



N2N CONNECT BHD (523137-K)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015**



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

SUMMARY OF KEY FINANCIAL INFORMATION

FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015

Remark:

The results for the quarter and six months ended 30 June 2015 should be read in conjunction with the Annual Audited Financial Statements of N2N and its subsidiaries ("Group") for the financial year ended 31 December 2014.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 June 2015 RM'000	Preceding Year Corresponding Quarter 30 June 2014 RM'000	Current Year To date 30 June 2015 RM'000	Preceding Year Corresponding Period 30 June 2014 RM'000
1 Revenue	9,843	8,968	19,144	16,558
2 Profit before tax	2,898	1,617	5,153	3,190
3 Profit for the period	2,861	1,617	5,079	3,171
4 Profit attributable to owners of the Company	2,861	1,617	5,079	3,171
5 Basic earnings per share (sen)	0.65	0.52	1.15	1.01
6 Diluted earnings per share (sen)	0.56	0.48	1.00	0.94
7 Proposed/Declared dividend per share (sen)	-	1.50	-	1.50



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 June 2015 RM'000	Preceding Year Corresponding Quarter 30 June 2014 RM'000	Current Year To Date 30 June 2015 RM'000	Preceding Year Corresponding Period 30 June 2014 RM'000
Revenue	9,843	8,968	19,144	16,558
Direct costs	(3,841)	(3,600)	(8,384)	(6,799)
Gross profit	6,002	5,368	10,760	9,759
Other operating income	1,160	707	2,427	997
Administrative expenses	(4,183)	(4,194)	(7,871)	(7,032)
Finance costs	(81)	(264)	(163)	(534)
Profit before taxation	2,898	1,617	5,153	3,190
Taxation	(37)	-	(74)	(19)
Profit for the period	2,861	1,617	5,079	3,171
Other comprehensive income: Items that may be subsequently reclassified to profit or loss				
- exchange differences arising from translation of foreign operations	120	(30)	169	(30)
Total comprehensive income for the period attributable to: -owners of the Company	2,981	1,587	5,248	3,141
Profit for the period attributable to: -owners of the Company	2,861	1,617	5,079	3,171

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 June 2015 RM'000	Preceding Year Corresponding Quarter 30 June 2014 RM'000	Current Year To Date 30 June 2015 RM'000	Preceding Year Corresponding Period 30 June 2014 RM'000
Earnings per share ("EPS") attributable to the owners of the Company:				
Basic EPS (sen)	0.65	0.52	1.15	1.01
Diluted EPS (sen)	0.56	0.48	1.00	0.94

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 Jun 2015 (UNAUDITED) RM'000	As at 31 Dec 2014 (AUDITED) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	45,384	46,020
Intangible asset	14,515	12,212
	<u>59,899</u>	<u>58,232</u>
Current assets		
Trade receivables	10,801	9,784
Other receivables	1,941	2,297
Amount owing by related company	-	16
Tax Recoverable	41	136
Marketable securities	85,344	86,538
Fixed Deposit	6,309	6,287
Cash and bank balances	8,781	4,506
	<u>113,217</u>	<u>109,564</u>
TOTAL ASSETS	<u>173,116</u>	<u>167,796</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	44,005	43,969
Share premium	106,334	106,225
Exchange reserve	478	309
Warrants reserve	1,671	1,678
Treasury Shares	(5,692)	(4,881)
Retained profits	15,963	10,884
Total equity	<u>162,759</u>	<u>158,184</u>
Non-current liabilities		
Term loan	3,931	4,282
Hire Purchase creditor	25	38
Deferred tax liabilities	244	244
	<u>4,200</u>	<u>4,564</u>

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 Jun 2015 (UNAUDITED) RM'000	As at 31 Dec 2014 (AUDITED) RM'000
Current liabilities		
Trade payables	1,580	1,537
Other payables	3,842	2,744
Term loan	704	704
Hire Purchase creditor	24	24
Amount owing to directors	-	39
Amount owing by related company	7	-
	<u>6,157</u>	<u>5,048</u>
Total liabilities	<u>10,357</u>	<u>9,612</u>
TOTAL EQUITY AND LIABILITES	<u>173,116</u>	<u>167,796</u>
Net Assets ("NA") per share attributable to owners of the Company (sen) *	<u>38</u>	<u>45</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 2014 and the accompanying explanatory notes attached to the interim financial statements.



