
Purchase of property, plant and equipment	(1,290)	(181)
Net changes in marketable securities	<u>(9,292)</u>	<u>3,335</u>
<b>Net cash (used in)/ generated from investing activities</b>	<b><u>(14,787)</u></b>	<b><u>1,490</u></b>
<b>Cash flows from financing activities</b>		
Increase in fixed deposit pledged	(1)	(2)
Repayment of bank borrowings	(1,946)	(1,296)
Repayment of lease liabilities	(220)	(42)
Repurchase of treasury shares	-	(39)
<b>Net cash used in financing activities</b>	<b><u>(2,167)</u></b>	<b><u>(1,379)</u></b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR QUARTER AND YEAR TO DATE ENDED 31 MARCH 2021**

	<b>Quarter and Year-To-Date Ended</b>	
	<b>31 Mar 2021</b>	<b>31 Mar 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(UNAUDITED)</b>	<b>(UNAUDITED)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,476)</b>	<b>2,098</b>
Effect of exchange rate changes	2,138	605
Cash and cash equivalents at beginning of the period	75,219	55,104
<b>Cash and cash equivalents at end of the period</b>	<b>75,881</b>	<b>57,807</b>
<b>Cash and cash equivalents at end of the period comprises:</b>		
Cash and bank balances	75,522	57,454
Deposit with a licensed bank	359	353
	75,881	57,807
Less: Fixed deposit pledged to a licensed bank	(359)	(353)
	75,522	57,454

*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 2020 and the accompanying explanatory notes attached to the interim financial statements.*

**N2N CONNECT BERHAD 20001020530 (523137-K)**  
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**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2021**

**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 2020.

**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 2020. 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") but are not yet effective and have not been adopted by the Group:

**Standards issued but not yet effective**

**Effective for annual periods beginning on or after 1 January 2022**

Amendments to MFRS 3, "Business Combinations" (Reference to the Conceptual Framework)

Amendments to MFRS 116, "Property, Plant and Equipment" (Proceeds before Intended Use)

Amendments to MFRS 137, "Provision, Contingent Liabilities and Contingent Assets" (Onerous Contracts - Cost of Fulfilling a Contract)

Amendments to MFRS 101, "First-time Adoption of Malaysian Financial Reporting Standards"

Amendments to MFRS 9, "Financial Instruments"

Amendments to Illustrative Examples accompanying MFRS 16, "Leases"

**Effective for annual periods beginning on or after 1 January 2023**

MFRS 17, "Insurance Contracts"

Amendments to MFRS 101, "Presentation of Financial Statements" (Classification of Liabilities as Current or Non-current)

**Effective date of these amendments to Standards has been deferred**

Amendments to MFRS 10 and 128: 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 2020.

**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.



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**FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2021**

**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**

There is no dividend paid during the current period under review.

**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.

	<b>Malaysia RM'000</b>	<b>Hong Kong RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>Financial period ended 31 March 2021</b>					
Revenue					
Sales to external customers	14,881	12,212	3,341	-	30,434
Inter-segment sales	-	-	182	(182)	-
Total	<u>14,881</u>	<u>12,212</u>	<u>3,523</u>	<u>(182)</u>	<u>30,434</u>
Results					
EBITDA *	8,887	1,556	1,947	(823)	11,567
Dividend income	289	-	-	-	289
Finance income	57	-	14	-	71
Finance costs	(83)	(20)	-	-	(103)
Depreciation of property, plant and equipment	(571)	(344)	(130)	-	(1,045)
Depreciation of investment properties	(59)	-	-	-	(59)
Depreciation of right-of-use assets	-	(276)	(45)	-	(321)
Amortisation of intangible assets	(1,596)	(26)	-	-	(1,622)
Unrealised foreign exchange gain/(loss)	26	-	94	(91)	29
Share of results of associates	-	-	(823)	-	(823)
Other non-cash items	23	(94)	-	-	(71)
Taxation	(22)	(243)	(97)	-	(362)
Segment profit for the period	<u>6,951</u>	<u>553</u>	<u>960</u>	<u>(914)</u>	<u>7,550</u>

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

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**FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2021**

