



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

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2016**



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

(Incorporated in Malaysia)

**SUMMARY OF KEY FINANCIAL INFORMATION**

**FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2016**

Remark:

The results for the quarter and Six months ended 30 June 2016 should be read in conjunction with the Annual Audited Financial Statements of N2N and its subsidiaries ("Group") for the financial year ended 31 December 2015.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 June 2016 RM'000	Preceding Year Corresponding Quarter 30 June 2015 RM'000	Current Year To date 30 June 2016 RM'000	Preceding Year Corresponding Period 30 June 2015 RM'000
1 Revenue	10,670	9,843	20,776	19,144
2 Profit before tax	2,837	2,898	5,716	5,153
3 Profit for the period	2,837	2,861	5,716	5,079
4 Profit attributable to owners of the Company	2,868	2,861	5,770	5,079
5 Basic earnings per share (sen)	0.60	0.65	1.23	1.15
6 Diluted earnings per share (sen)	0.56	0.56	1.15	1.00
7 Proposed/Declared dividend per share (sen)	1.00	-	1.00	-



**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 2016**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 30 June 2016 RM'000	Preceding Year Corresponding Quarter 30 June 2015 RM'000	Current Year To Date 30 June 2016 RM'000	Preceding Year Corresponding Period 30 June 2015 RM'000
Revenue		10,670	9,843	20,776	19,144
Cost of sales		(4,728)	(3,841)	(9,308)	(8,384)
Gross profit		5,942	6,002	11,468	10,760
Other operating income		1,203	1,160	2,486	2,427
Administrative expenses		(4,237)	(4,183)	(8,097)	(7,871)
Finance costs		(71)	(81)	(141)	(163)
Profit before taxation		2,837	2,898	5,716	5,153
Taxation	B6	-	(37)	-	(74)
Profit for the period		2,837	2,861	5,716	5,079
Other comprehensive income: Items that may be reclassified subsequently to profit or loss					
- exchange differences arising from translation of foreign operations		68	120	(65)	169
Total comprehensive income for the period		2,905	2,981	5,651	5,248
Profit for the period attributable to:					
Owners of the Company		2,868	2,861	5,770	5,079
Non-controlling interests		(31)	-	(54)	-
		2,837	2,861	5,716	5,079
Total comprehensive income for the period :					
Owners of the Company		2,936	2,981	5,705	5,248
Non-controlling interests		(31)	-	(54)	-
		2,905	2,981	5,651	5,248



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FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2016**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 30 June 2016 RM'000	Preceding Year Corresponding Quarter 30 June 2015 RM'000	Current Year To Date 30 June 2016 RM'000	Preceding Year Corresponding Period 30 June 2015 RM'000
Earnings per share ("EPS") attributable to the owners of the Company:					
Basic EPS (sen)	B12	<u>0.60</u>	<u>0.65</u>	<u>1.23</u>	<u>1.15</u>
Diluted EPS (sen)	B12	<u>0.56</u>	<u>0.56</u>	<u>1.15</u>	<u>1.00</u>

*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 2015 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 June 2016 (UNAUDITED) RM'000	As at 31 Dec 2015 (AUDITED) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment and Investment properties	45,096	45,134
Intangible assets	17,189	16,138
	<u>62,285</u>	<u>61,272</u>
<b>Current assets</b>		
Trade receivables	8,234	11,369
Other receivables	9,730	1,014
Amount owing by holding company	-	15
Amount owing by a related company	25	102
Tax recoverable	103	143
Marketable securities	74,068	85,752
Financial assets at fair value through profit or loss	4,512	4,467
Deposits with licensed bank	6,319	6,314
Cash and bank balances	27,563	18,557
	<u>130,554</u>	<u>127,733</u>
<b>TOTAL ASSETS</b>	<u>192,839</u>	<u>189,005</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>		
Share capital	47,634	46,359
Share premium	115,637	111,809
Exchange reserve	663	728
Warrants reserve	1,399	1,654
Treasury shares	(1,050)	-
Retained profits	17,059	15,936
<b>Equity attributable to owners of the Company</b>	<u>181,342</u>	<u>176,486</u>
Non-controlling interests	535	589
	<u>181,877</u>	<u>177,075</u>
<b>Non-current liabilities</b>		
Term loan	3,226	3,578
Hire Purchase creditor	-	13
Deferred tax liabilities	1,319	1,319
	<u>4,545</u>	<u>4,910</u>