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015**

	Attributable to owners of the Company						Total Equity RM'000
	Share Capital RM'000	Non-distributable			Distributable		
		Share Premium RM'000	Exchange Reserve RM'000	Treasury Shares RM'000	Warrants Reserve	Retained Profits RM'000	
At 1 January 2015	43,969	106,225	309	(4,881)	1,678	10,884	158,184
Net profit for the period	-	-	-	-	-	5,079	5,079
Other comprehensive income	-	-	169	-	-	-	169
Total comprehensive income for the period	-	-	169	-	-	5,079	5,248
Shares purchased during the period held as treasury shares	-	-	-	(811)	-	-	(811)
Issuance of shares pursuant to conversion of Warrants ¹⁾	36	109	-	-	(7)	-	138
At 30 June 2015	44,005	106,334	478	(5,692)	1,671	15,963	162,759



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015**

	Attributable to owners of the Company						Total Equity RM'000
	Share Capital RM'000	Non-distributable			Distributable		
		Share Premium RM'000	Exchange Reserve RM'000	Treasury Shares RM'000	Warrants Reserve	Retained Profits RM'000	
At 1 January 2014	30,407	6,634	246	(1,657)	1,938	11,594	49,162
Net profit for the period	-	-	-	-	-	3,171	3,171
Other comprehensive income	-	-	(30)	-	-	-	(30)
Total comprehensive income for the period	-	-	(30)	-	-	3,171	3,141
Shares purchased during the period held as treasury shares	-	-	-	(122)	-	-	(122)
Resale of treasury shares during the period	-	-	-	2	-	-	2
Dividend paid	-	-	-	-	-	(4,706)	(4,706)
Issuance of shares pursuant to ESOS Exercise ⁱ⁾	47	54	-	-	-	-	101
Issuance of shares pursuant to conversion of Warrants ⁱⁱⁱ⁾	1,300	3,121	-	-	(260)	-	4,161
At 30 June 2014	31,754	9,809	216	(1,777)	1,678	10,059	51,739



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015**

Notes:

- i) 361,700 new ordinary shares of RM0.10 each for cash pursuant to the conversion of Warrants at exercise price of RM0.32 per ordinary share.
- ii) 464,600 new ordinary shares of RM0.10 each each for cash pursuant to the Company's Employee Share Option Scheme ("ESOS") at exercise price of RM0.22 and RM0.18 per ordinary share respectively.
- iii) 13,000,665 new new ordinary shares of RM0.10 each for cash pursuant to the conversion of Warrants at exercise price of RM0.32 per ordinary share.

The Unaudited Condensed 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 2014 and the accompanying explanatory notes attached to the interim financial statements.



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015**

	6 months ended 30 Jun 2015 RM'000	6 months ended 30 Jun 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,153	3,190
Adjustments for:		
Amortisation of intangible asset	1,172	1,048
Depreciation of property, plant and equipment	2,019	1,813
Depreciation of investment properties	117	-
Dividend income	(1,306)	-
Interest income	(28)	(9)
Interest expense	163	534
Operating profit before working capital changes	<u>7,290</u>	<u>6,576</u>
Changes in working capital		
Trade receivables	(1,017)	(2,357)
Other receivables	356	518
Trade payables	43	(276)
Other payables	1,098	1,835
Amount owing to directors	(39)	(2)
Amount owing by related company	23	-
Amount owing by holding company	-	224
Cash generated from operations	<u>7,754</u>	<u>6,518</u>
Interest received	28	9
Interest paid	(163)	(534)
Dividend received	1,306	-
Net Income tax refund/(paid)	21	(19)
Net cash from operating activities	<u>8,946</u>	<u>5,974</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Computer software development cost	(3,474)	(1,603)
Purchase of property, plant and equipment	(1,443)	(1,363)
Net changes in marketable securities	1,194	-
Net changes in placement of fixed deposit	(22)	-
Net cash used in investing activities	<u>(3,745)</u>	<u>(2,966)</u>

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015**

	6 months ended 30 Jun 2015 RM'000	6 months ended 30 Jun 2014 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	138	4,521
Proceeds from issue of warrants	-	(260)
Proceeds from resale of treasury shares	-	2
Shares buyback	(811)	(122)
Dividend payment	-	(4,706)
Repayment of term loan	(351)	(1,022)
Net hire purchase financing	(13)	-
Net cash used in financing activities	<u>(1,037)</u>	<u>(1,587)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,164	1,421
EFFECT OF EXCHANGE RATE CHANGES	133	(18)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	10,793	2,244
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>15,090</u>	<u>3,647</u>
Cash and cash equivalents at end of the period comprises:		
Cash and bank balances	8,781	3,910
Deposits with licensed bank	-	24
Fixed Deposits	6,309	-
Bank overdraft	-	(287)
	<u>15,090</u>	<u>3,647</u>

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015

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 financial statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2014.