**A9 SEGMENT INFORMATION (CON'T)**

	Malaysia RM'000	Hong Kong RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Financial period ended 31 March 2020</b>					
Revenue					
Sales to external customers	9,843	14,073	2,345	-	26,261
Inter-segment sales	13	-	187	(200)	-
Total	<u>9,856</u>	<u>14,073</u>	<u>2,532</u>	<u>(200)</u>	<u>26,261</u>
Results					
EBITDA *	4,166	2,634	591	-	7,391
Dividend income	699	-	-	-	699
Finance income	73	-	-	-	73
Finance costs	(223)	-	(3)	-	(226)
Depreciation of property, plant and equipment	(598)	(524)	(30)	-	(1,152)
Depreciation of investment properties	(59)	-	-	-	(59)
Depreciation of right of use	-	-	(40)	-	(40)
Amortisation of intangible assets	(1,424)	(27)	-	-	(1,451)
Unrealised foreign exchange gain/(loss)	(815)	-	350	90	(375)
Other non-cash items	(51)	(90)	-	-	(141)
Taxation	(645)	(347)	(71)	-	(1,063)
Segment profit for the period	<u>1,123</u>	<u>1,646</u>	<u>797</u>	<u>90</u>	<u>3,656</u>

\* 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 2021 RM'000	As At 31 Dec 2020 RM'000
Prepayments	3,419	2,255
Deposits paid	1,678	1,722
Other receivables	-	194
	<u>5,097</u>	<u>4,171</u>

**A12 OTHER PAYABLES**

	As At 31 Mar 2021 RM'000	As At 31 Dec 2020 RM'000
Accruals	5,666	3,896
Deposit received	3,463	3,378
Other payables	6,041	5,020
	<u>15,170</u>	<u>12,294</u>

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**FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2021**

**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:

	<b>As At 31 Mar 2021 Level 1 Fair Value RM'000</b>	<b>As At 31 Dec 2020 Level 1 Fair Value RM'000</b>
Financial assets at fair value through profit or loss	<u>150</u>	<u>127</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 five years of continuous 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.

**A16 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD**

There was no material event subsequent to the current financial period ended 31 March 2021 up to the date of the announcement of this report which is likely to substantially affect the results of the operations of the Group for the current financial period under review.

**A17 CHANGES IN THE COMPOSITION OF THE GROUP**

There were no other changes in the composition of the Group for the current period under review.

**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 24 May 2021 (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 20001020530 (523137-K)**  
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**FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2021**

**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

	Quarter Ended	
	31 Mar 2021 RM'000	31 Mar 2020 RM'000
Revenue	30,434	26,261
Profit after taxation	7,550	3,656
Core profit *	7,171	3,598

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

The Group recorded a revenue of RM30.43 million for the quarter ended 31 Mar 2021 in comparison to RM26.26 million in the preceding year's corresponding quarter. The higher revenue by 15.88% was mainly due to increase in transaction based revenue. The improvement was offset by the decrease in one time implementation revenue.

The profit after taxation for the current quarter totalling RM7.55 million was 106.28% higher than the profit after taxation of RM3.66 million recorded in the preceding year's corresponding quarter. This was attributed mainly by the combination of higher profit margins and lower taxation offset by higher share of an associate's losses.

Core profits of the Group recorded RM7.17 million in the current quarter compared to RM3.60 million in preceding year's corresponding quarter. The increase by 99.17% was contributed by the items stated above.

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

	Quarter Ended	
	31 Mar 2021 RM'000	31 Dec 2020 RM'000
Revenue	30,434	26,017
Profit after taxation	7,550	6,560
Core profit *	7,171	(31)

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

The Group recorded a higher revenue of RM30.43 million compared to RM26.02 million in the immediate preceding quarter. The higher revenue of 16.95% was due to increase in transaction based and recurring revenue.

The Group recorded a higher profit after taxation for the current quarter in comparison to the immediate preceding quarter by RM0.99 million. This was due mainly to the combination of higher profits margin and absence of provision for doubtful debts. These improvements were then offset by the absence of gain arising from effects of changes in ownership interest of an associate and absence of over provision of tax.

The Group recorded a higher core profit for the current quarter in comparison to the immediate preceding quarter by RM7.17 million. This increase was mainly due to the combination of higher profits margin & absence of provision for doubtful debts offset by absence of over provision of tax.

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**FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2021**

**B3 PROSPECTS**

Similarly based from the last 4Q 2020, the Group's results continue to move uptrend from the surge in trading activities due to the global pandemic situation.

In March 2021, Bank Negara Malaysia ("BNM") expected Malaysia's growth to recover in 2021, at a range of 6.0% to 7.5%. The recovery is nevertheless expected to be uneven and will be shaped by several factors, including the course of the COVID-19 pandemic and vaccine rollout, the extent of external spillovers, sector-specific developments, and the degree of improvement in labour market conditions.