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

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As at 30 June 2016 (UNAUDITED) RM'000</b>	<b>As at 31 Dec 2015 (AUDITED) RM'000</b>
<b>Current liabilities</b>		
Trade payables	2,645	3,295
Other payables	A12 3,042	2,992
Term loan	B8 704	704
Hire Purchase creditor	B8 26	25
Provision for taxation	-	4
	<u>6,417</u>	<u>7,020</u>
<b>Total liabilities</b>	<u>10,962</u>	<u>11,930</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>192,839</u>	<u>189,005</u>
Net Assets ("NA") per share attributable to owners of the Company (sen) *	<u>38</u>	<u>38</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 2015 and the accompanying explanatory notes attached to the interim financial statements.*



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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Note	Attributable to owners of the Company						Non-Controlling Interests RM'000	Total Equity RM'000	
		Share Capital RM'000	Non-distributable			Distributable				Total RM'000
			Share Premium RM'000	Exchange Reserve RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Retained Profits RM'000			
<b>At 1 January 2016</b>		46,359	111,809	728	-	1,654	15,936	176,486	589	177,075
Profit for the period		-	-	-	-	-	5,770	5,770	(54)	5,716
Other comprehensive income		-	-	(65)	-	-	-	(65)	-	(65)
Total comprehensive income for the period		-	-	(65)	-	-	5,770	5,705	(54)	5,651
Dividends paid	(i)	-	-	-	-	-	(4,647)	(4,647)	-	(4,647)
Shares purchased during the period held as treasury shares		-	-	-	(1,050)	-	-	(1,050)	-	(1,050)
Issuance of shares pursuant to conversion of Warrants	(ii)	1,275	3,828	-	-	(255)	-	4,848	-	4,848
<b>At 30 June 2016</b>		<b>47,634</b>	<b>115,637</b>	<b>663</b>	<b>(1,050)</b>	<b>1,399</b>	<b>17,059</b>	<b>181,342</b>	<b>535</b>	<b>181,877</b>



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE SIX MONTHS ENDED 30 JUNE 2016**

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





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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE SIX MONTHS ENDED 30 JUNE 2016**

**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 2015, declared on 26 February 2016 and paid on 31 March 2016.
- ii) 12,704,531 and 43,400 new new ordinary shares of RM0.10 each for cash pursuant to the conversion of Warrants at exercise price of RM0.38 and RM0.45, respectively, per ordinary share.
- iii) 361,700 new ordinary shares of RM0.10 each for cash pursuant to the conversion of Warrants at exercise price of RM0.38 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 2015 and the accompanying explanatory notes attached to the interim financial statements.*



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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	<b>6 months ended 30 June 2016 RM'000</b>	<b>6 months ended 30 June 2015 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,716	5,153
Adjustments for:		
Amortisation of intangible asset	1,388	1,172
Depreciation of property, plant and equipment	2,096	2,019
Depreciation of investment properties	140	117
Fair value change on financial assets at fair value through profit or loss	(45)	-
Dividend income	(1,647)	(1,306)
Interest income	(43)	(28)
Interest expense	141	163
Operating profit before working capital changes	<u>7,746</u>	<u>7,290</u>
Changes in working capital		
Trade receivables	3,135	(1,017)
Other receivables	(8,716)	356
Trade payables	(650)	43
Other payables	50	1,098
Amount owing to directors	-	(39)
Amount owing by a related company	77	23
Amount owing by holding company	15	-
Cash generated from operations	<u>1,657</u>	<u>7,754</u>
Interest received	43	28
Interest paid	(141)	(163)
Dividend received	1,647	1,306
Net tax paid	36	21
Net cash from operating activities	<u>3,242</u>	<u>8,946</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Computer software development cost	(2,439)	(3,474)
Purchase of property, plant and equipment	(2,217)	(1,443)
Net changes in marketable securities	11,684	1,194
Net changes in placement of fixed deposit	-	(22)
Net cash used in investing activities	<u>7,028</u>	<u>(3,745)</u>



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	<b>6 months ended 30 June 2016 RM'000</b>	<b>6 months ended 30 June 2015 RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	4,848	138
Shares buyback	(1,050)	(811)
Dividend paid	(4,647)	-
Repayment of term loan	(352)	(351)
Net hire purchase financing	(12)	(13)
Net cash used in financing activities	<u>(1,213)</u>	<u>(1,037)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	9,057	4,164
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	(46)	133
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	24,871	10,793
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>33,882</u>	<u>15,090</u>
<b>Cash and cash equivalents at end of the period comprises:</b>		
Cash and bank balances	27,563	8,781
Deposits with licensed bank	6,319	6,309
	<u>33,882</u>	<u>15,090</u>

