



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

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2023**

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
SUMMARY OF KEY FINANCIAL INFORMATION
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2023

Remark:

The results for the quarter ended 31 March 2023 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 2022 and the accompanying explanatory notes attached to the interim financial statements.

	Quarter Ended		Year-To-Date Ended	
	31 Mar 2023 RM'000	31 Mar 2022 RM'000	31 Mar 2023 RM'000	31 Mar 2022 RM'000
1 Revenue	24,891	26,757	24,891	26,757
2 Profit before taxation	3,569	4,557	3,569	4,557
3 Profit for the period	2,810	3,768	2,810	3,768
4 Profit attributable to owners of the Company	2,922	3,970	2,922	3,970
5 Basic earnings per share (sen)	0.52	0.71	0.52	0.71
6 Diluted earnings per share (sen)	0.52	0.71	0.52	0.71
7 Proposed/Declared dividend per share (sen)	1.00	-	1.00	-

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2023**

	Note	Quarter Ended			Year-To-Date Ended		
		31 Mar 2023 RM'000 (UNAUDITED)	31 Mar 2022 RM'000 (UNAUDITED)	Changes %	31 Mar 2023 RM'000 (UNAUDITED)	31 Mar 2022 RM'000 (UNAUDITED)	Changes %
Revenue		24,891	26,757	-7%	24,891	26,757	-7%
Cost of sales		(11,297)	(11,641)	-3%	(11,297)	(11,641)	-3%
Gross profit		13,594	15,116	-10%	13,594	15,116	-10%
Other operating income		1,263	598	111%	1,263	598	111%
Administrative expenses		(10,586)	(10,442)	1%	(10,586)	(10,442)	1%
Finance costs		(4)	(40)	-90%	(4)	(40)	-90%
Share of results of an associate		(698)	(675)	3%	(698)	(675)	3%
Profit before taxation		3,569	4,557	-22%	3,569	4,557	-22%
Taxation	B6	(759)	(789)	-4%	(759)	(789)	-4%
Profit for the period		2,810	3,768	-25%	2,810	3,768	-25%
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
- Exchange differences arising from translation of foreign operations		(19)	(419)		(19)	(419)	
Total comprehensive income for the period		2,791	3,349		2,791	3,349	
Profit for the period attributable to:							
- Owners of the Company		2,922	3,970		2,922	3,970	
- Non-controlling interests		(112)	(202)		(112)	(202)	
		2,810	3,768		2,810	3,768	
Total comprehensive income for the period:							
- Owners of the Company		2,903	3,551		2,903	3,551	
- Non-controlling interests		(112)	(202)		(112)	(202)	
		2,791	3,349		2,791	3,349	
Earnings per share ("EPS") attributable to owners of the Company:							
- Basic EPS (sen)	B11	0.52	0.71		0.52	0.71	
- Diluted EPS (sen)	B11	0.52	0.71		0.52	0.71	

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 2022 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 2023**

	As at 31 Mar 2023 RM'000 (UNAUDITED)	As at 31 Dec 2022 RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment	30,810	31,400
Investment properties	9,201	9,260
Right-of-use assets	316	626
Intangible assets	80,463	80,846
Investment in an associate	10,128	10,826
	<u>130,918</u>	<u>132,959</u>
Current assets		
Trade receivables	10,382	11,107
Other receivables	6,565	5,568
Amount owing by related companies	521	353
Tax recoverable	8,049	7,988
Marketable securities	59,865	59,371
Financial assets at fair value through profit or loss	142	145
Cash and bank balances	90,526	90,248
	<u>176,050</u>	<u>174,780</u>
TOTAL ASSETS	<u>306,968</u>	<u>307,739</u>
EQUITY AND LIABILITIES		
Total equity		
Share capital	243,669	243,669
Exchange reserve	(2,907)	(2,888)
LTIP reserve	2,231	2,034
Retained profits	39,258	41,917
Equity attributable to owners of the Company	<u>282,251</u>	<u>284,732</u>
Non-controlling interests	(1,151)	(1,039)
	<u>281,100</u>	<u>283,693</u>

