



N2N CONNECT BERHAD (523137-K)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For The Quarter and Year-To-Date Ended 30 September 2014**  
 (the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To date	Corresponding Period
	30 Sep 2014 RM'000	30 Sep 2013 RM'000	30 Sep 2014 RM'000	30 Sep 2013 RM'000
Revenue	9,311	8,008	25,870	22,767
Direct costs	(3,977)	(3,128)	(10,776)	(8,519)
Gross profit	5,334	4,880	15,094	14,248
Other operating income	780	245	1,696	751
Administrative expenses	(3,719)	(2,918)	(10,670)	(9,628)
Finance costs	(361)	(356)	(896)	(1,124)
<b>Profit before taxation</b>	<b>2,034</b>	<b>1,851</b>	<b>5,224</b>	<b>4,247</b>
Taxation	(111)	(53)	(130)	(79)
Profit for the period	1,923	1,798	5,094	4,168
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
- Exchange differences arising from translation of foreign operations	(53)	109	(53)	114
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>1,870</b>	<b>1,907</b>	<b>5,041</b>	<b>4,282</b>
<b>Profit for the period attributable to:</b>				
Owners of the Company	1,923	1,798	5,094	4,168
<b>Earnings per share ("EPS") attributable to the owners of the Company (sen):</b>				
Basic EPS (sen)	0.55	0.60	1.45	1.39
Diluted EPS (sen)	0.51	0.55	1.36	1.35

**Note:**

The above Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income was prepared based on the consolidated results of the Group for the financial period ended 30 September 2014 and should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



**N2N CONNECT BERHAD (523137-K)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As At 30 September 2014**

(the figures have not been audited)

	<b>As at 30 Sep 2014 RM'000</b>	<b>As at 31 Dec 2013 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	46,498	46,107
Intangible asset	11,868	11,032
	<u>58,366</u>	<u>57,139</u>
<b>Current assets</b>		
Trade receivables	11,862	8,401
Other receivables	1,358	1,177
Amount owing by holding company	-	224
Tax Recoverable	88	-
Marketable securities	92,758	58
Deposits with licensed bank	115	36
Cash and bank balances	8,999	3,927
	<u>115,180</u>	<u>13,823</u>
<b>TOTAL ASSETS</b>	<u>173,546</u>	<u>70,962</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	43,969	30,407
Share premium	106,225	6,634
Exchange reserve	193	246
Warrants reserve	1,678	1,938
Treasury Shares	(2,517)	(1,657)
Retained profits	8,936	11,594
<b>Total equity</b>	<u>158,484</u>	<u>49,162</u>
<b>Non-current liabilities</b>		
Term loan	4,288	14,311
Hire Purchase creditor	44	-
Deferred tax liabilities	351	244
	<u>4,683</u>	<u>14,555</u>
<b>Current liabilities</b>		
Trade payables	2,880	795
Other payables	3,076	2,542
Bank overdraft	567	1,718
Term loan	704	2,044
Hire Purchase creditor	23	-
Amount owing to directors	83	145
Dividend Payable	3,046	-
Provision for taxation	-	1
	<u>10,379</u>	<u>7,245</u>
<b>Total liabilities</b>	<u>15,062</u>	<u>21,800</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>173,546</u>	<u>70,962</u>
Net Assets ("NA") per share attributable to owners of the Company (sen) *	<u>45.13</u>	<u>16.47</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 Annual Audited Financial Statements of the Group for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



**N2N CONNECT BERHAD (523137-K)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For The Year-To-Date Ended 30 September 2014**  
 (the figures have not been audited)