*The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.*



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

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### **UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2016**

#### **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 2015.

##### **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 2015, 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 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 101: Disclosure initiative

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

Annual Improvements to MFRSs 2012-2014 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 2017***

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

##### ***Effective for annual periods beginning on or after 1 January 2018***

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

MFRS 15: Revenue from Contracts with Customers

##### ***Effective for annual periods beginning on or after 1 January 2019***

MFRS 16: Leases

##### ***Effective date yet to be determined by the Malaysian Accounting Standards Board***

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



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

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### **UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2016**

#### **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 2015.

#### **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:

##### Share buyback

During the current quarter under review, the Company repurchased 1,236,000 units of its issued ordinary shares from the open market at an average price of RM0.83 per share. Total consideration paid for the repurchase including transaction cost was approximately RM1,028,000 and this was financed by internally generated funds. As at 30 June 2016, the cumulative total number of shares repurchased was 1,261,000 at its issued ordinary shares from the open market at an average price of RM0.83 per share. Total consideration paid for the repurchase including transaction cost was approximately RM1,050,000 and this was financed by internally generated funds. 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**

There is no dividend paid during 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.



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(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 2016 RM'000	Preceding Year Corresponding Quarter 30 June 2015 RM'000	Current Year To Date 30 June 2016 RM'000	Preceding Year Corresponding Period 30 June 2015 RM'000
Malaysia	8,872	7,993	17,295	15,659
Singapore	1,492	1,473	2,839	2,913
Indonesia	8	14	14	27
Philippines	298	363	628	545
	<b>10,670</b>	<b>9,843</b>	<b>20,776</b>	<b>19,144</b>

**A10 Provision for doubtful debts**

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

**A11 Other receivables**

	As At 30 June 2016 RM'000	As at 31 Dec 2015 RM'000
Other receivables	140	60
Deposits	8,997	404
Prepayments	593	550
	<b>9,730</b>	<b>1,014</b>

**A12 Other payables**

	As At 30 June 2016 RM'000	As at 31 Dec 2015 RM'000
Other payables	669	417
Accruals	1,932	2,149
Deposit received	441	426
	<b>3,042</b>	<b>2,992</b>



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**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**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 30 June 2016 Level 1 Fair Value RM'000</b>	<b>As at 31 Dec 2015 Level 1 Fair Value RM'000</b>
Financial assets at fair value through profit or loss	4,512	4,467

**A14 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.

**A15 Material events subsequent to the end of the period**

There was no material event subsequent to the current financial quarter ended 30 June 2016 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 quarter under review.

**A16 Changes in the composition of the Group**

During current period under review, N2N Connect Pte. Ltd., a wholly-owned subsidiary of the Company, had on 18 March 2016 acquired a wholly-owned subsidiary, N2N Connect Australia Pty. Ltd., comprising one hundred (100) ordinary shares of AUD1.00 each, for a cash consideration of AUD100.00.

**A17 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 August 2016 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

**A18 Capital commitments**

The outstanding capital commitments for back office system for the financial institution of approximately RM240,000.

**A19 Significant related party transactions**

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



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

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### **UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2016**

#### **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 2016, the Group recorded revenue of RM10.67 million, 8.4% higher compared to that achieved in the preceding year corresponding quarter of RM9.84 million. The increase was mainly due to monthly fixed charge of leased lines and increase in monthly fixed charge subscription and monthly variable matched trades.

The Group recorded a profit attributable to the owners of the Company of approximately RM2.87 million, which was a slight 0.3% higher compared to that achieved in the preceding year corresponding quarter of RM2.86 million, despite the higher revenue. This is mainly due to fair value change on financial assets at fair value through the profit or loss statement.

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

The Group's revenue is RM20.78 million in the current financial period ended 30 June 2016 as compared to RM19.14 million reported in the previous year corresponding period. The Group's revenue increased by 8.6% was mainly due to the revenue generated from monthly fixed charge of leased lines and increase in monthly fixed charge subscription.

The Group recorded a profit attributable to the owners of the Company of RM5.77 million in the current financial period ended 30 June 2016 as compared to RM5.08 million reported in the previous year corresponding period. The increase was mainly due to monthly fixed charge of leased lines and increase in monthly fixed charge subscription.

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

The Group recorded a profit before taxation of RM2.84 million in the current quarter under review which was a slight 1.4% lower than the profit before taxation of RM2.88 million reported in the immediate preceding quarter mainly due to the fair value changes in the financial assets at fair value through the profit or loss statement.