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

	As at 31 Mar 2023 RM'000 (UNAUDITED)	As at 31 Dec 2022 RM'000 (AUDITED)
Non-current liabilities		
Provision for retirement benefits	A14 1,619	1,556
Deferred tax liabilities	1,603	1,603
	<u>3,222</u>	<u>3,159</u>
Current liabilities		
Trade payables	4,467	3,305
Other payables	A12 16,230	15,793
Amount owing to related companies	257	60
Lease liabilities	349	695
Provision for taxation	1,343	1,034
	<u>22,646</u>	<u>20,887</u>
Total liabilities	<u>25,868</u>	<u>24,046</u>
TOTAL EQUITY AND LIABILITIES	<u>306,968</u>	<u>307,739</u>
Net assets per share attributable to owners of the Company (sen) *	<u>51</u>	<u>51</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 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2023**

	Note	Attributable to owners of the Company					Total	Non-Controlling Interests	Total Equity
		Non-distributable				Distributable			
		Share Capital	Treasury Shares	Exchange Reserve	LTIP Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
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	(i)	-	-	-	-	(5,582)	(5,582)	-	(5,582)
Long term incentive plan granted		-	-	-	197	-	197	-	197
At 31 March 2023		243,669	-	(2,907)	2,231	39,258	282,251	(1,151)	281,100
At 1 January 2022		260,987	(37,237)	(6,377)	1,530	48,648	267,551	(2,192)	265,359
Profit for the period		-	-	-	-	3,970	3,970	(202)	3,768
Other comprehensive income		-	-	(419)	-	-	(419)	-	(419)
Total comprehensive income for the period		-	-	(419)	-	3,970	3,551	(202)	3,349
Long term incentive plan granted		-	-	-	390	-	390	-	390
At 31 March 2022		260,987	(37,237)	(6,796)	1,920	52,618	271,492	(2,394)	269,098

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 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 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR TO DATE ENDED 31 MARCH 2023**

	Year-To-Date Ended	
	31 Mar 2023	31 Mar 2022
	RM'000	RM'000
	(UNAUDITED)	(UNAUDITED)
Cash flows from operating activities		
Profit before taxation	3,569	4,557
Adjustments for:		
Amortisation of intangible assets	1,861	1,828
Bad debts written off	10	-
Depreciation of property, plant and equipment	998	1,122
Depreciation of investment properties	59	58
Depreciation of right-of-use assets	305	295
Fair value changes on financial assets at fair value through profit or loss	3	(7)
Long term incentive plan expenses	197	390
Loss on disposal of property, plant and equipment	(45)	-
Provision for doubtful debts	-	(31)
Provision for long service payments	63	87
Share of results of an associate	698	675
Unrealised foreign exchange gain	(296)	(178)
Finance cost	4	40
Finance income	(296)	(60)
Dividend income	(490)	(226)
Operating profit before working capital changes	6,640	8,550
Changes in working capital		
Trade receivables	727	(244)
Other receivables	(997)	122
Trade payables	1,389	379
Other payables	437	1,275
Amount owing by/to related companies	29	37
Cash generated from operations	8,225	10,119
Dividend received	490	226
Interest paid	(4)	(40)
Interest received	296	60
Net tax paid	(527)	(151)
Net cash generated from operating activities	8,480	10,214

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR TO DATE ENDED 31 MARCH 2023**

	Year-To-Date Ended	
	31 Mar 2023	31 Mar 2022
	RM'000	RM'000
	(UNAUDITED)	(UNAUDITED)
Cash flows from investing activities		
Computer software development cost	(1,441)	(1,347)
Purchase of property, plant and equipment	(392)	(597)
Net changes in marketable securities	(494)	(3,228)
Net cash used in investing activities	(2,327)	(5,172)
Cash flows from financing activities		
Dividend paid	(5,582)	-
Repayment of bank borrowings	-	(2,314)
Repayment of lease liabilities	(344)	(333)
Net cash used in financing activities	(5,926)	(2,647)
Net increase/(decrease) in cash and cash equivalents	227	2,395
Effect of exchange rate changes	51	56
Cash and cash equivalents at beginning of the period	90,248	63,879
Cash and cash equivalents at end of the period	90,526	66,330
Cash and cash equivalents at end of the period comprises:		
Cash and bank balances	90,526	66,330

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2023

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 2022.

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 2022. 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 2023

MFRS 17, "Insurance Contracts"

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

Amendments to MFRS 101, "Presentation of Financial Statements" (Disclosure of Accounting Policies)

Amendments to MFRS 108, Definition of Accounting Estimates

Amendments to MFRS 112, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 2022.

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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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 ending 31 December 2022 on 30 March 2023.

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.