	Attributable to owners of the Company						Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Exchange Reserve RM'000	Treasury Shares RM'000	Warrants Reserve	Distributable Retained Profits RM'000	
<b>At 1 January 2014</b>	30,407	6,634	246	(1,657)	1,938	11,594	49,162
Net profit for the period	-	-	-	-	-	5,094	5,094
Other comprehensive income	-	-	(53)	-	-	-	(53)
Total comprehensive income for the period	-	-	(53)	-	-	5,094	5,041
Shares purchased during the period held as treasury shares	-	-	-	(862)	-	-	(862)
Resale of treasury shares during the period	-	0	-	2	-	-	2
Dividend	-	-	-	-	-	(7,752)	(7,752)
Issuance of shares pursuant to ESOS Exercise <sup>i)</sup>	58	68	-	-	-	-	126
Issuance of shares pursuant to conversion of Warrants <sup>ii)</sup>	1,301	3,121	-	-	(260)	-	4,162
Issuance of shares pursuant to private placement <sup>iii)</sup>	12,203	96,402	-	-	-	-	108,605
<b>At 30 September 2014</b>	<b>43,969</b>	<b>106,225</b>	<b>193</b>	<b>(2,517)</b>	<b>1,678</b>	<b>8,936</b>	<b>158,484</b>
<b>At 1 January 2013</b>	29,974	5,333	131	(917)	-	5,551	40,072
Net profit for the period	-	-	-	-	-	4,168	4,168
Other comprehensive income	-	-	114	-	-	-	114
Total comprehensive income for the period	-	-	114	-	-	4,168	4,282
Shares purchased during the period held as treasury shares	-	-	-	(1,401)	-	-	(1,401)
Resale of treasury shares during the period	-	419	-	921	-	-	1,340
Adjustment for fair value of warrants	-	-	-	-	1,998	-	1,998
<b>Transactions with owners in their capacity as owners:</b>							
Issuance of shares pursuant to ESOS Exercise <sup>iv)</sup>	37	43	-	-	-	-	80
Issuance of shares pursuant to conversion of Warrants <sup>v)</sup>	304	729	-	-	(60)	-	973
<b>At 30 September 2013</b>	<b>30,315</b>	<b>6,524</b>	<b>245</b>	<b>(1,397)</b>	<b>1,938</b>	<b>9,719</b>	<b>47,344</b>

**Notes:**

- i) 550,600; and 33,000 new N2N Shares issued from 21 January 2014 to 30 September 2014 pursuant to the Company's Employee Share Option Scheme ("ESOS") at exercise price of RM0.22 and RM0.18 per ordinary share respectively.
- ii) 13,000,665 new N2N Shares issued from 12 March 2014 to 7 April 2014 pursuant to the conversion of Warrants at exercise price of RM0.32 per ordinary share.
- iii) Private placement of a total of 122,027,600 new ordinary shares of RM0.10 each at RM0.89 per placement share on 2 July 2014.
- iv) 17,600; 15,400; 296,500; and 49,500 new N2N Shares issued from 14 February 2013 to 18 September 2013 pursuant to the Company's Employee Share Option Scheme ("ESOS") at exercise price of RM0.20, RM0.25, RM0.22 and RM0.18 per ordinary share respectively.
- v) 3,035,500 new N2N Shares issued on 19 July 2013 pursuant to the conversion of Warrants at exercise price of RM0.32 per ordinary share.

The Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



**N2N CONNECT BERHAD (523137-K)**

**CONSOLIDATED STATEMENT OF CASH FLOW**  
**For The Year-To-Date Ended 30 September 2014**  
 (the figures have not been audited)

	<b>9 months ended 30 Sep 2014 RM'000</b>	<b>9 months ended 30 Sep 2013 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,224	4,247
Adjustments for:		
Amortisation of intangible asset	1,635	1,438
Depreciation of property, plant and equipment	2,783	2,892
Gain on disposal of property, plant and equipment	-	-
Property, plant and equipment written off	-	189
Unrealised foreign exchange gain	-	-
Interest income	(102)	(13)
Interest expense	896	1,124
Operating profit before working capital changes	<u>10,436</u>	<u>9,877</u>
(Increase)/Decrease in working capital		
Trade receivables	(3,462)	724
Other receivables	(181)	(139)
Trade payables	2,085	(683)
Other payables	534	(319)
Amount owing to directors	(62)	(52)
Amount owing by holding company	224	(178)
Cash generated from operations	<u>9,576</u>	<u>9,230</u>
Interest received	102	13
Interest paid	(896)	(1,124)
Income tax paid	<u>(112)</u>	<u>(79)</u>
Net cash from operating activities	<u>8,669</u>	<u>8,040</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Computer software development cost	(2,471)	(2,196)
Purchase of property, plant and equipment	(3,188)	(3,307)
Dividend income received from marketable securities	706	-
Purchase of marketable securities	<u>(93,406)</u>	<u>(1)</u>
Net cash used in investing activities	<u>(98,359)</u>	<u>(5,504)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	112,893	1,053
Proceeds from issue of warrants	-	1,998
Proceeds from resale of treasury shares	2	1,340
Shares buyback	(862)	(1,401)
Dividend payment	(4,706)	-
Repayment of term loan	(11,363)	(1,533)
Net hire purchase financing	67	-
Net cash (used in)/from financing activities	<u>96,031</u>	<u>1,457</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>6,341</b>	<b>3,993</b>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>(38)</b>	<b>51</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>2,244</b>	<b>(1,508)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b><u>8,547</u></b>	<b><u>2,536</u></b>
<b>Cash and cash equivalents at end of the period comprises:</b>		
Cash and bank balances	8,999	4,846
Deposits with licensed bank	115	10
Bank overdraft	<u>(567)</u>	<u>(2,320)</u>
	<u>8,547</u>	<u>2,536</u>

**Note:**

The above Consolidated Statement of Cash Flow was prepared based on the consolidated results of the Group for the financial period ended 30 September 2014 and should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

\* Less than RM1,000.