The Group foresees that COVID-19 developments shall remain a key influencing factor in the growth trajectory for the Malaysian and global economy including the trading momentum seen on Bursa Malaysia which will determine the extent to which the Group will be able to continue benefiting from the increased transaction based revenues in Malaysia.

Moving forward, the Group plans to explore the potential synergies offered by its new substantial shareholder, Hunsun Holdings Ltd, particularly in relation to strategic collaborations that will allow both parties to leverage on each other's market network and presence.

Barring any unforeseen circumstances, the Group expects its business to remain resilient despite the ongoing pandemic.

**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:

	<b>Quarter and Year-To-Date Ended</b>	
	<b>31 Mar 2021</b>	<b>31 Mar 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
(a) Interest income	(71)	(73)
(b) Dividend Income	(289)	(699)
(c) Interest expense	103	226
(d) Depreciation and amortisation	3,047	2,702
(e) Net foreign exchange loss	117	593
(f) Fair value change on financial assets at fair value through profit or loss	(23)	51

**N2N CONNECT BERHAD 200001020530 (523137-K)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2021**

**B6 TAXATION**

	<b>Quarter and Year-To-Date Ended</b>	
	<b>31 Mar 2021</b>	<b>31 Mar 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Current tax:		
- Current year provision	(362)	(1,063)
- Under provision in prior years	-	-
	<u>(362)</u>	<u>(1,063)</u>

**B7 MARKETABLE SECURITIES**

	<b>As At</b>	<b>As At</b>
	<b>31 Mar 2021</b>	<b>31 Dec 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Quoted unit trusts in Malaysia*	<u>67,718</u>	<u>58,426</u>

Note \* : These relate to quoted Islamic unit trusts, which are exempted from corporate tax, produce higher yields and have the flexibility of withdrawal.

**B8 GROUP'S BORROWINGS AND DEBT SECURITIES**

	<b>As At</b>	<b>As At</b>
	<b>31 Mar 2021</b>	<b>31 Dec 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Secured</b>		
<b>Short-term borrowings</b>		
<i>United States Dollar</i>		
Term loan	9,213	8,927
<b>Long-term borrowings</b>		
<i>United States Dollar</i>		
Term loan	-	2,232
	<u>9,213</u>	<u>11,159</u>

**B9 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 20001020530 (523137-K)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2021**

**B10 MATERIAL LITIGATION**

On 31st March 2021, N2N Connect Berhad and a few of its subsidiaries (collectively referred to as "Plaintiffs") filed a civil suit at the Kuala Lumpur High Court ("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") 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.

The aforementioned civil suit is referred to as "Litigation".

On 2nd April 2021, the Plaintiffs also obtained an Anton Piller Order ("Order") 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.

The Board believes that the Litigation is not expected to have any financial and operational impact on the Group.

Save and except for the Litigation set out above, the Board of Directors does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiaries.

**B11 PROPOSED DIVIDENDS**

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

**B12 EARNINGS PER SHARE ("EPS")**

	<b>Quarter and Year-To-Date Ended</b>	
	<b>31 Mar 2021</b>	<b>31 Mar 2020</b>
<b>(a) Basic earnings per share</b>		
Profit attributable to owners of the Company (RM'000)	7,759	3,762
Weighted average number of ordinary shares in issue ('000)	558,204	537,824
Basic EPS (sen)	1.39	0.70
<b>(b) Diluted earnings per share</b>		
Profit attributable to owners of the Company (RM'000)	7,759	3,762
Weighted average number of ordinary shares in issue ('000)	558,204	537,824
Assumed exercise of Warrants at no consideration ('000)	-	-
Adjusted weighted average number of ordinary shares in issue and issueable ('000)	558,204	537,824
Diluted EPS (sen)	1.39	0.70

\* No warrants are 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 warrants.

**N2N CONNECT BERHAD 200001020530 (523137-K)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2021**

**B13 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**

The Group had on 26 June 2020 announced the proposal in relation to the undertaking of the transfer of listing of and quotation for the entire issued share capital and the outstanding warrants 2019/2024 from ACE Market to the Main Market of Bursa

Please refer to our announcement dated 26 June 2020 for details.

**B14 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 24 May 2021.

By Order of the Board

Tiang Boon Hwa  
Managing Director

Date : 24 May 2021