	Malaysia RM'000	Hong Kong RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Financial period ended 31 March 2023					
<u>Revenue</u>					
Sales to external customers	10,715	12,277	1,899	-	24,891
Inter-segment sales	-	-	-	-	-
Total	10,715	12,277	1,899	-	24,891
<u>Results</u>					
EBITDA *	3,071	1,909	1,667	(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)	(244)	(87)	-	(998)
Depreciation of investment properties	(59)	-	-	-	(59)
Depreciation of right-of-use assets	-	(305)	-	-	(305)
Dividend income	490	-	-	-	490
Finance income	119	164	13	-	296
Finance costs	-	(4)	-	-	(4)
Long term incentive plan	(140)	(57)	-	-	(197)
Share of results of associate	-	-	(698)	-	(698)
Unrealised foreign exchange gain	165	-	131	-	296
Other non-cash items	42	(63)	-	-	(21)
Taxation	(371)	(279)	(109)	-	(759)
Segment profit for the period	833	1,121	863	(7)	2,810

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

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A9 SEGMENT INFORMATION (CON'T)

	Malaysia RM'000	Hong Kong RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Financial period ended 31 March 2022					
<u>Revenue</u>					
Sales to external customers	12,068	12,451	2,238	-	26,757
Inter-segment sales	-	-	22	(22)	-
Total	12,068	12,451	2,260	(22)	26,757
<u>Results</u>					
EBITDA *	5,697	1,910	1,618	(675)	8,550
Amortisation of intangible assets	(1,773)	-	(55)	-	(1,828)
Depreciation of property, plant and equipment	(738)	(281)	(103)	-	(1,122)
Depreciation of investment properties	(58)	-	-	-	(58)
Depreciation of right-of-use assets	-	(295)	-	-	(295)
Dividend income	226	-	-	-	226
Finance income	46	-	14	-	60
Finance costs	(28)	(12)	-	-	(40)
Long term incentive plan	(263)	(113)	(14)	-	(390)
Provision/(Reversal) for doubtful debts	-	31	-	-	31
Share of results of associate	-	-	(675)	-	(675)
Unrealised foreign exchange gain/(loss)	(144)	-	322	-	178
Other non-cash items	7	(87)	-	-	(80)
Taxation	(367)	(263)	(159)	-	(789)
Segment profit for the period	2,605	890	948	(675)	3,768

* 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.

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A11 OTHER RECEIVABLES

	As At 31 Mar 2023 RM'000	As At 31 Dec 2022 RM'000
Prepayments	4,644	3,602
Deposits paid	1,919	1,945
Other receivables	2	21
	<u>6,565</u>	<u>5,568</u>

A12 OTHER PAYABLES

	As At 31 Mar 2023 RM'000	As At 31 Dec 2022 RM'000
Accruals	4,340	5,195
Deposit received	3,475	3,536
Other payables	8,415	7,062
	<u>16,230</u>	<u>15,793</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 2023 Level 1 Fair Value RM'000	As At 31 Dec 2022 Level 1 Fair Value RM'000
Financial assets at fair value through profit or loss	<u>142</u>	<u>145</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 and Labour Protection Act of Thailand. 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.

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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

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 25 May 2023 (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.

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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 2023	31 Mar 2022
	RM'000	RM'000
Revenue	24,891	26,757
Profit after taxation	2,810	3,768
Core profit *	<u>2,048</u>	<u>3,805</u>

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

The Group recorded a revenue of RM24.89 million for the current quarter ended 31 March 2023 in comparison to revenue of RM26.76 million in the preceding year's corresponding quarter. Lower one time implementation revenue and transaction based revenue in the current quarter resulted in a comparatively lower revenue of 6.97%.

Profit after taxation of RM2.81 million for the current quarter is 25.42% lower than the profit after taxation of RM3.77 million recorded in the preceding year's corresponding quarter. The lower profit after taxation was mainly due to lower revenue, which was offset by an increase in other operating income in the current quarter.

The Group's core profit of RM2.05 million in the current quarter is 46.17% lower compared to the corresponding quarter. The lower core profits were primarily due to lower revenue from one time implementation and transaction based charges.

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

	Quarter Ended	
	31 Mar 2023	31 Dec 2022
	RM'000	RM'000
Revenue	24,891	24,585
Profit after taxation	2,810	8,301
Core profit *	<u>2,048</u>	<u>7,365</u>

* 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 slightly higher revenue of RM24.89 million compared to a revenue of RM24.59 million in the immediate preceding quarter. The slightly higher revenue of 1.25% was due to higher transaction based revenues owing to a slight increase in trading activities in Bursa Malaysia

The Group posted a 66.1% lower profit after taxation of RM2.81 million compared to RM8.30 million in the immediate preceding quarter.