**N2N CONNECT BERHAD (523137-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
For The Quarter and Year-To-Date Ended 30 September 2014**

**A NOTES TO THE INTERIM FINANCIAL REPORT**

**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 financial statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2013.

**A2 Significant accounting policies**

The accounting policies and presentation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2013, except for changes arising from the adoption of following Malaysian Financial Reporting Standards ("MFRS"), Amendments to MFRSs and IC Interpretations that are effective for financial period beginning on or after 1 January 2014:

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities  
Amendments to MFRS 132: Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities  
Amendments to MFRS 136: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets  
Amendments to MFRS 139: Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting  
IC Interpretation 21: Levies

The adoption of the above pronouncements did not have any significant impact on the financial statements of the Group.

**MFRSs, Amendments to MFRSs and IC Interpretations issued but not yet effective**

The following MFRSs, Amendments to MFRSs have been issued but are not yet effective, and have yet to be adopted by the Group:

***Effective for annual periods beginning on or after 1 July 2014***

Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011 - 2013 Cycle)  
Amendments to MFRS 2: Share-based Payment (Annual Improvements 2010 - 2012 Cycle)  
Amendments to MFRS 3: Business Combinations (Annual Improvements 2010 - 2012 Cycle and 2011 - 2013 Cycle)  
Amendments to MFRS 8: Operating Segments (Annual Improvements 2010 - 2012 Cycle)  
Amendments to MFRS 13: Fair Value Measurement (Annual Improvements 2010 - 2012 Cycle and 2011 - 2013 Cycle)  
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2010 - 2012 Cycle)  
Amendments to MFRS 119: Employee Benefits - Defined Benefit Plans: Employee Contributions  
Amendments to MFRS 124: Related Party Disclosures (Annual Improvements 2010 - 2012 Cycle)  
Amendments to MFRS 138: Intangible Assets (Annual Improvements 2010 - 2012 Cycle)  
Amendments to MFRS 140: Investment Property (Annual Improvements 2011 - 2013 Cycle)

***Effective for annual periods beginning on or after 1 January 2016***

MFRS 14: Regulatory Deferral Accounts  
Amendments to MFRS 11: Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations  
Amendments to MFRS 116: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 138: Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation

***Effective for a date yet to be confirmed***

MFRS 9: Financial Instruments (2009)  
MFRS 9: Financial Instruments (2010)  
MFRS 9: Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139  
Amendments to MFRS 7: Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures



**N2N CONNECT BERHAD (523137-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
For The Quarter and Year-To-Date Ended 30 September 2014**

**A3 Audit report of preceding annual financial statements**

There were no audit qualifications on the annual audited financial statements for the year ended 31 December 2013.

**A4 Seasonal or cyclical factors**

The Group's operations had not materially been affected by seasonal or cyclical changes during the current quarter 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 quarter 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 quarter under review.

**A7 Debt and equity securities**

(a) *Share buyback by the Company*

During the quarter under review, the Company repurchased 778,500 units of its issued ordinary shares from the open market at an average price of RM0.95 per share. Total consideration paid for the repurchase including transaction cost was RM739,962 and this was financed by internally generated funds. Cumulative total number of shares repurchased at the end of the quarter was 4,517,700. There was no resale or cancellation of treasury shares for the quarter under review. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

(b) *Private Placement*

On 2 July 2014, 122,027,600 new ordinary shares of RM0.10 each pursuant to the Private Placement were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad.

(c) *ESOS*

During the quarter under review, the Company issued 119,000 ordinary shares of RM0.10 each pursuant to the ESOS.

**A8 Dividend paid or proposed**

On 27 August 2014, the Board of Directors had declared a second interim tax exempt dividend of 0.7 cents per ordinary share, amounting to approximately RM 3.046 million in respect of financial year ended 31 December 2014. The aforesaid dividend was paid on 10 October 2014.

**A9 Segmental information**

Business segment

The principal businesses of the Group are researcher and developer of software package and provision of design, programming, consultancy services and related services which are substantially within a single business segment, and therefore, segmental reporting by business segment is deemed not necessary. Accordingly, the information regarding its financial position and results is represented by the financial statements as a whole.