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 2014, 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 2015:

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)

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 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 116 and MFRS 141: Agriculture- Bearer Plants

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

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Amendments to MFRS 10 and 128: Sale or Contribution of Assets between an investor and its Associate or Joint Venture

Amendments to MFRS 10 and MFRS 12, and MFRS 128, investment Entities: Applying the Consolidation Exception

Annual Improvements to MFRSs 2012-2014 Cycle



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015

Effective for annual periods beginning on or after 1 January 2017

MFRS 15: Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2018

MFRS 9: Financial Instruments (IFRS 9 as issued by IASB in July 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 2014.

A4 Seasonal or cyclical factors

The Group's operations were not materially 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

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities for the current quarter under review except for the following:

(a) Share buyback

During the quarter under review, the Company repurchased 489,200 units of its issued ordinary shares from the open market at an average price of RM0.81 per share. Total consideration paid for the repurchase including transaction cost was RM398,936 and this was financed by internally generated funds. As at 30 June 2015, the cumulative total number of shares repurchased was 8,352,800. 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.

A8 Dividend paid or proposed

There is no dividend being proposed in the current quarter under review.

A9 Segmental information

(a) 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.



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015**

(b) 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 30 June 2015 RM'000	Preceding Year Corresponding Quarter 30 June 2014 RM'000	Current Year To Date 30 June 2015 RM'000	Preceding Year Corresponding Period 30 June 2014 RM'000
Malaysia	7,993	7,706	15,659	14,260
Singapore	1,473	1,194	2,913	2,077
Indonesia	14	9	27	157
Philippines	363	59	545	64
	<u>9,843</u>	<u>8,968</u>	<u>19,144</u>	<u>16,558</u>

A10 Provision for doubtful debts

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

A11 Other receivables

	Current Year 2nd Quarter As At 30 June 2015 RM'000	As at 31 Dec 2014 RM'000
Other receivables	948	1,350
Deposits	897	399
Prepayments	318	770
	<u>2,163</u>	<u>2,519</u>
Less: Allowance for impairments losses	(222)	(222)
	<u>1,941</u>	<u>2,297</u>

A12 Other payables

	Current Year 2nd Quarter As At 30 June 2015 RM'000	As at 31 Dec 2014 RM'000
Other payables	1,469	1,207
Accruals	1,932	1,223
Deposit received	441	314
	<u>3,842</u>	<u>2,744</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.



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015

A14 Material events subsequent to the end of the quarter

- (a) The Company had purchased a total of 1,132,800 of Century Bond Bhd's ordinary shares and 3,322,100 of Century Logistics Holdings Berhad's ordinary shares from the open market at a total cost of RM1,827,362 and RM3,334,888 respectively as shares investments.
- (b) The Company had purchased a total of 238,600 of ordinary shares of its issued and paid up share capital from the open market at a total cost of RM 178,069. The average price paid for the shares purchased was RM0.75 per share. The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares and carried at cost in accordance with the requirements of Section 67A of the Companies Act, 1965.

A15 Changes in the composition of the Group

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

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 20 August 2015 (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 June 2015, the Group has no material capital commitment in respect of property, plant and equipment.

A18 Significant related party transactions

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



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015

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

B1 Review of performance

(a) Performance of current quarter against the preceding year corresponding quarter

For the current quarter ended 30 June 2015, the Group recorded revenue of RM9.84 million, 9.7% higher compared to that achieved in the preceding year corresponding quarter of RM8.97 million. The increase was mainly due to one time implementation charges for lease line installation, as well as increase of monthly fixed charge subscription of the online stock trading product.

The Group recorded a profit attributable to the owners of the Company of approximately RM2.86 million, 76.5% higher compared to that achieved in the preceding year corresponding quarter of RM1.62 million. This was mainly due to the dividend income and reduction in the finance costs.

(b) Performance of the financial year to date against the preceding year corresponding period

The Group recorded revenue of RM19.14 million in the current 6-months financial period ended 30 June 2015 compared to RM16.56 million reported in the previous year corresponding period. The Group's revenue increased by 15.6% mainly due to the revenue generated from one time implementation charges and monthly fixed charge subscription of the online stock trading.

The Group recorded a profit attributable to the owners of the Company of RM5.15 million in the current 6-months financial period ended 30 June 2015 compared to RM3.19 million reported in the previous year corresponding period. The increase was mainly due to the increase in the one time implementation revenue and dividend income.

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

The Group recorded a profit before taxation of RM2.89 million in the current quarter under review which was 30.2% higher than the profit before taxation of RM2.22 million registered in the immediate preceding quarter mainly due to the reasons mentioned in Note B1 above.