##### **B3 Prospects**

As part of N2N group's strategic plan, N2N group is striving to attract new businesses from other equities and derivatives solution users to adopt its new and enhanced flagship products and services. The Philippines business is expanding beyond the provision of platform to the Phillipine Stock Exchange(PSE) as leading brokers are now coming directly to N2N to obtain a more advanced version of the trading system to complement the services currently obtained from N2N via PSE. N2N's subsidiary's continuing effort in developing data centre and leased line business will contribute revenue to the group as well. On the other hand, the Group is also actively pursuing a few merger and acquisition targets it has identified 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 financial year ending 2016 will remain favourable.

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

Not applicable as no profit forecast was published.





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### UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2016

#### 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 2016 RM'000	Preceding Year Corresponding Quarter 30 June 2015 RM'000	Current Year To Date 30 June 2016 RM'000	Preceding Year Corresponding Period 30 June 2015 RM'000
(a) Interest income	(26)	(16)	(43)	(28)
(b) Dividend Income	(823)	(646)	(1,647)	(1,306)
(c) Interest expense	71	81	141	163
(d) Depreciation and amortisation	1,864	1,655	3,624	3,308
(e) Net foreign exchange (gain)/loss	66	17	(22)	17
(f) Bad debts written-off	-	-	11	-
(g) Fair value change on financial assets at fair value through profit or loss	88	-	(45)	-

#### B6 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 June 2016 RM'000	Preceding Year Corresponding Quarter 30 June 2015 RM'000	Current Year To Date 30 June 2016 RM'000	Preceding Year Corresponding Period 30 June 2015 RM'000
Income tax:				
Current year	-	74	-	74

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

#### B7 Marketable securities

	As At 30 June 2016 RM'000	As At 31 Dec 2015 RM'000
At cost		
Quoted unit trusts *	74,068	85,752

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



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

	As At 30 June 2016 RM'000	As At 31 Dec 2015 RM'000
<b>Secured</b>		
<b>Short-term borrowings</b>		
Term loan	704	704
Hire purchase creditor	26	25
	730	729
<b>Long-term borrowings</b>		
Term loan	3,226	3,578
Hire purchase creditor	-	13
	3,956	4,320

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 Dividend

The Board of Directors declared the First interim dividend of 1 sen per share (single tier dividend), for the financial year ending 31 December 2016, which amounted to approximately RM4,764,000. The entitlement to the First interim dividend will be determined on the basis of the record of depositors as at 19 September 2016, and it is to be payable on 30 September 2016.

#### B12 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 June 2016	Preceding Year Corresponding Quarter 30 June 2015	Current Year To Date 30 June 2016	Preceding Year Corresponding Period 30 June 2015
<b>(a) Basic earnings per share</b>				
Net profit attributable to owners of the Company (RM'000)	2,868	2,861	5,770	5,079
Weighted average number of ordinary shares in issue ('000)	475,484	440,050	470,292	440,050
Basic earnings per share (sen)	0.60	0.65	1.23	1.15



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	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 30 June 2016	Preceding Year Corresponding Quarter 30 June 2015	Current Year Year To Date 30 June 2016	Preceding Year Corresponding Period 30 June 2015
<b>(b) Diluted earnings per share</b>				
Net profit attributable to owners of the Company (RM'000)	2,868	2,861	5,770	5,079
Weighted average number of ordinary shares in issue ('000)	475,484	440,050	470,292	440,050
Adjusted for:				
Assumed exercise of ESOS at no consideration ('000)	-	17,143	-	17,143
Assumed exercise of Warrants at no consideration ('000)	32,437	52,724	32,437	52,724
Adjusted number of ordinary shares ('000)	507,921	509,917	502,729	509,917
Diluted earnings per share (sen)	0.56	0.56	1.15	1.00

**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**

There were no corporate proposals announced but not completed as at 24 August 2016.



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**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:

	<b>As At</b>	<b>As at</b>
	<b>30 June 2016</b>	<b>31 Dec 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits		
Realised	18,133	17,008
Unrealised	(37)	(37)
	<hr/>	<hr/>
	18,096	16,971
Add: Consolidation adjustments	(1,037)	(1,035)
	<hr/>	<hr/>
Total retained profits as per consolidated statement of financial position	<u>17,059</u>	<u>15,936</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 24 August 2016.

By Order of the Board

Tiang Boon Hwa  
Managing Director

Date : 24 August 2016