Geographical segment

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	30 Sept 2014 RM'000	30 Sept 2013 RM'000	30 Sept 2014 RM'000	30 Sept 2013 RM'000
Malaysia	8,111	6,689	22,372	18,693
Singapore	1,194	1,109	3,271	3,627
Indonesia	6	4	163	241
Philippine	-	206	64	206
	<u>9,311</u>	<u>8,008</u>	<u>25,870</u>	<u>22,767</u>



**N2N CONNECT BERHAD (523137-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
For The Quarter and Year-To-Date Ended 30 September 2014**

**A10 Provision for doubtful debts**

There was no provision for doubtful debts in the current quarter under review.

**A11 Other receivables**

	<b>Current Year 3rd Quarter As At 30 Sept 2014 RM'000</b>	<b>As at 31 Dec 2013 RM'000</b>
Other receivables	154	619
Deposits	403	328
Prepayments	801	230
	<u>1,358</u>	<u>1,177</u>

**A12 Other payables**

	<b>Current Quarter 3rd Quarter As At 30 Sept 2014 RM'000</b>	<b>As at 31 Dec 2013 RM'000</b>
Other payables	599	1,271
Accruals	2,477	1,271
	<u>3,076</u>	<u>2,542</u>

**A13 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 quarter under review.

**A14 Material events subsequent to the end of the quarter**

There were no material events subsequent to the end of the current quarter under review up to 20 November 2014.

**A15 Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter under review except for NGN Connection Sdn Bhd, the wholly-owned subsidiary of the Company had, on 9 September 2014, acquired the entire issued and paid-up share capital of Global Fin Net Sdn Bhd comprising twenty (20) ordinary shares of RM0.10 each for a cash consideration of RM2.00.

**A16 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 14 November 2014 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

**A17 Capital commitments**

As at 30 September 2014, the Group has no material capital commitment in respect of property, plant and equipment.

**A18 Significant related party transactions**

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

**A19 Cash and cash equivalents**

	<b>Current Year 3rd Quarter As At 30 Sept 2014 RM'000</b>	<b>As at 31 Dec 2013 RM'000</b>
Deposits with licensed bank	115	36
Cash and bank balances	8,999	3,927
Bank overdraft	(567)	(1,718)
	<u>8,547</u>	<u>2,245</u>



**N2N CONNECT BERHAD (523137-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
For The Quarter and Year-To-Date Ended 30 September 2014**

**B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS**

**B1 Review of performance**

**3rd Quarter 2014 versus 3rd Quarter 2013**

For the current quarter under review, the Group recorded revenue of RM 9.311 million, 16.27% higher compared to that achieved in the preceding year corresponding quarter of RM 8.008 million. The increase is mainly due to the successful implementation of sponsored DMA (Direct Market Access) setup in several Investment Banks and Brokerage Houses to facilitate institutional trading, both DMA (Direct Market Access) and CD (Careful Discretionary) orders as well as the bandwidth increase due to the growing demand of network infrastructure to power the high-end trading.

The Group recorded a profit attributable to the owners of the Company of approximately RM1.923 million, 6.95% higher compared to that achieved in the preceding year corresponding quarter of RM1.798 million. This was mainly due to the increase in revenue and other operating income.

**B2 Material changes in the quarterly results as compared with the preceding quarter**

The Group recorded a profit before taxation of RM2.034 million in the current quarter under review which was RM0.417 million (25.79%) higher than the profit before taxation of RM1.617 million registered in the immediate preceding quarter. This is mainly due to the increase in other operating income.

**B3 Prospects**

The Group is actively seeking opportunities, locally and regionally to sustain continuous growth in transactional and subscription services, including the increase take up of more advance features of its trading features by existing clients. Currently the Group is also engaging in a number of active discussions with Investment Banks, Brokerages and Regional Exchanges to implement our trading platform and DMA (Direct Market Access) Gateway. The Group will also actively pursue the opportunity of merger and acquisition to speed up its regional penetration plan. Barring any unforeseen circumstances, the Directors of N2N believe that the Group's performance for Quarter 4 2014 will continue to remain favourable.

**B4 Variation of actual profit from forecast profit**

Not applicable as no profit forecast was published.

**B5 Items in the statement of comprehensive income**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 Sept 2014 RM'000	Preceding Year Corresponding Quarter 30 Sept 2013 RM'000	Current Year To date 30 Sept 2014 RM'000	Preceding Year Corresponding Period 30 Sept 2013 RM'000
(a) Interest income	93	7	102	13
(b) Dividend Income from marketable securities	706	-	706	-
(c) Interest expense	(362)	(356)	(896)	(1,124)
(d) Depreciation and amortisation	(1,562)	(1,467)	(4,418)	(4,330)
(e) Property, plant and equipment written off	-	(4)	-	(189)
(f) Net foreign exchange loss	(1)	(48)	(6)	(58)

Other than the above, there were no other income including gain or loss on disposal of property, plant and equipment, provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, gain or loss on derivatives and exceptional items included in the results for the current quarter and financial period ended 30 September 2014.