B3 Prospects

The market is expected to be challenging in 2015. However, N2N Group will continue to attract new businesses from other equities and derivatives solution users to adopt its new and enhanced flagship products and services. N2N launched the flagship product for financial institutions worldwide in late May 2015, which is expected to contribute revenue by Q4. On the other hand, N2N's subsidiary continues to develop data center and lease line business which will contribute revenue to the Group. The Group is also actively pursuing a few merger and acquisition targets that will be complementary to the Group's business activities. Barring any unforeseen circumstances, the Directors of N2N believe that the Group's performance for the year 2015 will remain favorable.

B4 Variation of actual profit from forecast profit

Not applicable as no profit forecast was published.



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015**

B5 Items in the statement of comprehensive income

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 June 2015 RM'000	Preceding Year Corresponding Quarter 30 June 2014 RM'000	Current Year To Date 30 June 2015 RM'000	Preceding Year Corresponding Period 30 June 2014 RM'000
(a) Interest income	(16)	(5)	(28)	(9)
(b) Dividend Income	(646)	-	(1,306)	-
(c) Interest expense	81	264	163	534
(d) Depreciation and amortisation	1,655	1,463	3,308	2,861
(e) Net foreign exchange loss	17	2	17	5

B6 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 June 2015 RM'000	Preceding Year Corresponding Quarter 30 June 2014 RM'000	Current Year To Date 30 June 2015 RM'000	Preceding Year Corresponding Period 30 June 2014 RM'000
Income tax:				
Current year	36	19	74	19
	<u>36</u>	<u>19</u>	<u>74</u>	<u>19</u>

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 subsidiary companies being granted tax exemption for Multimedia Super Corridor ("MSC") qualifying activities under pioneer status pursuant to the Promotion of Investments Act, 1986 in Malaysia.

B7 Quoted securities

	Current Year 2nd Quarter As At 30 June 2015 RM'000	As At 31 Dec 2014 RM'000
At cost		
Quoted unit trusts *	85,344	86,538

Note * : These relate to quoted unit trusts, namely AmIncome and AmCash, which are exempted from corporate tax and management fees, and has the flexibility of withdrawal as well as higher yields.



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015

B8 Group's borrowings and debt securities

	Current Year 2nd Quarter As At 30 June 2015 RM'000	As At 31 Dec 2014 RM'000
Secured		
Short-term borrowings		
Term loan	704	704
Hire Purchase creditor	24	24
	728	728
Long-term borrowings		
Term loan	3,931	4,282
Hire Purchase creditor	25	38
Grand total	4,684	5,048

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.

B11 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year 2nd Quarter As At 30 June 2015	Preceding Year Corresponding Quarter 30 June 2014	Current Year Year To Date 30 June 2015	Preceding Year Corresponding Quarter 30 June 2014
(a) Basic earnings per share				
Net profit attributable to owners of the Company (RM'000)	2,861	1,617	5,079	3,171
Weighted average number of ordinary shares in issue ('000)	440,050	312,725	440,050	312,725
Basic earnings per share (sen)	0.65	0.52	1.15	1.01



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year 2nd Quarter As At 30 June 2015	Preceding Year Corresponding Quarter 30 June 2014	Current Year Year To Date 30 June 2015	Preceding Year Corresponding Quarter 30 June 2014
(b) Diluted earnings per share				
Net profit attributable to owners of the Company (RM'000)	2,861	1,617	5,079	3,171
Weighted average number of ordinary shares in issue ('000)	440,050	312,725	440,050	312,725
Adjusted for:				
Assumed exercise of ESOS at no consideration ('000)	17,143	22,862	17,143	22,862
Assumed exercise of Warrants at no consideration ('000)	52,724	-	52,724	-
Adjusted number of ordinary shares ('000)	509,917	335,587	509,917	335,587
Diluted earnings per share (sen)	0.56	0.48	1.00	0.94

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 20 August 2015.

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 June 2015 is as follows:-

Purpose	Proposed to be utilised	Actual utilisation as at 30 June 2015	Intended timeframe for utilisation from date of listing of the Warrants	Unutilised
	RM'000	RM'000		RM'000
Working capital	1,548	1,548	Within two (2) years	-
Estimated expenses for the Rights Issue of Warrants	450	450	Within one (1) month	-
	<u>1,998</u>	<u>1,998</u>		<u>-</u>



N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015**

B14 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:

	Current Year 2nd Quarter As At 30 June 2015 RM'000	As at 31 Dec 2014 RM'000
Total retained profits		
Realised	16,097	10,921
Unrealised	(204)	(204)
	<u>15,893</u>	<u>10,717</u>
Add: Consolidation adjustments	70	167
Total retained profits as per consolidated statement of financial position	<u><u>15,963</u></u>	<u><u>10,884</u></u>

B15 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 20 August 2015.

By Order of the Board

Tiang Boon Hwa
Managing Director

Date : 20 August 2015