Core profit of the Group was RM2.05 million in the current quarter which was 72.19% lower than the core profit of RM7.37 million posted in the previous quarter

Both profit after taxation and core profit were lower compared to the previous quarter mainly due to the absence of any gains from effects of changes in ownership interest of an associate in the current quarter.

In the previous quarter, the Group had recognized a gain of RM6.73 million due to effects of changes in ownership interest of the associate. The gain is the result of the increase in the net assets of OMM attributed by its fund raise that was completed at a premium.

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B3 PROSPECTS

Global growth has slowed, edging closer to falling into recession. International Monetary Fund, in its April 2023 World Economic Outlook report, revised downward its 2023 Global GDP growth to 2.8%. The World Bank, in its April 2023 East Asia and Pacific Economic update report, revised Malaysia's economic growth for 2023 to 4.3%.

Amidst a challenging external environment owing to the ongoing impact of the Russia-Ukraine conflict and the shaken resilience of the global financial system, trading activities in the Securities Market will continue to be influenced by the on-going local and global developments such as the monetary policy shifts in advanced economies, geopolitical conflicts, BNM's overnight policy rate and corporate earnings results.

Taking this into consideration, the Group is cautiously expecting a moderate performance compared to preceding year.

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 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	(296)	(60)	(296)	(60)
(b) Dividend Income	(490)	(226)	(490)	(226)
(c) Interest expense	4	40	4	40
(d) Depreciation and amortisation	3,223	3,303	3,223	3,303
(e) Net foreign exchange (gain)/loss	(280)	(127)	(280)	(127)
(f) Fair value changes on financial assets at fair value through profit or loss	3	(7)	3	(7)

B6 TAXATION

	Quarter Ended		Year-To-Date Ended	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- Current year provision	(763)	(748)	(763)	(748)
- Over provision in prior years	4	(41)	4	(41)
	(759)	(789)	(759)	(789)
Deferred tax:				
- Current year provision	-	-	-	-
- Under provision in prior years	-	-	-	-
	-	-	-	-
Total Taxation	(759)	(789)	(759)	(789)

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 Multimedia Super Corridor ("MSC") qualifying activities under pioneer status pursuant to the Promotion of Investments Act, 1986 in Malaysia.

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B7 MARKETABLE SECURITIES

	As At	As At
	31 Mar 2023	31 Dec 2022
	RM'000	RM'000
Quoted unit trusts in Malaysia*	59,865	59,371

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") 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 also 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 ("Appeal").

Owing to time constraints, the Appeal had been partly heard in the Court of Appeal on 18th April 2023 and the Court has set 23rd May 2023 for the continuation of the hearing.

In the meantime, the High Court has fixed new dates for trial for the main suit for 19th to 23rd June 2023, 12th to 14th July 2023, 17th to 18th August 2023, 25th to 26th September 2023 and 5th, 6th, 18th, 19th, 20th, 26th and 27th October 2023.

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

B10 PROPOSED DIVIDENDS

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

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B11 EARNINGS PER SHARE ("EPS")

	Quarter Ended		Year-To-Date Ended	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
(a) Basic earnings per share				
Profit attributable to owners of the Company (RM'000)	2,922	3,970	2,922	3,970
Weighted average number of ordinary shares in issue ('000)	558,204	558,204	558,204	558,204
Basic EPS (sen)	0.52	0.71	0.52	0.71
(b) Diluted earnings per share				
Profit attributable to owners of the Company (RM'000)	2,922	3,970	2,922	3,970
Weighted average number of ordinary shares in issue ('000)	558,204	558,204	558,204	558,204
Assumed exercise of Warrants at no consideration ('000)	-	-	-	-
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)	0.52	0.71	0.52	0.71

* No warrants and LTIP 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.

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

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 Securities.

On 3 March 2023, the Group has decided to withdraw its application in relation to the proposed transfer after taking into consideration the continuing market volatility amid the expectation of softening in global growth. Nonetheless, it is the intention of the Group to relook on the proposed transfer in the future.

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 25 May 2023.

By Order of the Board

Tiang Boon Hwa
Managing Director

Date : 25 May 2023