**N2N CONNECT BERHAD (523137-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
For The Quarter and Year-To-Date Ended 30 September 2014

**B6 Taxation**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 Sept 2014 RM'000	Preceding Year Corresponding Quarter 30 Sept 2013 RM'000	Current Year To date 30 Sept 2014 RM'000	Preceding Year Corresponding Period 30 Sept 2013 RM'000
Income tax:				
Current year	111	53	130	79

The effective tax rate of the Group for the current quarter under review was lower than the statutory tax rate of 25% mainly due to availability of unabsorbed capital allowance brought forward.

**B7 Quoted securities**

	Current Year 3rd Quarter As At 30 Sept 2014 RM'000	As At 31 Dec 2013 RM'000
At cost		
Quoted unit trusts *	92,758	58

Note \* : This relates to quoted unit trust, namely AmlIncome, which is exempted from corporate tax and management fees, and has the flexibility of withdrawal as well as higher yields.

**B8 Group's borrowings and debt securities**

	Current Year 3rd Quarter As At 30 Sept 2014 RM'000	As At 31 Dec 2013 RM'000
<b>Secured</b>		
<b>Short-term borrowings</b>		
Bank overdraft	567	1,718
Term loan	704	2,044
Sub total	1,271	3,762
<b>Long-term borrowings</b>		
Term loan	4,288	14,311
Grand total	5,560	18,073

All borrowings are denominated in Ringgit Malaysia.

**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.

**B10 Material litigation**

Neither the Company nor its subsidiary is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiary and 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 subsidiary.



**N2N CONNECT BERHAD (523137-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
For The Quarter and Year-To-Date Ended 30 September 2014

**B11 Earnings per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 Sept 2014	Preceding Year Corresponding Quarter 30 Sept 2013	Current Year Quarter 30 Sept 2014	Preceding Year Corresponding Quarter 30 Sept 2013
<b>(a) Basic earnings per share</b>				
Net profit attributable to owners of the Company (RM'000)	1,923	1,798	5,094	4,168
Weighted average number of ordinary shares in issue ('000)	351,147	297,813	351,147	297,813
Basic earnings/(loss) per share (sen)	0.55	0.60	1.45	1.39
<b>(b) Diluted earnings per share</b>				
Net profit attributable to owners of the Company (RM'000)	1,923	1,798	5,094	4,168
Weighted average number of ordinary shares Adjusted for:	351,147	297,813	351,147	297,813
Assumed exercise of ESOS at no consideration ('000)	5,541	11,913	5,541	11,913
Assumed exercise of Warrants at no consideration ('000)	16,777	19,377	16,777	19,377
Adjusted number of ordinary shares ('000)	373,465	329,103	373,465	309,726
Diluted earnings/(loss) per share (sen)	0.51	0.55	1.36	1.35

**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 were no corporate proposals announced but not completed as at 14 November 2014.

**B13 Utilisation of proceeds from Rights Issue of Warrants**

The status of utilisation of the gross proceeds raised from the Rights Issue of Warrants of RM1.998 million as at 30 September 2014 is as follows:-

<u>Purpose</u>	Proposed to be utilised	Actual utilisation as at 30 September 2014	Intended timeframe for utilisation from date of listing of the Warrants	Unutilised
	RM'000	RM'000		RM'000
Working capital	1,548	1,247	Within two (2) years	301
Estimated expenses for the Rights Issue of Warrants	450	450	Within one (1) month	-
	<u>1,998</u>	<u>1,697</u>		<u>301</u>



**N2N CONNECT BERHAD (523137-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**For The Quarter and Year-To-Date Ended 30 September 2014**

**B13 Disclosure of realised and unrealised profits**

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, was as follows:

	<b>Current Year</b>	<b>As at</b>
	<b>3rd Quarter As At</b>	<b>31 Dec 2013</b>
	<b>30 Sept 2014</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits		
Realised	9,324	11,835
Unrealised	(351)	(204)
	<u>8,973</u>	<u>11,631</u>
Add: Consolidation adjustments	(37)	(37)
Total retained profits as per consolidated statement of financial position	<u>8,936</u>	<u>11,594</u>

**B14 Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 20 November 2014.

By Order of the Board

Tiang Boon Hwa  
Managing Director

Date : 20 November 2014